



REDWOOD INVESTMENTS, LLC

Firm Brochure

Form ADV Part 2A

May 26, 2020

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This Brochure provides information about the qualifications and business practices of Redwood Investments, LLC. If you have any questions about the contents of this Brochure, please contact us at 617-467-3000 or sflammey@redwoodinv.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.

Redwood Investments, LLC is an SEC-registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser. Additional information about Redwood Investments, LLC is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

The SEC requires that we highlight any material changes in this document as compared to previous versions. Accordingly, below is a historical summary of the material changes for the most recent three years:

Date	Description of Changes
5/26/2020	<ul style="list-style-type: none"> • Updated Item 8 to indicate current investment strategies. • Updated Item 12 to indicate changes in soft dollars programs • Update Item 18 for disclosure of financial information.
03/20/2019	<ul style="list-style-type: none"> • Updated Item 4 to indicate current employee totals at Redwood Investments and regulatory assets under management. • Updated Item 8 to indicate current investment strategies. • Updated Item 12 to disclose participation in soft dollar programs and potential conflicts. • Updated Item 14 to disclose a solicitation arrangement.
10/15/2018	<ul style="list-style-type: none"> • Updated Item 4 to disclose role as portfolio manager to Wrap Program. • Updated Item 12 to disclose participation in soft dollar program.
3/26/2018	<ul style="list-style-type: none"> • Updated Item 4 to disclose role as sub-adviser to registered investment companies. • Revised Item 8 to include additional risks related to adviser's investment strategies.
5/16/2017	<ul style="list-style-type: none"> • Updated to disclose role as sub-adviser to a registered investment company.
3/30/2017	<ul style="list-style-type: none"> • Revised assets under management and number of accounts under management, and updated number of employees.

To obtain a copy of this Brochure, please contact Steve Flammey, CFO/CCO at 617-467-3000 or at sflammey@redwoodinv.com.

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Item 4 – Advisory Business

Redwood Investments, LLC (“Redwood”) was formed and began managing assets in 2004 by its Founders and Managing Partners Jennifer K. Silver and Michael J. Mufson. The firm is registered with the SEC (Securities and Exchange Commission) as a Registered Investment Adviser. Redwood has seventeen employees. The two partners own 94% of the firm. On December 3, 2015, Redwood Investments sold a 6% equity interest in the company to Estancia Capital Partners, LP. In conjunction with the equity investment, Estancia Capital Partners, LP provided growth working capital through a convertible promissory note.

Investment Business

Redwood manages taxable and non-taxable equity investment portfolios, serves as an investment adviser to a collective investment trust and provides advisory and sub-advisory services to registered investment companies. The Redwood investment team invests each client’s portfolio in accordance with the client’s risk and return profile, the client’s investment guidelines (if any), and measured against a relevant benchmark. A client may impose restrictions on Redwood’s discretionary authority to invest in certain securities or types of securities. Redwood maintains documentation related to investment restrictions and/or limitations imposed by the client. Redwood’s investment strategies invest in a range of small to large capitalizations securities encompassing growth and value securities. Further details about Redwood’s portfolio strategies are provided in **Item 8**. Please note that Redwood does not offer wrap fee programs, mutual funds, real estate investment trusts or limited partnerships. Redwood does not invest in real estate, hedge funds, private equity, venture capital, or other alternative investments. Redwood does not sell insurance, tax services, accounting services, or estate planning services.

Portfolio Manager to Wrap-Fee Program

Redwood has entered into an agreement with a Wrap Program Sponsor. These are sub-advisory relationships where the Program Sponsor provides investment supervisory services to its Clients, including making recommendations concerning an investment sub-adviser to render certain investment advice with respect to a Client's portfolio. The Client pays the Wrap Program Sponsor a wrap fee. The Client enters into an agreement with the Program Sponsor and the Program Sponsor has a separate master agreement with Redwood. For Wrap Program accounts, Redwood can choose to effect transactions through other broker-dealers in order to seek to obtain the best execution for each Client Account. We manage the Wrap Program accounts on a discretionary basis.

Redwood receives a portion of the wrap fee from the Wrap Program Sponsor as an investment sub-adviser to these programs. In these relationships, Redwood does not have direct contact with the underlying client. Redwood manages these accounts in the same manner as our non-wrap accounts managed in the same strategy. The management styles offered by Redwood to Client participants in these wrap-fee programs may vary among the different programs.

Revenue Source

The firm earns its revenue from management fees paid by clients. Additional details about management fees are discussed in **Item 5**.

Independent custodians, broker dealers, and/or banks hold clients’ assets. Redwood’s preferred custodian is Charles Schwab & Co, Inc., but clients choose their own custodian.

As of December 31, 2019, Redwood managed approximately \$1,982 million in assets for 176 accounts on a discretionary basis and \$86,262 in assets for 3 accounts on a non-discretionary basis.

Item 5 – Fees and Compensation

A client's written investment management agreement with Redwood includes a description of the method and timing of management fee calculations. Clients may choose to either pay their management fees in arrears or in advance. Redwood prefers to bill management fees quarterly in arrears. Clients may also choose to be billed directly for fees or to authorize Redwood to directly debit management fees from their account(s). Management fees are prorated for each significant capital contribution and withdrawal made during the applicable calendar quarter (with the exception of de minimis contributions and withdrawals). Accounts initiated or terminated during a calendar quarter will be charged a prorated fee. Upon termination of any account, any earned, unpaid fees will be due and payable and any prepaid, unearned fees will be refunded.

The following table shows Redwood's **standard** management fees schedule:

Account Value	Annual Management Fee
first \$5 million of account balance	1.00%
next \$5 million of account balance	0.85%
balance above \$10 million	Negotiable

Redwood aggregates accounts of related family and household members for the purpose of calculating management fees. **Redwood's fees are subject to negotiation.**

Redwood's fees are exclusive of brokerage commissions, transaction fees, and other related account costs and expenses. These additional expenses are paid by the client. Clients may incur charges imposed by custodians, brokers, and other third parties' fees such as those charged by financial planners, custodial fees, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Such charges, fees and commissions are exclusive of and in addition to Redwood's management fee. **Item 12** describes the factors Redwood considers in selecting brokers for client transactions and determining the reasonableness of their compensation (e.g., commissions).

Item 6 – Performance-Based Fees and Side-By-Side Management

Redwood does not charge any performance-based fees (fees based on a share of capital gains or capital appreciation of the assets of a client).

Item 7 – Types of Clients

Redwood provides portfolio management services to:

- individuals
- charitable institutions
- foundations
- endowments
- municipalities
- other institutions
- corporate and public pension plans
- profit-sharing plans
- Taft-Hartley plans
- registered investment companies
- comingled investment trusts (CITs)

Redwood generally imposes a minimum opening account balance of \$1,000,000; Redwood will consider accepting a lower initial account balance.

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

Redwood implements the same investment process across all of its strategies. The firm's focus is on the successful implementation of its investment process which includes a rigorous fundamental, bottom-up stock selection process that integrates traditional fundamental analysis with proprietary quantitative screening tools. The Investment Team focuses on building a portfolio of companies that they believe are high quality, attractively valued and where our forecast of earnings growth exceeds consensus expectations which we anticipate will lead to positive earnings estimate revisions. By combining qualitative analysis with systematic risk management tools, the Redwood investment team builds diversified equity portfolios appropriate to each client's objectives and risk return profile.

The primary market inefficiency that Redwood seeks to exploit is predicated on the belief that markets price stocks based on consensus earnings estimates published by Wall Street analysts, and these estimates are persistently flawed for two principal reasons related to market structure and human nature. Further, we believe that diligent investors focused on accurately forecasting near-to-mid-term earnings can develop better forecasts than the Wall Street consensus. As a result, we have constructed a process designed to identify high quality businesses trading at attractive valuations, where our forecasts of earnings growth rates over a 1 to 3-year horizon are materially above the consensus expectations.

We believe the two sources of persistent inefficiency of the consensus are:

- Human Nature: Behavioral finance identifies several biases that affect forecasting - for instance the 'anchoring bias.' Anchoring refers to the propensity to overweight incumbent information, and therefore by definition, misjudge relevance/importance of new information, in decision-making processes. It is human nature for market participants, including sell-side stock analysts, to anchor their earnings forecasts to prior estimates, resulting in numerous incremental revisions over time even when presented with information that suggests a much more substantial revision is warranted. These biases contribute to error in consensus forecasts.

- **Market Structure:** Wall Street's incentive structure contributes to the forecasting errors which Redwood seeks to exploit. Commonly, sell-side firms and analysts are influenced by their firm's interest in fostering strong investment banking relationships and trading commissions as well as maintaining access to company managements. We think that these objectives substantially affect the ability of Wall Street analysts to provide accurate earnings forecasts.

The first step of Redwood's fundamental investment process includes a quantitative assessment of the strategy's investment universe. Our Quantitative Model serves as the initial screen to narrow the universe to a subset of companies with characteristics that the firm believes lead to outperformance. We view our quantitative assessments as a high impact first step towards identifying an attractive subset of the investable universe, and useful in maintaining a purely objective view of company fundamentals.

With the insights from narrowing the investment universe by the Quantitative Model, our Investment Team can more efficiently analyze the investment opportunities qualitatively. Our fundamental research focuses on identifying and understanding the critical variables and the catalysts that lead to outperformance. Among the important steps in the research process are meetings with company management teams, as well as with suppliers and competitors to construct a comprehensive mosaic of the entire value chain for any potential investment. Additionally, the research process requires in-depth evaluation of company financials. Once projections are developed, an assessment of the degree to which our views are differentiated from the consensus are formulated. And only in instances where a Redwood Analyst has a materially differentiated view, and therefore an earnings growth forecast materially above the consensus, will an idea be considered for recommendation to the team.

Analysts bring their stock recommendations to Investment Team meetings. There are three regularly scheduled meetings per week and extra meetings are added in response to market volatility, economic developments, or fundamental events. Each recommendation is evaluated by the entire Portfolio Management Team. Team members are tasked with raising potential objections so that all stocks can be fully deliberated. And only after the entire team arrives at a unanimous decision will a stock be eligible for purchase. This vetting process is structured so that the portfolio can benefit from collaborative teamwork, complete independence and all of the decision-makers' cumulative years of investment experience.

After stocks are selected, the Portfolio Managers use systematic quantitative tools that measure, monitor and manage risk and then combine them with fundamental processes to build diversified portfolios of stocks. The combination of both systematic and fundamental steps serves to facilitate the team's objective of building portfolios that strive to maximize return while controlling risk.

Redwood manages U.S. and International equity investment portfolios in the following primary strategies:

Investment Strategy	Objective	Benchmark
Large Cap Core Equity	Invests in U.S. large-capitalization (greater than \$1.0 billion) equity securities across the growth, blend, and value styles	Russell 1000 Index
Large Cap Growth Equity	Invests in U.S. large-capitalization (greater than \$1.0 billion) equity	Russell 1000 Growth Index

	securities, primarily in the growth style	
Small Cap Growth Equity	Invests in U.S. small-capitalization (\$150 million - \$6 billion) equity securities in the growth style	Russell 2000 Growth Index
International Developed Markets Equity (formerly International Large Cap Equity)	Invests in non-U.S. equity securities in developed markets across the growth, blend, and value styles.	MSCI World Ex-US Index
ACWI ex US Equity	Invests in non-US equity securities in developed and emerging markets across the growth, blend, and value styles.	MSCI ACWI ex US Index
Global Equity	Invests in U.S. and non-US equity securities across the growth, blend, and value styles.	MSCI World Index

The investment strategy for a specific client is based upon a client's objectives and risk profile. Redwood identifies and discusses these items during the initial and subsequent client meetings. A client's investment objectives are recorded during meetings, in the investment management agreement and in correspondence with the client.

Redwood Investments serves as an investment manager for a collective investment trust called the "Redwood Investments Collective Investment Trust" (the "Redwood CIT"). The Redwood CIT was created by Alta Trust, a South Dakota state chartered trust company that provides retirement plan services to plan sponsors throughout the United States. Redwood Investments, LLC is the "Investment Manager" as that term is defined in Section 3(38) of the Employee Retirement Income Security Act of 1974 ("ERISA"), as amended, with respect to the Redwood CIT and any Plan investing in any trust. All of the assets of the Redwood CIT are invested according to corresponding strategies and investment models developed and provided by Redwood Investments. As of the date of this document, the Redwood CIT investment strategy is similar to the Small Cap Growth Equity investment strategy described in **Item 8 above**. Only certain qualified retirement plans may invest in the Redwood CIT; it is not available to the general public. For additional information about the Redwood CIT, please contact Steve Flammey at 617-467-3000 or sflammey@redwoodinv.com.

Redwood also a) provides discretionary investment advisory services to and b) serves as a sub-adviser to unaffiliated registered investment companies ("Mutual Funds") per the terms of written Sub- Advisory Investment Management Agreements. The Mutual Funds' investment objectives, risks, fees, expenses, share classes, distributions, taxes and other important information are detailed in the Mutual Funds' prospectuses and other related documents.

Material Risks of Investment Strategies

Investing in securities involves risk of loss that clients should be prepared to bear. All investment programs have certain risks that are borne by the investor. As with all investments, clients face investment risks

including the following: Loss of Principal Risk, Management Risk, Market Risk, Interest-rate Risk, Inflation Risk, Currency Risk, and Liquidity Risk.

Management Risk: Judgements about the value and potential appreciation of a security may be wrong and there is no guarantee that individual securities will perform as anticipated. The value of an individual security can be more volatile than the market as a whole and Redwood's approach may fail to produce the intended results.

Market Risk: The value of equity securities will decline from time to time due to daily fluctuations in the securities markets. Stock prices change daily as a result of many factors, including developments affecting the condition of both individual companies and the market in general. The price of a stock may even be affected by factors unrelated to the value or condition of its issuer, such as changed in interest rates, national and international economic and/or political conditions and general equity market conditions. In a declining stock market, prices for all companies may decline regardless of their long-term prospects.

Interest-rate Risk: Fluctuations in interest rates may affect investment prices.

Inflation Risk: When any type of inflation is present, a dollar today will not buy as much as a dollar next year because purchasing power is eroding at the rate of inflation.

Currency Risk: If Redwood invests client assets in securities denominated in currencies other than the U.S. dollar, the value of such securities will, to the extent unhedged, fluctuate with the U.S. dollar exchange rates as well as with price changes of the securities in the various local markets and currencies. A rise in the value of the U.S. dollar in comparison to the other currencies in which a portfolio may make its investments will reduce the effect of increases and magnify the effect of decreases in the prices of a client portfolio's securities in their local markets. Conversely, a decline in the value of the U.S. dollar will have the opposite effect of magnifying the effect of increases and reducing the effect of decreases in the prices of a client portfolio's non-U.S. dollar securities.

Liquidity Risk: Some companies are not well known are thinly traded or can be significantly affected by political and economic events. Securities issued by these companies may be difficult to buy or sell and the value of strategies that buy these securities may rise and fall substantially. Small companies may not be listed on a stock market or traded through an organized market. They may be hard to value because they are developing new products or services for which there is not yet an established market or revenue stream.

Material Risks of Securities Used in Investment Strategies

Equity Risk: Regardless of any one company's particular prospects, a declining stock market may produce a decline in prices for all equity securities, which would generally also result in losses for a portfolio's holdings.

Small to Medium Capitalization Companies Risk: Redwood may invest a portion of a client account in stocks of companies with small to medium sized market capitalization. These stocks, particularly smaller-capitalization stocks, involve higher risks in some respects than do investments in stocks of larger companies. Smaller capitalization stocks are subject to greater price volatility and tend to be less liquid than larger capitalization stocks. Small or medium size companies may be more susceptible to market downturns, and the prices of which may be more volatile than those of larger companies. Because of this there could be difficulty in valuing or selling the investments in a small or medium sized company. Smaller companies generally have greater vulnerability to competition, limited product lines, narrower markets and more limited managerial and financial resources than larger, more established companies.

Foreign Securities Risk: Investments in non-U.S. securities involve certain risk factors not typically associated with investing in U.S. securities, such as risks relating to (i) differences between the U.S. and non-U.S. securities markets, including the absence of uniform accounting, auditing, and financial reporting standards and practices and disclosure requirements, and less government supervision and regulation; (ii) political, social, or economic instability; (iii) the extension of credit, especially in the case of sovereign debt; and (iv) certain tax-related risks including, without limitation, uncertainties in the application of tax laws by non-U.S. jurisdictions, the imposition of withholding and other taxes on dividends, interest, capital gains or other income, the possibility of expropriation, confiscatory taxation and limitations on the removal of funds or other assets.

Item 9 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Redwood Investments, LLC or the integrity of our management. Neither Redwood nor its employees have been involved in any legal or disciplinary events related to past or present activities.

Item 10 – Other Financial Industry Activities and Affiliations

Redwood does not participate in other business activities. Redwood does not have any affiliates.

Item 11 – Code of Ethics and Fiduciary Duty

Redwood has adopted a Code of Ethics for all employees. The Code of Ethics describes Redwood's standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, restrictions on accepting of significant gifts and business entertainment items, and personal securities trading procedures, among other things. All employees at Redwood must annually acknowledge the terms of the Code of Ethics. The firm will provide a copy of the Code of Ethics to any client or prospective client upon request; please contact Steve Flammey, Chief Compliance Officer (CCO), at 617-467-3000 or sflammey@redwoodinv.com. Several employees hold the CFA® designation, and these employees are held to a Code of Ethics as outlined by the CFA Institute (www.cfainstitute.org).

Partners, officers and employees of Redwood occasionally trade for their own accounts in securities which are also recommended to and/or purchased for Redwood's clients. Thus, a conflict exists between our interests and those of advisory clients. The Code of Ethics is designed to ensure Redwood employee's personal securities transactions, activities and interests will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions. Under the Code of Ethics, certain classes of securities have been designated as exempt transactions, based upon a determination that these would not materially interfere with the best interest of Redwood's clients. These exempt transactions apply to trading of government bonds, money market instruments, and mutual funds. Moreover, the Code of Ethics requires pre-clearance of employee transactions, and restricts employee trading in close proximity to client trading activity. The Managing Partners Jennifer K. Silver and Michael J. Mufson have responsibility for the pre-clearance process of employee transactions. The Managing Partners pre-clear their own personal transactions with one another and Redwood's CCO prior to trading for their own accounts.

Redwood's CCO, Steve Flammey, reviews all employee trades each quarter. The CCO's personal trades are reviewed by Managing Partner Jennifer Silver. These reviews ensure that employees' personal trades were approved according to pre-clearance guidelines, and that employees did not receive preferential treatment. Employees' personal accounts that are managed by Redwood (full discretion similar to other client accounts) are not subject to the pre-approval requirement. These employee accounts are treated as client accounts, and thus are subject to the same portfolio management decisions and fees that apply to all client accounts. Trades for employee accounts may be aggregated with trades for client accounts. More information on trade allocation procedures is included in **Item 12**.

Redwood will not cross trades between client accounts or between client and principal accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an employee, officer or partner, buys from a client or sells to a client.

Item 12 – Brokerage Practices

Brokers

We make investment decisions on behalf of our clients in accordance with each client's investment objectives, restrictions and selected investment strategy. This sometimes results in Redwood making an investment decision for one client that differs from the investment decision made for another client. For example, a client can limit our authority in the following ways:

- 1) a client restricts or prohibits transactions in securities of a specific industry; and/or
- 2) a client directs that transactions be effected through specific brokers and dealers (Client Directed Brokerage).

When trading client accounts, Redwood's fiduciary role requires that it seek best execution. Redwood generally has the authority to determine, without a client's consent, the securities to be bought or sold, the amount of those securities, the broker-dealer to be used and the commission rates paid. Best execution comprises many factors including security price, execution capability, quality of trade execution and clearing commission cost, and research services. Redwood selects a number of brokers to provide brokerage services, and considers several factors when selecting brokers, including the following:

1. The broker's knowledge of the underlying company and the trading activity of the specific security, and the broker's ability to execute the proposed transaction at the most favorable price possible to the client.
2. The financial strength of the broker.
3. The efficiency of the broker's administrative operations and its ability to assure efficient transactions among Redwood, the brokerage house, the depository institution, if any, the transfer agent and the custodian.
4. The commission or fees to be charged on the transaction, with the understanding that no transaction will be executed if commissions to be charged are not reasonably competitive with prevailing institutional rates.

5. The provision to Redwood of “research services”, as described below.

If a client is referred to Redwood by a broker who has an established relationship with the client, and the client maintains that brokerage relationship, then it will be the client's responsibility to negotiate a commission schedule with that broker. The commissions paid by the client in such broker-directed accounts could, depending on the client's commission arrangement with the broker, be higher or lower than the commission level that Redwood would otherwise be able to obtain for such client.

Broker Selection Criteria

Redwood has discretion to select the broker-dealers for trade execution for direct clients, sub-advisory clients, and mutual fund clients.

Redwood maintains a list of broker-dealers that meet our standards with respect to brokerage, execution and research capabilities. We seek to achieve “best execution” in selecting a broker-dealer for transactions placed by us. To achieve “best execution,” we consider a number of factors (as noted above). In placing transactions, Redwood can cause client accounts to pay commissions to broker-dealers on an agency basis or to buy or sell securities directly from or to broker-dealers that are acting as principals (such as market-makers for over-the-counter securities). Redwood has complete discretion in negotiating all these compensation arrangements. When placing orders for execution in client accounts, we allocate transactions to broker-dealers for execution in various markets at prices and transaction costs that, based upon our good faith judgment, we believe will be qualitatively in the best interest of our clients. Our Best Execution Committee reviews the amount of commissions paid to these selected broker-dealers, and the list is updated as appropriate, including targets for commissions to be paid to each, subject to the fundamental policy of obtaining best execution on each trade. The amount of commissions allocated to each broker-dealer is strictly a target and not an obligation. In addition to the broker-dealers on the list, we also place non-directed brokerage clients’ trades with various electronic trading networks (ECNs). The Best Execution Committee also performs periodic reviews of executions received to help ensure that clients are receiving overall best execution.

Trade Aggregation

In managing client portfolios, Redwood will generally aggregate trades, subject to best execution. Aggregation describes a procedure whereby Redwood combines the orders of two or more clients into a single order for the purpose of obtaining better prices and lower execution. Aggregation opportunities for Redwood generally arise when more than one client is capable of purchasing or selling a particular security based on investment objectives, available cash and other factors. Clients in an aggregated transaction each receive the same average price per share which is generally allocated on a pro-rata basis. Eligibility for a transaction will depend on various factors including available cash, account restrictions, client directed brokerage, among others. If more than one price is paid for securities in an aggregated transaction, each client in the aggregated transaction will typically receive the average price paid for the securities in the same aggregate transaction on that day. If Redwood is unable to fill an aggregated transaction completely, but receives a partial fill of the aggregated transaction, Redwood will normally allocate the partially filled transaction to clients pro rata. Redwood is not required to aggregate trades, but it must disclose its policies and procedures, including, if applicable, the consequences of not aggregating trades. Redwood may aggregate client orders when doing so will result in best execution.

Some clients with highly specific investment policies or restrictions may not be able to participate in aggregated transactions for certain issues and may only be invested in such issues after guideline compliance has been established with respect to the acceptability of the issue and permissible amounts. Such clients may receive a less favorable price on such transactions. Some clients may not be able to participate in aggregated transactions for most issues and/or may be consistently traded toward the end of Redwood's trade rotation if Redwood determines that including such a client in aggregated transactions or in the normal trade rotation could adversely impact Redwood's broader client group. In such cases, Redwood will provide such client with prior notice of the reasons preventing them from regularly participating in aggregated transactions and/or being placed higher in the trade rotation. Such clients may regularly receive less favorable prices on account transactions. If clients have instructed Redwood to direct their trades to a particular broker, they may pay different, and potentially higher, prices and commissions than those accounts that are unrestricted.

Trade Rotation

Redwood's trade rotation policy is designed to provide each client an equal opportunity to trade first in the trading rotation. The firm believes, over time, this policy will treat all clients fairly with respect to being first to the market. Trade order rotation is determined by a pre-scheduled trade calendar (pre-determined each week). Accounts for which we do not have full trading discretion, such as directed brokerage or model-based UMA programs, may go last in the rotation. Trade Rotation is irrespective of investment strategy.

Soft Dollars

"Soft dollars" refers to the practice of using broker commission dollars to pay for trading and research related goods or services in addition to paying for trade execution. That is, historically, full-service broker dealers have provided other services, such as research and analytical tools, with trade execution ("bundled services"). "Soft dollar arrangements" often refers to bundled services and to the practice of advisers directing part of the broker's commissions to third parties to pay for these services. The US Congress created a safe harbor under Section 28(e) of the Securities Exchange Act of 1934 to protect advisers from claims that they had breached their fiduciary duties by causing clients to pay more than the lowest available commission rates in exchange for research and execution.

Redwood's Soft Dollar Policy prohibits the firm from entering into brokerage arrangements (whether formal or informal) to use brokerage commissions as payment for goods and services other than order execution services and research. If such products or services are used by Redwood for other purposes, Redwood will reasonably allocate such "mixed use" products and services between soft dollar arrangements and payments made by Redwood in "hard" dollars. Further, Redwood must act in the best interests of its clients by seeking to ensure that the order execution services or research adds value to investment or trading decisions, and that the brokerage commissions are reasonable in relation to the goods and services received.

Redwood defines research as:

- Traditional research reports analyzing the performance of a particular company or stock
- Discussions with analysts
- Meetings with corporate executives to obtain oral reports on performance of a company
- Seminars/ conferences as they relate to research (not travel and related expenses)
- Software that provides analyses of securities portfolios

- Publications that are not mass-marketed e.g. financial newsletters, trade magazines and technical journals concerning specific industries or product lines marketed to a small audience, and serve the specialized interests of a narrow group
- Research related to the market for securities, such as trade analytics (including analytics available through order management systems (OMS)) and advice on market color and execution strategies.

During the most recent fiscal year (2018), Redwood used soft dollar arrangements to pay for the following types of products and services: research calls, research reports, meetings with analysts, investment conferences, and investment research data.

Redwood participates in eight soft-dollar programs:

- 1) **Instinet's BrokerShare.** Redwood Investments uses a soft-dollar program called BrokerShare provided by Instinet. The BrokerShare program allows Redwood to separate the cost of trade execution from investment research on a cents-per-share basis. The industry standard cost for execution often ranges from 1 to 2 cents per share, depending on volume and broker relationship. When Redwood Investments negotiates brokerage commissions, the maximum commission is typically 3 cents per share. Accordingly, when Redwood trades with Instinet, 1 cents per share is usually assigned to execution and 2 cents per share is usually assigned to research. Payment to brokers for research under the BrokerShare program fall under Section 28(e) of the Securities and Exchange Act and thus qualify for Safe Harbor protection associated with soft dollars.
- 2) Redwood uses soft-dollar arrangements with several other brokers that are similar to the Instinet BrokerShare program described above (see brokers listed in the table below). Accordingly, when Redwood Investments trades with these brokers, a portion of the cost is assigned to execution and a portion of the cost is assigned to research (soft dollars) (see the details in the table below). Thus, a conflict exists between our interests and those of advisory clients: Redwood has an incentive to select a broker-dealer based on Redwood's interest in receiving the research or other products or services, rather than on the clients' interest in receiving the lower commission. Using soft dollars can result in clients having to pay commissions higher than those charged by other broker-dealers in return for soft dollar benefits. Payment to brokers or vendors for research fall under Section 28(e) of the Securities and Exchange Act and thus qualify for Safe Harbor protection associated with soft dollars.

Broker for U.S. Equity Trades	Execution cost – cents per share	Research cost – cents per share
Instinet	1	2
Liquidnet	1	2
STIFEL	1	2
Wells Fargo	1	2
Goldman Sachs	1	2
Jones	2	1

CAPIS	2	1
BTIG	2	1

Broker for non-U.S. Equity Trades	Execution cost – basis points per share	Research cost – basis points per share
Instinet (average)	6.5	5.5
Liquidnet	7	5
STIFEL	3	9
Goldman Sachs	3	9

When brokerage commissions relating to transactions for clients are used to obtain research or other products or services, Redwood receives a benefit because it does not have to produce or pay for the research, products or services. Thus, a conflict exists between our interests and those of advisory clients: Redwood has an incentive to select a broker-dealer based on Redwood's interest in receiving the research or other products or services, rather than on the clients' interest in receiving the lower commission. Using soft dollars can result in clients having to pay commissions higher than those charged by other broker-dealers in return for soft dollar benefits.

The products and services that Redwood obtains through these soft dollar arrangements generally benefit all of our clients. For administrative purposes, we allocate the soft dollar benefits received above to clients' accounts based on each account's pro-rata net balance of soft dollars.

Trade Error Correction Policy

Where possible, all trade errors will be corrected through an error account and not the client account. If the error negatively affects the client, the client is made whole. If the error positively affects the client, the client retains the benefit. If the error were to affect the client account causing a loss or gain, the client is notified immediately. All conflicts and trade errors will be corrected in a timely manner at no cost to the client. Broker-dealers are not compensated through brokerage commissions for cancelling or correcting trades.

Item 13 – Review of Accounts

On an annual basis, Redwood's Portfolio Managers review with each client their investment goals and objectives. The Redwood investment team reviews each investment strategy at each investment meeting; these meetings are generally held three times a week. Moreover, the investment team will increase the frequency of these reviews in response to market conditions. Based on a client's preference, Redwood will provide a client with periodic account statements and suggests a careful review of the Redwood statements.

Item 14 – Client Referrals and Other Compensation

The SEC has adopted strict rules for advisers when accepting third party referrals. We follow written policies and procedures to ensure compliance with these rules, including those governing compensation and written client disclosure. If you are referred to us by a solicitor, we pay a referral fee as allowed under SEC rules. The referral fee is paid entirely from our investment advisory fee; you do not pay an additional fee. The solicitor must tell you about their relationship with Redwood at the time of solicitation, deliver a copy of this ADV Part 2A, and provide a written disclosure explaining the terms of arrangement. Referred clients should be aware of inherent conflicts of interest between you and Redwood with respect to the solicitation arrangement described above. Solicitors may refer potential clients to Redwood because they will be paid a fee and not because we provide appropriate and suitable investment strategies for the client.

Redwood has engaged the services of a solicitor, DQN Global Capital Partners, LLP, to provide client referrals. In return, Redwood has agreed to pay the solicitor a portion of the management fees Redwood earns from the referred clients. The solicitor is located in London, England, and only refers prospective clients located in Europe.

Item 15 – Custody

It is Redwood's policy and intention that it does not act as a custodian for the assets of its clients. All client assets are held at broker dealers, banks, or other qualified custodians ("custodians") who provide account statements directly to clients at their address of record. Redwood has a reasonable basis, after "due inquiry," for believing that client custodial account statements are sent directly to clients by their custodian bank. These custodians are required to provide a client statement at least quarterly. Redwood will, at times, provide clients with account statements, and urges clients to carefully review these statements and to compare them with the official custodial records. Redwood statements vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities. Please note that custodian statements reflect the official books and records for accounts managed by Redwood, and require careful review.

Item 16 – Investment Discretion

Redwood accepts full discretionary investment authority to manage securities accounts on behalf of clients. Discretionary investment authority is described in Redwood's investment management agreement which is executed by both Redwood and client at the outset of the investment management relationship. Redwood has the authority to determine, without obtaining specific client consent, the securities to be bought or sold, and the amount of the securities to be bought or sold. Discretionary trading authority facilitates placing trades in clients' accounts on their behalf so that Redwood can promptly implement the investment policy that the client has approved. In all cases, however, such discretion is exercised in a manner consistent with the stated investment objectives for each particular client account, including any guidelines, limitations and/or restrictions imposed by the client.

Item 17 – Voting Client Securities (i.e. Proxy Voting)

Unless the client designates otherwise, Redwood votes proxies for securities over which it maintains discretionary authority consistent with its proxy voting policy. Redwood will accept written direction from clients on a particular solicitation. Clients may request a copy of Redwood's complete proxy voting policies and procedures. Clients may also request information from Redwood regarding how Redwood voted any proxies on behalf of their account(s). Please direct these requests to Steven Flammey at 617-467-3000 or sflammey@redwoodinv.com.

Redwood has a responsibility to identify material conflicts of interest related to voting proxies for client securities. In order to ensure Redwood is aware of the facts necessary to identify these conflicts, its senior management must disclose any personal conflicts, such as officer or director positions held by them or their spouses or close relatives in any portfolio company, to the CCO. Redwood has contracted with an independent third-party provider of proxy voting and corporate governance services ("proxy service"). The proxy service provides proxy research, executes proxy votes, and maintains proxy records. Redwood has adopted the proxy service's voting policy guidelines as its own, and accordingly, the proxy service votes the proxies on behalf of Redwood's clients (who have elected to have Redwood vote proxies).

Item 18 – Financial Information

Registered investment advisers are required in this Item 18 to provide clients with certain financial information or disclosures. Redwood received a loan under the Paycheck Protection Program (PPP) loan program. Redwood received this loan on April 20, 2020 in the amount of \$359,500. The loan will be used to pay the salaries of employees who are responsible for performing advisory functions and other support functions. PPP loans are unsecured and do not require a personal guarantee, and do not require showing that credit elsewhere is otherwise unavailable. PPP loans are federally guaranteed and potentially entirely forgivable. Failure to meet the requirements and conditions for loan forgiveness may result in Redwood being obligated to repay the loan, potentially causing adverse financial conditions for the firm. To mitigate this risk the firm has adopted the following actions: an analysis of loan necessity, vetting of loan versus Redwood's operating agreement outstanding, and a plan to monitor spending of loan proceeds in order to support any claim for loan forgiveness.