

**Part 2A of Form ADV: *Firm Brochure***

**Buttonwood Financial Advisors, Inc.**

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03/12/2020

This brochure provides information about the qualifications and business practices of Buttonwood Financial Advisors, Inc. ("BFA"). If you have any questions about the contents of this brochure, please contact us at (410) 988- 2391 or [info@buttonwoodfa.com](mailto:info@buttonwoodfa.com). The 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. Registration as an investment adviser does not imply a certain level of skill or training.

Additional information about BFA is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 144926.

## Item 2. Material Changes

The information contained in this section relates only to material changes that have occurred since the last annual update of our ADV, Part 2 dated January 30, 2019. We define a material change as any change that an average client would consider important to know prior to making an investment decision.

- As of 12/31/2019, Buttonwood Financial Advisors' regulatory assets under management exceeded the threshold for registration with the US Securities Exchange Commission. We have filed for SEC registration with our required annual updating amendment, and will withdraw from registration with the states if approved.

Consistent with our firm's obligations, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. Furthermore, we will provide you with other interim disclosures about material changes as necessary.

To obtain our firm brochure and brochure supplements (information regarding each of our financial Advisors), our Code of Ethics, or our Privacy Policy, please visit our website at [www.buttonwoodfa.com](http://www.buttonwoodfa.com), e-mail us at [info@buttonwood.com](mailto:info@buttonwood.com), telephone us at 410-988-2391 or mail your request to the address below.

**Buttonwood Financial Advisors, Inc.**

**509 S. Exeter Street, Suite 500 Baltimore, MD 21202**

**Main Phone: 410-988-2391**

**Fax Number: 410-988-2395**

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## Item 4. Advisory Business

BFA is a state-registered investment adviser with its principal place of business located in Baltimore, Maryland. BFA began conducting business in 2008.

Listed below are BFA's principal shareholders (i.e., those individuals and/or entities controlling 25% or more of this company):

- Damian J. Gallina, President and Chief Compliance Officer
- Jeffrey A. Malcom, Vice President

BFA offers the following advisory services to our clients: Individual Portfolio Management, and Financial Planning. Please see the disclosure below in this Item for additional information regarding these services.

As of 12/31/2019 we were actively managing \$98,290,963 of clients' assets on a discretionary basis, and \$9,522,722 on a non-discretionary basis.

### INDIVIDUAL PORTFOLIO MANAGEMENT

Our firm offers portfolio management services to its advisory clients. We will provide continuous advice to a client regarding the investment of client funds based on the client's individual needs. Through personal discussions in which a client's goals and objectives are established, we adopt an investment policy and create and manage a portfolio based on that policy. During this data-gathering process, we determine the client's individual objectives, time horizons, risk tolerance, and liquidity needs. We may also review and discuss a client's prior investment history, as well as family composition and background.

We manage these advisory accounts on a discretionary basis. Account supervision is guided by the client's stated objectives (e.g., balanced, diversified, fixed income, , growth, moderate, income/balanced, income/diversified, income/growth, and income/moderate), as well as tax considerations. Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors.

Our investment recommendations are not limited to any specific product or service offered by a broker dealer or insurance company and will generally include advice regarding the following securities: individual stocks, bonds, certificates of deposit (CDs), mutual funds, and exchange-traded funds ("ETFs").

### FINANCIAL PLANNING

We also provide financial planning services. Financial planning is a comprehensive evaluation of a client's current and future financial state by using currently known variables to predict future cash flows, asset values and withdrawal plans. Through the financial planning process, all questions, information and analysis are considered as they impact and are impacted by the entire financial and life situation of the client. Based on the information provided by the client, BFA will prepare a comprehensive plan which can address personal investing, tax analysis, insurance, estate, educational, and retirement planning. Clients purchasing this service receive a written report that provides the client with a detailed financial plan designed to help achieve his or her financial goals and objectives.

We gather required information through in-depth personal interviews. Information gathered includes a client's current financial status, tax status, future goals, return objectives and attitudes towards risk. We carefully review documents supplied by the client and prepare a written report. Should the client choose to implement the recommendations contained in the plan, we suggest the client work closely with his/her attorney, accountant and/or insurance agent. BFA will provide a report after all information is received by the client. Clients who receive separate financial planning services, although we generally recommend our investment management services, are under no obligation to utilize our firm for investment management and implementation of the financial plan recommendations is entirely at the client's discretion.

Typically the financial plan is presented to the client within two months of the contract date, provided that all information needed to prepare the financial plan has been promptly provided.

Financial Planning recommendations are not limited to any specific product or service offered by a broker dealer or insurance company.

## Item 5. Fees and Compensation

### FEES FOR INDIVIDUAL PORTFOLIO MANAGEMENT

The annual fee charged for individual portfolio management services is based on the amount of assets under management as follows:

<u>Assets Under Management</u>	<u>Annual Fee (%)</u>
The first \$1,000,000	1.25%
Amounts from \$1,000,000 to \$5,000,000	1.00%
Amounts over \$5,000,000	0.75%

For example, if a client's account is valued at \$6,000,000, the annual fee would be calculated as follows:  $(\$1,000,000 \times 1.25\%) + (\$4,000,000 \times 1.00\%) + (\$1,000,000 \times 0.75\%)$ .

Our fees are billed quarterly, in advance, at the beginning of each calendar quarter based upon the value (market value or fair market value in the absence of market value), of the client's account at the end of the previous quarter. Fees may be directly paid by the client by check or may be debited directly from the client's account only with prior authorization. No fee adjustments are made for deposits or partial withdrawals during a quarterly billing period. A copy of the invoice will be sent to the client and custodian at the same time.

## FEES FOR FINANCIAL PLANNING

BFA's Financial Planning fees will be determined based on the nature of the services being provided, the complexity of each client's circumstances, the reports to be provided, and negotiations with the client. All fees are agreed upon prior to entering into a contract with any client.

Our Financial Planning fees are calculated and charged on a fixed fee basis, typically ranging from \$500 to \$1,000, depending on the specific arrangement reached with the client.

We may request a retainer upon completion of our initial fact-finding session with the client; however, advance payment will never exceed \$500 for work that will not be completed within six months. A check for the balance due is required upon presentation to the client of the completed financial plan or upon completion of the financial consultation session

There is no minimum fee for Financial Planning clients.

## GENERAL INFORMATION

***Advisory Fees in General:*** Clients should note that similar advisory services may (or may not) be available from other registered (or unregistered) investment advisers for similar or lower fees.

***Negotiability of Fees:*** In certain circumstances, all fees may be negotiable. We may also group certain related client accounts for the purposes of determining the annualized fee. Further, discounts, not generally available to our advisory clients, may be offered to family members and friends of associated persons of our firm.

***Courtesy Accounts:*** Some clients come to BFA with various legacy holdings or assets. Upon request, we will assist a client with establishing separate custodial accounts to hold these assets as a courtesy, but will NOT manage these assets. These assets will, therefore, not be subject to our management fee as disclosed above in this Item.

***Termination of the Advisory Relationship:*** A client agreement may be canceled at any time, by either party, for any reason upon receipt of five days written notice. Upon termination of any account, any prepaid, unearned fees will be promptly refunded. In calculating a client's reimbursement of fees, we will pro rate the reimbursement according to the number of days remaining in the billing period.

As disclosed above, fees for Financial Planning are paid upon completion of the service and, therefore, there is no pro rata refund available.

***Fund Fees:*** All fees paid to BFA for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or ETFs to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. A client could invest in a mutual fund directly, without our services. In that case, the client would not receive the services provided by our firm which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and our fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

***Additional Fees and Expenses:*** In addition to our advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker dealers, including, but not limited to, any transaction charges, fees for duplicate statements and transaction confirmations, and fees for electronic data feeds and reports. Please refer to Item 12 of this Brochure for additional information about our brokerage practices.

***Limited Prepayment of Fees:*** Under no circumstances do we require or solicit payment of fees in excess of \$500 more than six months in advance of services rendered.

## **Item 6. Performance-Based Fees and Side-By-Side Management**

We do not charge performance-based fees (i.e., fees based on a share of capital gains on or capital appreciation of the assets of a client).



## Item 7. Types of Clients

BFA provides its advisory services, where appropriate, to individuals, trusts, estates, charitable organizations, corporations and pension and profit sharing plans.

Our firm does not have a minimum account size or fee requirement.

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

### METHODS OF ANALYSIS

We use the following methods of analysis in formulating our investment advice and/or managing client assets:

***Fundamental Analysis:*** We attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell).

Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

***Asset Allocation:*** In addition to Fundamental Analysis, we attempt to identify an appropriate ratio of securities, fixed income, and cash suitable to the client's investment goals and risk tolerance.

A risk of asset allocation is that the client may not participate in sharp increases in a particular security, industry or market sector. Another risk is that the ratio of securities, fixed income, and cash will change over time due to stock and market movements and, if not corrected, will no longer be appropriate for the client's goals.

***Mutual fund and/or ETF analysis:*** We look at the experience and track record of the manager of the mutual fund or ETF in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We also look at the underlying assets in a mutual fund or ETF in an

attempt to determine if there is significant overlap in the underlying investments held in another fund(s) in the client's portfolio. We also monitor the funds or ETFs in an attempt to determine if they are continuing to follow their stated investment strategy.

A risk of mutual fund and/or ETF analysis is that, as in all securities investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a fund or ETF, managers of different funds held by the client may purchase the same security, increasing the risk to the client if that security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund or ETF, which could make the holding(s) less suitable for the client's portfolio.

***Risks for all forms of analysis:*** Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

### INVESTMENT STRATEGIES

We use the following strategy(ies) in managing client accounts, provided that such strategy(ies) are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations:

***Long-term purchases:*** We purchase securities with the idea of holding them in the client's account for a year or longer. Typically we employ this strategy when:

- we believe the securities to be currently undervalued, and/or
- we want exposure to a particular asset class over time, regardless of the current projection for this class.

A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantage of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the decision to sell.

***Short-term purchases:*** When utilizing this strategy, we purchase securities with the idea of selling them within a relatively short time (typically a year or less). We do this in an attempt to take advantage of conditions that we believe will soon result in a price swing in the securities we purchase.

A short-term purchase strategy poses risks should the anticipated price swing not materialize; we are then left with the option of having a long-term investment in a security that was designed to be a short-term purchase, or potentially taking a loss. In addition, this strategy involves more frequent trading than does a longer-term strategy, and will result in increased brokerage and other transaction-related costs, as well as less favorable tax treatment of short-term capital gains.

#### RISK OF LOSS

Investing in securities involves risk of loss that clients should be prepared to bear. Securities investments are not guaranteed and you may lose money on your investments. We ask that you work with us to help us understand your tolerance for risk.

### **Item 9. Disciplinary Information**

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management. Our firm and our management personnel have no reportable disciplinary events to disclose.

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

Mr. Damian Gallina, a controlling member of our firm, is the Investment Committee Chairman for the Lido Civic Club of Washington, D.C. As the Investment Committee Chairman, Mr. Gallina will make recommendations to the Civic Club's Treasurer. The Treasurer or the President of the Civic Club will make all final investment decisions and implement those decisions. Buttonwood brings this to client's attention as there is a potential conflict of interest in that Mr. Gallina will make recommendations to the Civic Club that are investments made for advisory clients. We mitigate this conflict by disclosing it to our clients and by ensuring that Mr. Gallina cannot actively manage the Civic Club investments.

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

### CODE OF ETHICS

Our firm has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws. BFA and our personnel owe a duty of loyalty, fairness and good faith to our clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics, but to the general principles that guide the Code. You may request a copy by email to [info@buttonwoodfa.com](mailto:info@buttonwoodfa.com), or by telephone at (410) 988-2391.

BFA's Code of Ethics includes the firm's policy prohibiting the use of material non-public information. While we do not believe that we have any particular access to non-public information, all employees are reminded that such information may not be used in a personal or professional capacity.

### PERSONAL TRADING

Our firm and the individuals associated with our firm may buy or sell securities for their personal accounts that are identical to or different from those recommended to our clients. As these situations represent actual or potential conflicts of interest with our clients, we have taken the following steps to assure that (i) the personal securities transactions of our employees will not interfere with making and implementing decisions in the best interest of our advisory clients, (ii) our firm complies with its regulatory obligations, and (iii) we provide our clients with full and fair disclosure of such conflicts of interest:

1. Prohibiting the firm, its owners and employees from:
  - a. Putting their own interest above the interest of an advisory client.
  - b. Buying or selling securities for their personal portfolio(s) where their decision is a result of information received as a result of his or her employment unless the information is also available to the investing public.
  - c. Purchasing or selling any security prior to a transaction(s) in the same securities being *implemented for an advisory account*.
2. Our firm requires prior approval for any IPO or private placement investments by related persons of the firm. Our firm does not participate in agency cross transactions.

3. We maintain a list of all reportable securities holdings for our firm and anyone associated with this advisory practice that has access to advisory recommendations ("access person"). These holdings are reviewed on a regular basis by our firm's Chief Compliance Officer or his/her designee.
4. We have established procedures for the maintenance of all required books and records.
5. We require all of our principals and employees to act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
6. We provide each supervised person of our firm a copy of the Code of Ethics on an annual basis.
7. We have established policies requiring the reporting of Code of Ethics violations to our Chief Compliance Officer.
8. Any individual who violates any of the above restrictions may be subject to termination.

#### AGGREGATION OF EMPLOYEE TRADES WITH CLIENT TRANSACTIONS

We may aggregate our employee trades with client transactions where possible and when compliant with our duty to seek best execution for our clients. Please review the disclosures in Item 12 for a more detailed understanding of the firm's trade aggregation policies and procedures.

#### PRINCIPAL TRANSACTIONS

BFA and individuals associated with our firm are prohibited from engaging in principal transactions (i.e., a transaction where BFA or a person associated with BFA, as principal, buys securities from, or sells securities to, a BFA client).

### **Item 12. Brokerage Practices**

#### DIRECTED BROKERAGE

We request that clients direct us to use National Financial Services and Fidelity Brokerage Services LLC (together with all affiliates, "Fidelity") for trade execution. BFA reserves the right to decline acceptance of any client account for which the client directs the use of a broker other than Fidelity if we believe that this choice would hinder our fiduciary duty to the client and/or our ability to service the

account. BFA has evaluated Fidelity and believes that it can provide our clients with a blend of execution services, commissions and professionalism that will assist our firm in meeting our fiduciary obligations to clients.

Clients should note that BFA has an arrangement with Fidelity through which Fidelity provides BFA access to their Fidelity Institutional Wealth Services “platform” (“FIWS”). FIWS is offered to independent investment advisers by Fidelity. The platform services include, among others, brokerage, custodial, administrative support, record keeping and related services that are intended to support intermediaries like BFA in conducting business and in serving the best interests of our clients but that may also benefit us. Although BFA does request all clients to direct brokerage services to Fidelity, clients should be aware that not all advisors request clients to direct brokerage.

Fidelity charges brokerage commissions and transaction fees for effecting certain securities transactions (i.e., transactions fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions). Fidelity enables BFA to obtain many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges. Fidelity’s commission rates are generally considered discounted from customary retail commission rates. However, the commissions and transaction fees charged by Fidelity may be higher or lower than those charged by other custodians and broker-dealers. As part of the arrangement, Fidelity also makes available to our firm, at no additional charge to us, certain research and brokerage services, including research services obtained by Fidelity directly from independent research companies. BFA receives a benefit because we do not have to produce or pay for the research, products or services. BFA has no formal or informal arrangements with Fidelity to provide BFA with any specific research or brokerage services other than what is otherwise made available by Fidelity to the investment advisers that use its platform services.

As a result of receiving such services for no additional cost, we may have an incentive to select or recommend a broker dealer based on our interest in receiving the research or other products or services, rather than on the clients’ interest in receiving most favorable execution. We examined this potential conflict of interest when we chose to enter into the relationship with Fidelity and have determined that the relationship is in the best interests of BFA clients and satisfies our client obligations, including our duty to seek best execution.

## BEST EXECUTION

Although the commissions and/or transaction fees paid by our clients generally comply with our duty to obtain best execution, clients may pay a commission that is higher than what another qualified broker-dealer might charge to effect the same transaction when we determine, in good faith, that the commission or transaction fee is reasonable in relation to the value of the brokerage and research services we receive from Fidelity.

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 broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Best execution is also about pricing, not just fees. Accordingly, although we seek competitive rates, we may not necessarily obtain the lowest possible commission rates for client transactions. The brokerage commissions or transaction fees charged by the broker-dealer are exclusive of, and in addition to, our investment management fee. Our best execution responsibility is qualified if the securities we purchase are no-load mutual funds that are traded at net asset value as determined at the daily market close.

## SUMMARY OF TRADE AGGREGATION POLICY

BFA will aggregate client trades where possible and when the firm believes it will be advantageous to clients. This does not imply that all client trades executed will participate in the aggregate trade and certain trades may be executed separately depending on the client's circumstance and BFA's judgement. This aggregation of trades permits the trading of aggregate blocks of securities composed of assets from multiple client accounts. Aggregate trading may allow us to execute equity trades in a timelier, more equitable manner, at an average share price. BFA will typically aggregate trades among clients whose accounts can be traded at a given broker. BFA's aggregate trading policy and procedures are as follows:

1. Transactions for any client account may not be aggregated for execution if the practice is prohibited by or inconsistent with the client's advisory agreement with BFA, or our firm's order allocation policy.
2. BFA's portfolio manager must determine that the purchase or sale of the particular security involved is appropriate for the client and consistent with the client's investment objectives and with any investment guidelines or restrictions applicable to the client's account.
3. The portfolio manager must reasonably believe that the order aggregation

will benefit, and will enable BFA to seek best execution for each client participating in the aggregated order. This requires a good faith judgment at the time the order is placed for the execution. It does not mean that the determination made in advance of the transaction must always prove to have been correct in the light of a "20-20 hindsight" perspective. Best execution includes the duty to seek the best quality of execution, as well as the best net price.

4. Prior to entry of an aggregated order, a written order ticket must be completed which identifies each client account participating in the order and the proposed allocation of the order, upon completion, to those clients.
5. If the order cannot be executed in full at the same price or time, the securities actually purchased or sold by the close of each business day must be allocated pro rata among the participating client accounts in accordance with the initial order ticket or other written statement of allocation. However, adjustments to this pro rata allocation may be made to participating client accounts in accordance with the initial order ticket or other written statement of allocation. Furthermore, adjustments to this pro rata allocation may be made to avoid having odd amounts of shares held in any client account, or to avoid excessive ticket charges in smaller accounts.
6. Generally, each client that participates in the aggregated order must do so at the average price for all separate transactions made to fill the order, and pay transaction costs per the individual client's agreement with the custodian/broker.
7. If the order will be allocated in a manner other than that stated in the initial statement of allocation, a written explanation of the change must be provided to and approved by the Chief Compliance Officer no later than the morning following the execution of the aggregate trade.
8. BFA's client account records separately reflect, for each account in which the aggregated transaction occurred, the securities which are held by, and bought and sold for, that account.
9. Funds and securities for aggregated orders are clearly identified on BFA's records and to the broker-dealers or other intermediaries handling the transactions, by the appropriate account numbers for each participating client.
10. No client or account will be favored over another.



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

### INDIVIDUAL PORTFOLIO MANAGEMENT

**Reviews:** While the underlying securities within Individual Portfolio Management accounts are continually monitored, these accounts are reviewed at least quarterly by our Portfolio Manager. Accounts are reviewed in the context of each client's stated investment objectives and guidelines. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the market, political or economic environment.

**Reports:** In addition to the monthly statements and confirmations of transactions that clients receive from their broker-dealer, we provide quarterly reports summarizing account performance and balances.

### FINANCIAL PLANNING

**Reviews:** While reviews may occur at different stages depending on the nature and terms of the specific engagement, typically no formal reviews will be conducted unless otherwise contracted for with the client.

**Reports:** Financial Planning clients will receive a completed financial plan. Additional reports will not typically be provided unless otherwise contracted for with the client.

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

As of December 31, 2017, our firm has terminated all relationships with paid solicitors.

Associated persons of our firm who maintain insurance licenses do not offer insurance products to advisory clients and are not entitled to incentives or bonuses based on those types of recommendations. We may, however, refer clients to a licensed agent to place insurance policies.

## **Item 15. Custody**

We previously disclosed in the Fees and Compensation section (Item 5) of this brochure that our firm directly debits advisory fees from client accounts. As part of this billing process, the client's custodian is advised of the amount of the fee to be deducted from that client's account. On at least a quarterly basis, the custodian is required to send to the client a statement showing all transactions within the account during the reporting period. Because the custodian does not calculate the amount of the fee to be deducted, it is important for clients to carefully review their custodial statements to verify the accuracy of the calculation, among other things. Clients should contact us directly if they believe that there may be an error in their statement.

In addition to the periodic statements that clients receive directly from their custodians, we also send account statements directly to our clients on a quarterly basis. We urge our clients to carefully compare the information provided on these statements to ensure that all account transactions, holdings and values are correct and current.

## **Item 16. Investment Discretion**

Clients may hire us to provide discretionary portfolio management services. Where we have been provided investment discretion, we place trades in a client's account without obtaining specific client permission prior to each trade. Our discretionary authority includes the ability to do the following without contacting the client:

- Determine the security to buy or sell; and/or
- Determine the amount of the security to buy or sell.

Clients give us discretionary authority when they sign a discretionary advisory agreement with our firm, and may limit this authority by giving us written instructions. Clients may also change/amend such limitations by once again providing us with written instructions.

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

We do not take action or give advice with respect to voting proxies. Clients maintain exclusive responsibility for: (i) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (ii) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets. Fidelity, or each custodian, or the issuer of the security will mail proxies directly to the client. Therefore, BFA and/or the client shall instruct each custodian of the applicable assets to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets.

BFA also does not typically provide advice to clients regarding the clients' voting of securities. Clients should direct all proxy questions to the issuer of the security, or when assistance on voting a proxy is required, we will provide guidance to our clients. If a conflict exists, we disclose it to our clients.

## **Item 18. Financial Information**

Under no circumstances do we require or solicit payment of fees in excess of \$500 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement.

As an advisory firm that maintains discretionary authority for client accounts, we are also required to disclose any financial condition that is reasonable likely to impair our ability to meet our contractual obligations. BFA has no additional financial circumstances to report and has never been the subject of a bankruptcy petition.

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

The following individuals are the principal executive officers and management persons of BFA:

- Damian J. Gallina, President & Chief Compliance Officer
- Jeffrey A. Malcom, Vice President

Information regarding the formal education and business background for these individuals is provided in their respective Brochure Supplements (Part 2B of Form ADV).

BFA is not engaged in any business activity other than giving investment advice. Neither BFA nor our supervised persons are compensated for advisory services with performance-based fees.

We are required to disclose all material facts regarding certain legal or disciplinary events pertaining to arbitration awards or other civil, regulatory or administrative proceedings in which our firm or management personnel were found liable or against whom an award was granted. Our firm and our management personnel have no reportable disciplinary events to disclose.

Neither BFA nor our management personnel have a relationship or arrangement with any issuer of securities.

**Part 2B of Form ADV: *Brochure Supplement***

**Damian J. Gallina, CFA**

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03/12/2020

This brochure supplement provides information about Damian J. Gallina that supplements the Buttonwood Financial Advisors, Inc. ("BFA") brochure. You should have received a copy of that brochure. Please contact Mr. Gallina if you did not receive our brochure or if you have any questions about the contents of this supplement.

Additional information about Damian J. Gallina is available on the United States Securities and Exchange Commission's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. The CRD number for Damian J. Gallina is 2340370.

## **Item 2. Educational Background and Business Experience**

YEAR OF BIRTH: 1970

EDUCATION: BS Finance, Towson University (Towson, MD), 01/1993

BUSINESS BACKGROUND:

- Buttonwood Financial Advisors, Inc. (Baltimore, MD), President & Chief Compliance Officer, 02/2008 to Present
- Horan Capital Management (Baltimore, MD), Financial Advisor & Assistant Portfolio Manager, 06/1995 to 02/2008

PROFESSIONAL DESIGNATION: Chartered Financial Analyst (CFA<sup>1</sup>), granted by the CFA Institute (Charlottesville, VA), 08/1998

## **Item 3. Disciplinary Information**

BFA is required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of Mr. Gallina. Mr. Gallina does not have any history of disciplinary events.

<sup>1</sup> The Chartered Financial Analyst (CFA) charter is a professional designation established in 1962 and awarded by CFA Institute. To earn the CFA charter, candidates must pass three sequential, six-hour examinations over two to four years. The three levels of the CFA Program test a wide range of investment topics, including ethical and professional standards, fixed-income analysis, alternative and derivative investments, and portfolio management and wealth planning. In addition, CFA charter holders must have at least four years of acceptable professional experience in the investment decision-making process and must commit to abide by, and annually reaffirm, their adherence to the CFA Institute Code of Ethics and Standards of Professional Conduct. Please refer to the following website for more information: <https://www.cfainstitute.org>

#### **Item 4. Other Business Activities**

Mr. Damian Gallina, a controlling member of our firm, is the Investment Committee Chairman for the Lido Civic Club of Washington, D.C. As the Investment Committee Chairman, Mr. Gallina will make recommendations to the Civic Club's Treasurer. The Treasurer or the President of the Civic Club will make all final investment decisions and implement those decisions. Buttonwood brings this to client's attention as there is a potential conflict of interest in that Mr. Gallina will make recommendations to the Civic Club that are investments made for advisory clients. We mitigate this conflict by disclosing it to our clients and by ensuring that Mr. Gallina cannot actively manage the Civic Club investments. Mr. Gallina is not compensated for this activity.

#### **Item 5. Additional Compensation**

Mr. Gallina does not receive any additional compensation from third parties for providing investment advice to BFA's clients.

#### **Item 6. Supervision**

**Supervisor:** Damian Gallina

**Title:** President and Chief Compliance Officer

**Phone Number:** (410) 988-2391

As Chief Compliance Officer and President of BFA, Mr. Gallina is responsible for all supervision, formulation and monitoring of investment advice offered to clients. Mr. Gallina maintains written supervisory procedures to ensure that the advisory firm and all supervised persons are in compliance with the Maryland Securities Act and the Rules and Regulations promulgated thereunder. Mr. Gallina reviews and oversees all material investment policy changes and conducts periodic testing to ensure that client objectives and mandates are met.

## **Item 7. Requirements for State-Registered Advisers**

Damian Gallina has never been the subject of a bankruptcy petition nor has he ever been involved in any of the following events:

1. An award or otherwise being found liable in an arbitration claim alleging damages in excess of \$2,500, involving any of the following:
  - (a) an investment or an investment-related business or activity;
  - (b) fraud, false statement(s), or omissions;
  - (c) theft, embezzlement, or other wrongful taking of property;
  - (d) bribery, forgery, counterfeiting, or extortion; or
  - (e) dishonest, unfair, or unethical practices.
  
2. An award or otherwise being found liable in a civil, self-regulatory organization, or administrative proceeding involving any of the following:
  - (a) an investment or an investment-related business or activity;
  - (b) fraud, false statement(s), or omissions;
  - (c) theft, embezzlement, or other wrongful taking of property;
  - (d) bribery, forgery, counterfeiting, or extortion; or
  - (e) dishonest, unfair, or unethical practices.



**Part 2B of Form ADV: *Brochure Supplement***

**Jeffrey A. Malcom**

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Facsimile: (410) 988-2395

E-mail: [jeffrey.malcom@buttonwoodfa.com](mailto:jeffrey.malcom@buttonwoodfa.com)

**Buttonwood Financial Advisors, Inc.**

509 S. Exeter Street, Suite 500,

Baltimore, MD 21202

Telephone: (410) 988-2391

Facsimile: (410) 988-2395

03/12/2020

**This brochure supplement provides information about Jeffrey A. Malcom that supplements the Buttonwood Financial Advisors, Inc. brochure. You should have received a copy of that brochure. Please contact Jeffrey A. Malcom if you did not receive Buttonwood Financial Advisors, Inc.'s brochure or if you have any questions about the contents of this supplement.**

**Additional information about Jeffrey A. Malcom is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. The CRD number for Jeffrey A. Malcom is 6141631.**

## **Item 2. Educational Background and Business Experience**

YEAR OF BIRTH: 1975

EDUCATION: BS Finance, Towson University (Towson, MD), 12/1997

BUSINESS BACKGROUND:

- Buttonwood Financial Advisors, Inc. (Baltimore, MD), Vice President, 11/2012 to Present
- Horan Capital Management (Baltimore, MD), Senior Portfolio Manager & Investment Analyst, 12/1997 to 11/2012

PROFESSIONAL DESIGNATION: Chartered Financial Analyst (CFA<sup>1</sup>), granted by the CFA Institute (Charlottesville, VA), 09/2000

## **Item 3. Disciplinary Info**

No history of disciplinary events.

## **Item 4. Other Business Activities**

No other investment-related businesses or occupations.

## **Item 5. Additional Compensation**

Jeffrey Malcom does not receive additional compensation from third parties for providing investment advice to BFA's clients.

<sup>1</sup> The Chartered Financial Analyst (CFA) charter is a professional designation established in 1962 and awarded by CFA Institute. To earn the CFA charter, candidates must pass three sequential, six-hour examinations over two to four years. The three levels of the CFA Program test a wide range of investment topics, including ethical and professional standards, fixed-income analysis, alternative and derivative investments, and portfolio management and wealth planning. In addition, CFA charter holders must have at least four years of acceptable professional experience in the investment decision-making process and must commit to abide by, and annually reaffirm, their adherence to the CFA Institute Code of Ethics and Standards of Professional Conduct. Please refer to the following website for more information: <https://www.cfainstitute.org>

## **Item 6. Supervision**

**Supervisor:** Damian Gallina

**Title:** President and Chief Compliance Officer

**Phone Number :** (410) 988-2391

## **Item 7. Requirements for State-Registered Advisers**

Jeffrey Malcom has never been the subject of a bankruptcy petition nor has he ever been involved in any of additional disciplinary events reportable under this item:

1. An award or otherwise being found liable in an arbitration claim alleging damages in excess of \$2,500, involving any of the following:
  - (a) an investment or an investment-related business or activity;
  - (b) fraud, false statement(s), or omissions;
  - (c) theft, embezzlement, or other wrongful taking of property;
  - (d) bribery, forgery, counterfeiting, or extortion; or
  - (e) dishonest, unfair, or unethical practices.
2. An award or otherwise being found liable in a civil, self-regulatory organization, or administrative proceeding involving any of the following:
  - (a) an investment or an investment-related business or activity;
  - (b) fraud, false statement(s), or omissions;
  - (c) theft, embezzlement, or other wrongful taking of property;
  - (d) bribery, forgery, counterfeiting, or extortion; or
  - (e) dishonest, unfair, or unethical practices.

**Part 2B of Form ADV: *Brochure Supplement***

**Alexandra E. Stewart**

509 S. Exeter Street, Suite 500,

Baltimore, MD 21012

Telephone: (410) 988-2391

Facsimile: (410) 988-2395

Email: [alexandra.stewart@buttonwoodfa.com](mailto:alexandra.stewart@buttonwoodfa.com)

**Buttonwood Financial Advisors, Inc.**

509 S. Exeter Street, Suite 500,

Baltimore, MD 21202

Telephone: (410) 988-2391

Facsimile: (410) 988-2395

03/12/2020

**This brochure supplement provides information about Alexandra Stewart that supplements the Buttonwood Financial Advisors, Inc. ("BFA") brochure. You should have received a copy of that brochure. Please contact Ms. Stewart if you did not receive our brochure or if you have any questions about the contents of this supplement.**

**Additional information about Alexandra Stewart is available on the United States Securities and Exchange Commission's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. The CRD number for Alexandra Stewart is 6721722.**

## **Item 2. Educational Background and Business Experience**

YEAR OF BIRTH: 1994

EDUCATION: BS Finance, Towson University (Towson, MD), 05/2016

BUSINESS BACKGROUND:

- Buttonwood Financial Advisors, Inc. (Baltimore, MD), Investment Adviser Representative, 03/2015 to Present
- Student 01/2012 to 05/2016

PROFESSIONAL DESIGNATIONS: CERTIFIED FINANCIAL PLANNER™ (CFP®) granted by the CFP Board (Washington, DC) 12/2018

## **Item 3. Disciplinary Information**

BFA is required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of Ms. Stewart. Ms. Stewart does not have any history of disciplinary events.

## **Item 4. Other Business Activities**

Ms. Stewart is not engaged in any other investment-related businesses or occupations.

## **Item 5. Additional Compensation**

Ms. Stewart does not receive any additional compensation from third parties for providing investment advice to BFA's clients.

## **Item 6. Supervision**

**Supervisor:** Damian Gallina

**Title:** President and Chief Compliance Officer

**Phone Number:** (410) 988-2391

As Chief Compliance Officer and President of BFA, Mr. Gallina is responsible for

all supervision, formulation and monitoring of investment advice offered to clients. Mr. Gallina maintains written supervisory procedures to ensure that the advisory firm and all supervised persons are in compliance with the Maryland Securities Act and the Rules and Regulations promulgated thereunder. Mr. Gallina reviews and oversees all material investment policy changes and conducts periodic testing to ensure that client objectives and mandates are met.

## **Item 7. Requirements for State-Registered Advisers**

Alexandra Stewart has never been the subject of a bankruptcy petition nor has he ever been involved in any of the following events:

1. An award or otherwise being found liable in an arbitration claim alleging damages in excess of \$2,500, involving any of the following:
  - (a) an investment or an investment-related business or activity;
  - (b) fraud, false statement(s), or omissions;
  - (c) theft, embezzlement, or other wrongful taking of property;
  - (d) bribery, forgery, counterfeiting, or extortion; or
  - (e) dishonest, unfair, or unethical practices.
2. An award or otherwise being found liable in a civil, self-regulatory organization, or administrative proceeding involving any of the following:
  - (a) an investment or an investment-related business or activity;
  - (b) fraud, false statement(s), or omissions;
  - (c) theft, embezzlement, or other wrongful taking of property;
  - (d) bribery, forgery, counterfeiting, or extortion; or
  - (e) dishonest, unfair, or unethical practices.

**Part 2B of Form ADV: *Brochure Supplement***

**Gennadiy Todd**

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Baltimore, MD 21012

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Email: [gennadiy.todd@buttonwoodfa.com](mailto:gennadiy.todd@buttonwoodfa.com)

**Buttonwood Financial Advisors, Inc.**

509 S. Exeter Street, Suite 500,

Baltimore, MD 21202

Telephone: (410) 988-2391

Facsimile: (410) 988-2395

03/12/2020

**This brochure supplement provides information about Gennadiy Todd that supplements the Buttonwood Financial Advisors, Inc. (“BFA”) brochure. You should have received a copy of that brochure. Please contact Mr. Todd if you did not receive our brochure or if you have any questions about the contents of this supplement.**

**Additional information about Gennadiy Todd is available on the United States Securities and Exchange Commission’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. The CRD number for Gennadiy Todd is 7000172**

## **Item 2. Educational Background and Business Experience**

YEAR OF BIRTH: 1986

### EDUCATION:

- BS Investments, Towson University (Towson, MD), 05/2018
- BS Psychology, Brooklyn College (Brooklyn, NY), 02/2011

### BUSINESS BACKGROUND:

- Buttonwood Financial Advisors, Inc. (Baltimore, MD), Investment Adviser Representative, 06/2018 to Present
- Student 09/2016 to 05/2018
- Fashion Your Way (Brooklyn, NY), Owner 12/2013 to 02/2018
- Bank of America (Reisterstown, MD), Teller 02/2016 to 11/2016
- Student 08/2015 to 07/2016
- Sentara RMH Medical Center (Harrisonburg, VA), Imaging Clerk 11/2014 to 06/2015
- Marriott Hotels ((Harrisonburg, VA), Front Desk Clerk 10/2014 to 11/2014
- Student 05/2014 to 08/2014
- Madison Physical and Occupational Therapy (Brooklyn, NY), Physical Therapy Aid 10/2009 to 05/2014
- Shop Central (Brooklyn, NY), Owner 08/2011 to 12/2013
- Student 02/2008 to 02/2011

## **Item 3. Disciplinary Information**

BFA is required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of Mr. Todd. Mr. Todd does not have any history of disciplinary events.

## **Item 4. Other Business Activities**

Mr. Todd is not engaged in any other investment-related businesses or occupations.

## **Item 5. Additional Compensation**

Mr. Todd does not receive any additional compensation from third parties for providing investment advice to BFA's clients.



## **Item 6. Supervision**

**Supervisor:** Damian Gallina

**Title:** President and Chief Compliance Officer

**Phone Number:** (410) 988-2391

As Chief Compliance Officer and President of BFA, Mr. Gallina is responsible for all supervision, formulation and monitoring of investment advice offered to clients. Mr. Gallina maintains written supervisory procedures to ensure that the advisory firm and all supervised persons are in compliance with the Maryland Securities Act and the Rules and Regulations promulgated thereunder. Mr. Gallina reviews and oversees all material investment policy changes and conducts periodic testing to ensure that client objectives and mandates are met.

## **Item 7. Requirements for State-Registered Advisers**

Gennadiy Todd has never been the subject of a bankruptcy petition nor has he ever been involved in any of the following events:

1. An award or otherwise being found liable in an arbitration claim alleging damages in excess of \$2,500, involving any of the following:
  - (a) an investment or an investment-related business or activity;
  - (b) fraud, false statement(s), or omissions;
  - (c) theft, embezzlement, or other wrongful taking of property;
  - (d) bribery, forgery, counterfeiting, or extortion; or
  - (e) dishonest, unfair, or unethical practices.
2. An award or otherwise being found liable in a civil, self-regulatory organization, or administrative proceeding involving any of the following:
  - (a) an investment or an investment-related business or activity;
  - (b) fraud, false statement(s), or omissions;
  - (c) theft, embezzlement, or other wrongful taking of property;
  - (d) bribery, forgery, counterfeiting, or extortion; or
  - (e) dishonest, unfair, or unethical practices.

**Part 2B of Form ADV: *Brochure Supplement***

**Rebecca Ann Jernigan**

509 S. Exeter Street, Suite 500,

Baltimore, MD 21012

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**Buttonwood Financial Advisors, Inc.**

509 S. Exeter Street, Suite 500,

Baltimore, MD 21202

Telephone: (410) 988-2391

Facsimile: (410) 988-2395

03/12/2020

**This brochure supplement provides information about Rebecca Jernigan that supplements the Buttonwood Financial Advisors, Inc. (“BFA”) brochure. You should have received a copy of that brochure. Please contact Ms. Jernigan if you did not receive our brochure or if you have any questions about the contents of this supplement.**

**Additional information about Rebecca Jernigan is available on the United States Securities and Exchange Commission’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. The CRD number for Rebecca Jernigan is 7202079**

## **Item 2. Educational Background and Business Experience**

YEAR OF BIRTH: 1991

EDUCATION:

- BS Small Business Management, Frostburg State University – 12/2013

BUSINESS BACKGROUND:

- Buttonwood Financial Advisors, Inc. (Baltimore, MD), Investment Adviser Representative and Financial Planning Associate, 07/2019 to Present
- Sofi's Crepes, (Fells Point, MD), Owner 07/2016 – 05/2019
- Sofi's Crepes, (Annapolis, MD), Shift Manager 01/2014 – 06/2016
- Student 08/2009 to 12/2013

## **Item 3. Disciplinary Information**

BFA is required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of Ms. Jernigan. Ms. Jernigan does not have any history of disciplinary events.

## **Item 4. Other Business Activities**

Ms. Jernigan is not engaged in any other investment-related businesses or occupations.

## **Item 5. Additional Compensation**

Ms. Jernigan does not receive any additional compensation from third parties for providing investment advice to BFA's clients.

## **Item 6. Supervision**

**Supervisor:** Damian Gallina

**Title:** President and Chief Compliance Officer

**Phone Number:** (410) 988-2391

As Chief Compliance Officer and President of BFA, Mr. Gallina is responsible for all supervision, formulation and monitoring of investment advice offered to clients. Mr. Gallina maintains written supervisory procedures to ensure that the advisory firm and all supervised persons are in compliance with the Maryland Securities Act and the Rules and Regulations promulgated thereunder. Mr. Gallina reviews and oversees all material investment policy changes and conducts periodic testing to ensure that client objectives and mandates are met.

## **Item 7. Requirements for State-Registered Advisers**

Rebecca Jernigan has never been the subject of a bankruptcy petition nor has he ever been involved in any of the following events:

3. An award or otherwise being found liable in an arbitration claim alleging damages in excess of \$2,500, involving any of the following:
  - (f) an investment or an investment-related business or activity;
  - (g) fraud, false statement(s), or omissions;
  - (h) theft, embezzlement, or other wrongful taking of property;
  - (i) bribery, forgery, counterfeiting, or extortion; or
  - (j) dishonest, unfair, or unethical practices.
4. An award or otherwise being found liable in a civil, self-regulatory organization, or administrative proceeding involving any of the following:
  - (f) an investment or an investment-related business or activity;
  - (g) fraud, false statement(s), or omissions;
  - (h) theft, embezzlement, or other wrongful taking of property;
  - (i) bribery, forgery, counterfeiting, or extortion; or
  - (j) dishonest, unfair, or unethical practices.