



Buttonwood Partners, Inc.
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Madison, WI 53717

Firm Brochure

Dated March 29, 2012

This brochure provides information about the qualifications and business practices of your Registered Investment Advisor* Bruce E. Krueger.

Please contact Bruce Krueger at (608) 827-6400 or via the internet www.buttonwoodpartnersinc.com if you have any questions about the contents of this brochure.

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 Bruce Krueger is available on the Internet at <http://www.finra.org/Investors/ToolsCalculators/BrokerCheck/>.

You can search this site by a unique identifying number, known as a CRD number or by their name. The CRD number for Bruce Krueger is 853517.

*The term registered does not imply a certain level of skill or training.

Changes to brochure updated Jan 12, 2012.

Changes to current Securities Exchange Commission regulations, effective June 30, 2012 will no longer be a registered investment advisory firm with the Securities Exchange Commission.

March 31st of 2012, Buttonwood Partners, Inc. submitted for registration as a state only advisory firm with the states of Wisconsin and Colorado.

THIS BROCHURE PROVIDES CLIENTS WITH INFORMATION ABOUT BUTTONWOOD PARTNERS, INC. AND ITS CONTINUOUS ADVISORY SERVICES WITH TRANSACTION EXECUTIONS THAT SHOULD BE CONSIDERED BEFORE BECOMING A CLIENT OF BUTTONWOOD PARTNERS, INC. THIS INFORMATION HAS NOT BEEN APPROVED OR VERIFIED BY ANY GOVERNMENTAL AUTHORITY.

TABLE OF CONTENTS

<u>Item</u>	<u>Page</u>
CONTINUOUS ADVISORY SERVICES WITH TRANSACTION EXECUTIONS.....	1
TYPES OF SECURITIES	1
ANALYSES, STRATEGIES AND SOURCES OF INFORMATION	1
FEES	2
TRANSACTION EXECUTION SERVICES.....	3
CONSIDERATIONS.....	4
STANDARDS OF EDUCATION AND EXPERIENCE	5
EDUCATION AND BUSINESS BACKGROUND OF BPI'S PROFESSIONAL STAFF	5
RELATED BUSINESS ACTIVITIES AND BUSINESS AFFILIATIONS	6
INTEREST IN CLIENT TRANSACTIONS.....	6
CONDITIONS FOR MANAGING ACCOUNTS	6
ACCOUNT REVIEWS AND REPORTS.....	7
USE OF DISCRETION AND SELECTION OF BPI AS BROKER.....	7
OTHER COMPENSATION.....	8
VOTING OF PROXIES.....	8
OTHER INFORMATION.....	8

Buttonwood Partners, Inc. ("BPI") is a Wisconsin corporation with its principal business office located in Madison, Wisconsin. Founded in 1990, BPI is both an investment adviser and securities broker-dealer, the principal owner is Bruce E. Krueger. BPI provides advisory services throughout the United States.

BPI's investment managers provide clients with complete portfolio management services. Continuous advisory services which involve the payment of asset-based commissions for securities transactions are described within this brochure.

Continuous Advisory Services With Transaction Executions

BPI provides continuous investment advisory services to clients wishing to have their assets managed on a discretionary basis. BPI's services are available to individuals, pension and profit sharing trusts, other trusts, charitable organizations, and corporations and other entities. The Service begins by BPI assisting each new client in determining the client's investment objectives and then manages the client's assets in a manner consistent with these objectives. BPI also assists the client in establishing a securities account ("Account") at BPI and invests and reinvests the Client's funds and securities held in the Account.

Types of Securities

Besides managing various types of securities for a client, such as exchange-listed, over-the-counter, foreign issuer, preferred stocks, annuities, mutual funds, limited partnerships, options, warrants, rights, commercial paper, certificates of deposit, bonds, municipal securities and government bonds, a portion of the securities in a client's account may be held in cash or cash equivalents, including money market and, on occasion, other mutual funds. BPI will often concentrate a client's account in a few securities it believes will perform well. Although such a strategy can result in significant returns, it also creates a portfolio with an inherently higher market risk than one with a more diversified portfolio.

Analyses, Strategies and Sources of Information

BPI Portfolio Managers are inclined to use fundamental analysis when evaluating client securities and make purchases and sales based upon the results of their analysis. Managers may also consider technical market factors before deciding the appropriate action to take in a client's account. Managers will also implement various short and long-term investment strategies and may on an isolated basis use options to hedge securities positions, based upon the objectives of the client and the kinds of securities in the portfolio.

BPI may also vary the number of positions held in an account based upon the client's investment objective and/or express instructions to the client's Portfolio Manager. BPI also implements strategies utilizing variations of the "Dow Dividend Strategy" which bases purchase decisions primarily on the yields of stocks.

When they deem it appropriate to do so, BPI's representatives use a variety of sources of information, including newspapers and magazines, outside research, rating services, annual reports, prospectuses and company press releases.

As indicated above, to implement investment strategies, a client's account may be concentrated in just a few securities. Although such a strategy has the potential to enhance returns, lack of diversity may also create greater risk of loss.

Managers may give advice and take action in the performance of their duties to a client which differ from advice given, or the timing and nature of actions taken, with respect to other client accounts. BPI will make a reasonable effort to follow all investment management restrictions and instructions expressed to BPI by the client.

When BPI processes securities transactions that are the subject of its Manager's investment recommendations, BPI's securities transaction clearing firm, National Financial Services LLC ("National Financial"), furnishes the client with a confirmation of each transaction ordered for the client's account by BPI. National Financial also provide monthly security account statements for each client. Unless directed otherwise by a client, National Financial will maintain custody of the assets held in the account.

Fees

Fees charged by BPI for Continuous Advisory Services, other than services involving investments made by use of dividend strategies, are negotiated but generally conform with the following fee schedule:

Account Asset Value*	Fixed Income Account	Balanced Account	Equity Account
0-\$500,000	1.25%	1.95%	2.45%
Next \$500,000	1.00%	1.75%	2.25%
Next \$1,000,000	0.85%	1.37%	1.75%
Next \$3,000,000	0.75%	1.22%	1.55%
Next \$5,000,000	0.60%	0.95%	1.20%
Over \$10,000,000	0.45%	0.75%	0.95%

*Including cash and cash equivalents.

Minimum annual fee: \$500; \$125 per quarter.

The fees described above include BPI's charges for both account management and securities order execution services. The fee does not cover sales loads or commissions on

mutual funds, limited partnership interests or other investment-related products purchased through BPI by application or subscription. The fee also does not cover other service fees charged by a third party such as custodial or brokerage fees should the client direct BPI to use the services of another custodian or broker-dealer.

Fees charged by BPI vary from client to client and are based upon a number of factors, including the type of account, kind of securities in the account, dollar value of securities, projected nature of trading for the account, number of Portfolio Managers necessary to manage the account and nature and scope of additional advisory services required to properly service the account.

Clients who elect to participate in strategies which determine purchases and sales based upon yields will generally pay a lower fee because such accounts require less management supervision. Annual fees for accounts choosing dividend strategies range from .75% to 1.50% of assets under management, including cash and cash equivalents, in accordance with the following schedule and include BPI's charges for transaction executions:

On first \$500,000	-	1.50%
One next \$500,000	-	1.00%
Over \$1,000,000	-	0.75%

All fees due BPI are payable quarterly in advance. The first quarter's fee is due in full on the date a BPI advisory agreement is signed and is based on the account's asset value on that date. Fees are prorated to the end of the first quarter. The initial payment shall be for the balance of the first quarter and the entire next calendar quarter. Thereafter, quarterly fees will be based upon the account's asset value on the last business day of the previous calendar quarter. If additional cash, securities or other investments exceeding \$20,000 are accepted for management during any quarter, the applicable fee shall be prorated for the number of days remaining in the quarter and will become due on the date the new assets are accepted. The fee schedule provided to a client may be modified or changed by BPI upon written notice to the client.

If, for any reason, a client decides to terminate the agreement with BPI, which a client or BPI can do at any time by written notice to the other, a pro rata refund based solely on the prepaid fee is given to the client.

As described above, BPI's fee includes charges for both advisory and securities transaction execution services. Fees charged in connection with managing accounts may be higher or lower than charges and expenses imposed by other advisory services (including those available through BPI), alternative brokerage account strategies implemented solely on a commission basis, or by mutual funds.

Transaction Execution Services

Transaction orders placed in conjunction with Continuous Advisory Services are entered by BPI Portfolio Managers who are also securities registered representatives of BPI. Transactions effected by BPI will normally be processed by BPI's clearing firm, National Financial, and BPI will generally not seek out firms to execute transactions. BPI has selected National Financial after considering the quality, quantity, nature and scope of National Financial's services including execution capabilities, responsiveness, timeliness, financial responsibility, price attainment, clearance procedures, custodial and reporting services and other valuable services. It has been BPI's experience that National Financial is competitive in obtaining best execution and prices when processing transaction orders, but there can be no assurance that National Financial (or any other clearing firm) can process orders in a manner which results in best execution in every instance. When processing customer orders for managed accounts, BPI may batch client orders with those of other clients for execution purposes when there is an advantage to doing so.

National Financial charges BPI a fee for each transaction processed by it. Each Portfolio Manager receives the fee BPI charges the client for advice, less costs for transaction execution and certain other overhead expenses. Thus, since advisory clients are charged one fee by BPI for both advisory and transaction services, BPI's net service revenues and its Portfolio Manager's incomes are inversely related to the number of transactions entered for a client's Account. In general, it is expected that the number of transactions will be greater for larger portfolios.

Considerations

When implementing yield sensitive strategies, BPI's portfolio managers may perform fewer account reviews and not affect any sale in an account unless the yield of a security is low or other strategic conditions are met. Supervision of such accounts is limited and factors such as industry and economic trends, initial rates and a company's financial performance are generally not decisive factors in timing reviews, recommendations and transactions. Such strategies also may utilize a very limited sample of stocks, such as the Dow Jones Industrial issues. Generally, fewer positions in a portfolio, or concentration of positions in a particular industry, may tend to enhance returns but also increase market risk.

Various securities representatives of Buttonwood may provide advice to their customers for commissions only which involve strategies similar to those offered by BPI for both an advisory fee and commission. Also, depending on the volume of transactions during a billing period, the asset-based fee may result in higher or lower payments to BPI than the costs a client would have incurred if per transaction commissions were charged on a trade-by-trade basis.

The amount of net compensation received by the BPI representative executing transactions under an asset-based fee arrangement may be more or less than other available commission methods. Representatives have an incentive to recommend asset-based

commission services if the representative anticipates there will be few transactions in the account and per transaction commissions if a large number of transactions are anticipated. Because BPI's Portfolio Managers are also securities representatives, they are in a position to control the number and type of transactions placed.

In addition to the fees to BPI described above, a client may pay other fees depending on the nature of the assets in the client portfolio and the nature of securities transactions being effected. For example, if a client's portfolio under management includes a mutual fund, the mutual fund will pay as an expense of the mutual fund an investment advisory fee to its investment manager from assets of the mutual fund. Thus, clients pay two levels of advisory fees. Market makers of securities purchased or sold by BPI on a client's behalf will receive a mark-up or mark-down when executing transactions for a client account. Also, minimal fees are charged by exchanges on a per transaction basis.

Standards of Education and Experience

A BPI Portfolio Manager or consultant must be experienced as a securities broker or as a portfolio manager before being allowed to provide advice to clients. Each BPI Portfolio Manager must also have taken formal courses in portfolio management if the Manager has less than 10 year's experience in the securities industry.

Education and Business Background of BPI's Professional Staff

Bruce E. Krueger. Mr. Krueger was born on October 14, 1951. He graduated from The Johns Hopkins University in 1973 with a Bachelor of Arts degree in Social & Behavioral Science and, in 1976, received a Doctor of Law degree from the University of Wisconsin--Madison.

From November 1980 to April 1988, Mr. Krueger was a Registered Representative with E.F. Hutton, Inc. in Madison, Wisconsin, and from September 1984 to April 1988 he was a Portfolio Manager for BPI. He held the same positions with Shearson Lehman Hutton from April 1988 to July 1990. As a registered representative and portfolio manager, Mr. Krueger provided supervisory investment advisory services for individual and pension/profit sharing clients and executed securities transaction orders as the needs of clients required. From July 1990 to October 1990, Mr. Krueger was a Registered Representative of Mid-America Management Corporation at its Madison, Wisconsin branch office.

In addition to his clients at BPI, Mr. Krueger provides BPI's Continuous Advisory Services and Advisory Services for Customers of Other Broker-Dealers. He became a Vice President and Director of BPI during September 1994. He is also BPI's Treasurer.

Related Business Activities and Business Affiliations

In addition to being an investment adviser, BPI is registered as a broker-dealer and, as such, effects securities transactions for clients who may or may not be investment advisory clients. Approximately 5% of Mr. Krueger's time is spent performing broker-dealer activities.

BPI also has a transaction clearing agreement with National Financial Services, LLC, by which National Financial processes and clears securities transactions placed by BPI's portfolio manager.

Interest in Client Transactions

As described above, portfolio managers of BPI who are also securities registered representatives of BPI receive a portion of the asset-based fee charged by BPI.

As a securities broker-dealer, BPI will offer and sell securities to its clients.

BPI and its employees may buy and sell securities that they recommend to advisory clients for purchase and sale. To the extent possible, BPI and its employees will process securities transactions for client accounts ahead of similar transactions contemplated for their own accounts.

BPI has established a Code of Ethics applicable to all persons at the firm who have access to confidential client records or to recommendations being made for client accounts. Designed to prevent conflicts of interest between the financial interests of clients and the interests of the firm's staff, the Code requires such "access persons" to obtain preapproval of certain securities transactions, to report transactions quarterly and to report all securities positions in which they have a beneficial interest at least annually. These reporting requirements allow supervisors at the firm to determine whether to allow or prohibit certain employee securities purchases and sales based on transactions made, or anticipated to be made, in the same securities for client accounts. The Code also establishes certain bookkeeping requirements relating to the new federal reporting rules. The Code is required to be reviewed annually and updated as necessary. A complete copy of the firm's Code is available upon request.

Conditions for Managing Accounts

BPI usually requires a minimum annual fee of \$500 before accepting accounts for its various services; however the minimum may be waived at BPI's discretion. Please refer to the sections describing Continuous Advisory Services for a description of the minimum account sizes and fees.

Account Reviews and Reports

Accounts are reviewed as deemed necessary by the client's Portfolio Manager. Mr. Krueger provides the BPI services described in this brochure, thus he reviews all accounts.

Account reports for accounts, other than those involving strategies which result in purchases and sales based upon yield, are provided at least annually. Accounts utilizing dividend strategies are reviewed at least quarterly and reports are provided once per year.

Reports are not reviewed by any third party but are reviewed for accuracy by a BPI Manager, Mr. Krueger, using BPI's records and transaction reports as a basis for review. BPI's staff examines each client report for accuracy by comparing it to the statements provided by National Financial. Performance information prepared by BPI is calculated on a time-weighted basis.

There are no restrictions on the ability of clients to contact and consult with their Portfolio Manager any time they wish regarding the content of any BPI report or any other aspect of their account.

Use of Discretion and Selection of BPI as Broker

Before receiving any advisory services from BPI and BPI's advisory representatives, clients typically designate BPI to execute the securities investment transactions recommended. Thus, BPI usually will not exercise discretion to evaluate the execution services and commissions of other broker-dealers unless unusual conditions exist and the client's permission is obtained to do so. BPI does exercise full discretion when selecting securities and the amount of securities to buy or sell.

Selection of BPI for executing orders will not allow BPI to receive research from other broker-dealers in return for directed business, to batch transaction orders with those of other clients using other brokers, or otherwise obtain best price or execution of a client's transactions through use of other broker-dealers. BPI may transmit customer orders for execution to various exchanges or market centers based on a number of factors. These include: size of order, trading characteristics of the security, favorable execution prices (including the opportunity for price improvement), access to reliable market data, and availability of efficient automated transaction processing, and reduced execution costs through price concessions from the market centers. Certain market centers may execute orders at prices superior to the publicly quoted market in accordance with their rules or practices. While a customer may specify that an order be directed to a particular market center for execution, the order-routing policies, taking into consideration all of the factors listed above, are designed to result in favorable transaction processing for customers.

As indicated above, BPI may aggregate trades for numerous clients when it believes it is in the client's best interest to do so. When the aggregated order is filled, each client in the aggregated order receives an average price. However, aggregated orders that are partially filled are not allocated to clients on a pro-rata basis. Instead, in those instances where BPI cannot fill an aggregated order fully, the partially acquired shares are allocated to each individual client listed on BPI's allocation sheet for the full amount of each client's order until no shares remain. Shares subsequently obtained to complete an aggregated order are then allocated to clients in alternating ascending/descending order until all client orders are filled. Thus, for those clients whose shares are subsequently obtained, the share price they receive may be higher or lower than the transaction share price acquired by those clients participating in the initial aggregated order. For subsequent orders outside the initial aggregated order, if the market price of the security should fall, clients would receive a better price; however, if the

market price should rise, the costs would be higher than those initially incurred in the first aggregated order.

BPI may receive compensation for directing customer orders for equity securities to particular broker/dealers or market centers for execution. Such compensation, if any, usually takes the form of monetary “order flow” payments. Thus, a conflict of interest exists when such orders are processed through such broker/dealers with advance knowledge that order flow payments may be received.

Other Compensation

BPI frequently invests client funds in money market and, on occasion, other mutual funds. Many of these mutual funds pay continuing “12b-1” fees to broker-dealers, including BPI, based upon the total amount of client funds invested in them.

Voting of Proxies

BPI does not vote proxies as part of the services described in this brochure. However, BPI will assist clients by answering questions they may have about the proxies they receive and about proxy voting procedures.

Other Information

During January 2006, the Firm resolved a recordkeeping and reporting matter, without admitting or denying this matter, with the NASD by paying a fine of \$10,000 and creating new procedures. The matter related to the Firm reporting various municipal and corporate transactions late or with inaccurate execution time, not reporting two municipal transactions and not having accurate order times or time stamps on certain trades in municipal securities. These matters were caused in part because the Firm did not have certain procedures in writing relating to MSRB rule G-14. Procedures have been put in place to prevent a recurrence of these administrative oversights.