

## BUTTONWOOD FINANCIAL GROUP, LLC

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March 30, 2020

This Wrap Fee Program Brochure (“Wrap Brochure”) provides information about the qualifications and business practices of Buttonwood Financial Group, LLC. If you have any questions about the contents of this Wrap Brochure, you may contact us at (816) 285-9000 or [jon@buttonwoodfg.com](mailto:jon@buttonwoodfg.com) to obtain answers and additional information.

Buttonwood Financial Group, LLC is a registered investment adviser with the United States Securities and Exchange Commission (“SEC”). Registration of an investment adviser does not imply any level of skill or training. The information in this Wrap Brochure has not been approved or verified by the SEC or by any state securities authority.

Additional information about Buttonwood Financial Group, LLC is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 – Material Changes**

This Wrap Brochure, dated March 30, 2020, represents the annual amendment of the previously published annual update Wrap Brochure for Buttonwood Financial Group, LLC.

Since the filing of the firm's last annual update Wrap Brochure on March 20, 2019, subsequently amended August 21, 2019, we have ended our brokerage and insurance affiliations with Purshe Kaplan Sterling Investments, a FINRA member broker dealer, have withdrawn our brokerage registrations, and have entered into an operational service agreement with Mutual Securities, Inc. We have also updated Buttonwood service details in the Brochure, have updated applicable fee details, have updated details and added specific new disclosures related to conflicts of interests in mutual fund share class selection within our Wrap Fee Program, and have noted that the firm is participating in the Paycheck Protection Program (PPP) under the Coronavirus Aid, Relief and Economic Security (CARES) Act. We have also made various other minor changes to our Wrap Brochure, but the aforementioned changes are the only material changes that were made.

Pursuant to SEC rules, we will provide a summary of any material changes to this and subsequent Wrap Brochures within 120 days of the close of our business' fiscal year. We may further provide other ongoing disclosure information about material changes as necessary. All such information will be provided to you free of charge.

Currently, our Wrap Brochure may be requested by contacting Jon McGraw, President and Chief Compliance Officer of Buttonwood Financial Group, LLC at (816) 285-9000 or [jon@buttonwoodfg.com](mailto:jon@buttonwoodfg.com).

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## **Item 4 – Services, Fees and Compensation**

### **Wealth Management Services Under Buttonwood’s Wrap Fee Program**

As mentioned in the firm’s Part 2A Brochure, Buttonwood provides comprehensive Family CFO Services in order to assist our clients with organizing, formalizing, implementing and monitoring financial strategies in a manner consistent with their life goals. Since each client’s individual situation and needs can vary, we tailor each engagement to meet the needs of the individual client.

The areas we can provide assistance include wealth management, business strategy, lifestyle enhancements, family continuity, tax strategy, insurance planning, lifecycle roadmaps, and estate/legacy consulting. The first of these areas, wealth management, can be provided under a Wrap Fee Program structure where Buttonwood covers certain trading costs if any (described in this Part 2A Appendix - Wrap Fee Program Brochure), or can be provided under a standard arrangement where the client is responsible for all trading costs (described in the firm’s Part 2A Brochure).

Whether within or separate from the firm’s Wrap Fee Program, our wealth management related services can be discretionary (where we make investment decisions and implement those decisions on your behalf) or non-discretionary (where we make investment recommendations and implement those decisions upon your approval).

For more information regarding the various services the firm provides, including Family CFO Services and standard Investment Advisory Services, see Item 4 of the firm’s Part 2A Brochure.

### **Wealth Management Fees Under Buttonwood’s Wrap Fee Program**

As detailed in Item 5 of the firm’s Part 2A Brochure, fees generally consist of a Family CFO Services Fee and or an Investment Advisory Fee. The Family CFO Services Fee is negotiable and based on the scope and complexity of the engagement. The Investment Advisory Fee is negotiable and quoted as an annual percentage fee based on the scope and complexity of the engagement and the custodial platform holding the assets.

For investment accounts managed by us at our primary custodian, Charles Schwab & Co., Inc., transaction fees (if any) are included in the fees we contractually charge to clients, so such accounts are considered to be under Buttonwoods’ Wrap Fee Arrangement.

Our standard AUM (Assets Under Management) fee schedule for investment advisory services under the Buttonwood Wrap Fee Program is as follows:

Assets Under Management	Annual Fee
\$0 - \$500,000	0.65%
\$500,001 - \$5,000,000	0.50%
Over \$5,000,000	0.40%

The fee schedule is graduated, which means that the first \$500,000 in assets are billed at 0.65%, the next \$4,500,000 are billed at 0.50%, and so on.

Our prior AUM (Assets Under Management) fee schedule which included both Family CFO and investment advisory services was as follows:

Assets Under Management	Annual Fee
\$0 - \$500,000	1.25%
\$500,001 - \$1,000,000	1.10%
\$1,000,001 - \$2,500,000	0.95%
\$2,500,001 - \$5,000,000	0.80%
\$5,000,001 - \$10,000,000	0.65%
Over \$10,000,000	Priced on a case by case basis

The fee schedule is graduated, which means that the first \$500,000 in assets are billed at 1.25%, the next \$500,000 are billed at 1.10%, and so on.

Investment Advisory Fees are generally charged quarterly in advance based upon the market value of a client's accounts at the end of the prior quarter. Market value means the value of all assets in the accounts as reported by the applicable custodian(s) including cash (not adjusted by any margin debit, outstanding checks, etc). Assets not reported by the custodian, if any, are valued at fair value by us on a best efforts basis.

Where we manage portfolios of one or more immediate family members of the same household, we will aggregate the portfolio as a single account for fee breakpoint calculations. If an account moves upward or downward during a quarter to a different tier, the account will be billed at the new tier level at the start of the next quarter of service.

New accounts starting during a quarter are pro-rated from the date we begin servicing the account based on the beginning balance of the account. Accounts terminated during a quarter are pro-rated up to the date we discontinue servicing the account (subject to the termination notice provisions of the client agreement), and any unearned fees paid in advance will be promptly refunded.

Our client agreements generally allow us to modify the terms of the fee agreement by giving a client notice in advance of the change.

Fees are generally deducted directly from the client's account and paid to us by the custodian upon our submission of an invoice to custodian. Payment of fees may result in the liquidation of a client's securities if there is insufficient cash in the account. In some cases and at our discretion however, fees may be billed to and paid directly to us by the client. Late payments may be subject to late payment fees.

### **Brokerage and Custody of Wrap Fee Program Accounts**

When recommending or selecting a broker or custodian, we seek “best execution” for Client accounts, which is a combination of a number of judgmental factors including price, execution quality and Client needs. Recognizing the value of these judgmental factors, brokers selected or recommended may charge commissions that are higher than the lowest commissions that might otherwise be available.

Buttonwood currently has a relationship with the Schwab Institutional division of Charles Schwab & Co., a registered broker-dealer, Member SIPC, to maintain custody of Clients’ assets and to effect trades for their accounts, and Buttonwood uses Charles Schwab & Co as the custodian of the Wrap Fee Program. Buttonwood is independently owned and operated and not affiliated with Schwab. Schwab will provide custody and execution services in accordance with the terms set forth in their custodial agreement. We reasonably believe that in the case of managed accounts, Schwab’s blend of execution services, commission and transaction costs as well as professionalism allows us to seek best execution and competitive prices. Item 12 of the Part 2A Brochure describes the factors we consider in recommending broker dealers for client transactions and determining the reasonableness of their compensation.

### **Expenses Related to Buttonwood’s Wrap Fee Program**

Although custodial pricing structures are subject to change, under the firm’s current pricing structure with Charles Schwab & Co., Inc., most equity, ETF and mutual fund transaction fees are waived for our clients, although some nominal costs are not waived, nor are costs related to fixed income transactions or other trades made outside of Schwab. Any transaction fees from our primary custodian that would apply would be paid by us. Under this pricing structure, the firm is able to use “TF” (transaction fee) mutual fund share classes which normally charge transaction fees but have a lower expense ratio than NTF (no transaction fee) share classes. Both classes represent the same underlying investments. In our prior arrangement, we had a financial interest in the choice of share classes that conflicted with the interest of clients, but we feel this has been eliminated under this current arrangement. However, we still have a financial interest in the choice of whether or not to trade that conflicts with the interest of clients when trading costs do apply.

Our clients, regardless of whether or not their account is managed under our Wrap Fee Program, may incur other charges imposed by custodians, brokers, and other third parties (such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes). Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund’s prospectus. Item 12 of the Part 2A Brochure describes the factors that we consider in recommending broker-dealers for client transactions and determining the reasonableness of their compensation.

While our Family CFO Fees include our time and activities necessary for the firm to coordinate and communicate with third party advisors (such as lawyers, accountants, insurance specialist and similar professionals), our fees are exclusive of any fees and costs charged to clients by any third party advisors.

## **Conflicts of Interest Related to Wrap Fee Programs**

### ***Current Wrap Fee Program***

Because our clients have little or no trading costs under our current custodial arrangement at Charles Schwab & Co., we generally have very little if any incentive to forgo trading a client account in order to lower our own trading costs. This is still however considered a conflict of interest in that we have an incentive to not trade your account in order to lower our own trading costs where such trading costs do exist. With respect to those transaction fees that are not currently waived, we believe that such costs are nominal and would have no effect on our decisions related to trading client accounts. We feel that the importance of providing unbiased advice and the importance of maintaining our firm's reputation outweighs these nominal costs.

Under this pricing structure, the firm is able to use TF mutual fund share classes which normally charge transaction fees but have a lower expense ratio than NTF share classes. Both classes represent the same underlying investments. In our prior arrangement, we had a financial interest in the choice of share classes that conflicted with the interest of clients, but we feel this has been eliminated under this current arrangement. However, we still have a financial interest in the choice of whether or not to trade that conflicts with the interest of clients when trading costs do apply.

All accounts, whether we pay trading fees or do not, are managed by us in a similar manner. The firm does not favor or prioritize accounts based on whether or not we would incur trading costs. The firm conducts periodic trading reviews and custodial platform assessments to ensure that no such favoritism exists.

### ***Prior Wrap Fee Program (Pre August 2019)***

Prior to August of 2019, Buttonwood had a custodial arrangement with Charles Schwab whereby Buttonwood agreed to maintain a certain percentage of "NTF" (no transaction fee) category mutual funds in client accounts in exchange for lower overall transaction costs. NTF category mutual funds are mutual funds with share classes made available to investors with a higher expense ratio that allows for trading at no transaction cost. TF mutual fund share classes charge transaction fees but have a lower expense ratio than NTF share classes, but both classes represent the same underlying investments. In this prior arrangement, we had a financial interest in the choice of share classes that conflicted with the interest of clients

Buttonwood entered into this prior arrangement to allow for no cost strategic periodic rebalancing of client accounts, to simplify client fee structure under its Wrap Fee Program by providing trading and management for one packaged fee, to help control overall trading costs, and to allow Buttonwood to keep its advisory fees significantly lower than industry averages.

Although Buttonwood received no 12b-1 fee reimbursements or other direct payments from Schwab for using certain higher cost share classes in client accounts, the arrangement created a conflict of interest in that Buttonwood had an incentive to choose higher expense ratio NTF category mutual funds rather lower cost TF category mutual funds in order to save Buttonwood trading expenses since Buttonwood would be paying trading costs for those clients under its Wrap

Fee Program. Buttonwood also had an incentive to not trade accounts holding TF category mutual funds in order to save Buttonwood trading expenses.

To address these conflicts of interest, Buttonwood's practice was to equitably allocate NTF funds with higher expense ratios to all client accounts without favoritism and to offset the higher cost of NTF funds by keeping its advisory fees significantly lower than industry averages. Buttonwood also reviewed monthly allocation data reports in order to help assess whether allocations were equitable.

Buttonwood now has an arrangement with Charles Schwab which allows for all mutual fund trades to be made at no transaction fee regardless of share class and consequently has moved all client mutual funds holdings to lower expense ratio share classes.

### **Choosing a Wrap Fee Programs**

Services purchased through a wrap fee program may cost clients more or less than purchasing similar services from a firm on a stand-alone basis depending on a program's fee structure and depending on the volume of activity since various costs are paid on behalf of the client through the wrap fee program. Since Buttonwood uses a similar fee schedule for investment advisory engagements under the Buttonwood Wrap Fee Program as standard engagements, the primary difference between the two options are the costs charged by the applicable outside custodian which would be borne by the Client.



### **Item 5 – Account Requirements and Types of Clients**

We provide services to individuals, families, businesses, corporate pension and profit-sharing plans, charitable institutions, foundations, endowments and trust programs with the Wrap Fee Program.

Although we do not have a minimum account size for the Wrap Fee Program, we may impose a minimum retainer fee outside of the Wrap Fee Program. We also reserve the right to decline accepting an account or to waive a fee depending on the circumstances.

Buttonwood reserves the right to terminate the Wrap Fee Program agreement at any time by written notice to the Client. If we terminate the agreement, the account will become a standard brokerage account with the custodian, subject to all transaction fees.

## **Item 6 – Portfolio Manager Selection and Evaluation**

### **Portfolio Manager Selection and Evaluation**

Buttonwood functions not only as the Wrap Fee Program sponsor but also as the sole portfolio manager for the Wrap Fee Program. Consequently, Buttonwood does not select and evaluate outside portfolio managers.

Since Buttonwood functions as the Wrap Program's sole portfolio manager, a conflict of interest exists in that the firm essentially evaluates its own performance. To address this conflict of interest of internal management, Buttonwood has formed an investment policy committee for management of client investment portfolios which meets regularly to conduct structured and ongoing evaluation, implementation, monitoring and adjusting of investment models and strategies. The committee is comprised of members with industry experience and professional accreditation who are subject to ongoing performance assessments. The firm also regularly reports investment performance to all clients relative to commonly used industry benchmarks. We feel that our management of client portfolios are in the best interest of our clients as a result of these measures and the cost savings of managing portfolios in house.

Another conflict of interest exists in that Buttonwood pays certain client trading costs from its fee. This may give us an incentive to make recommendations that cost us less, or to recommend fewer trades, regardless of the benefit to our client. However, as mentioned above we feel that the cost of trading is not material enough to influence our investment recommendations and we feel that the harm to our clients and our reputation far outweighs any potential cost savings. Nonetheless, to address this conflict of interest, we conduct periodic trading reviews and custodial platform assessments to help ensure that our overall cost structure is competitive. We also review share class cost and availability both at purchase (to assess what share class should be purchased) and periodically thereafter (to assess whether share class conversion may be appropriate). We feel that our pricing structure is competitive and in the best interest of our clients.

### **Portfolio Manager Information – Buttonwood Financial Group, LLC**

#### ***Buttonwood's Services***

Buttonwood provides comprehensive Family CFO Services in order to assist our clients with organizing, formalizing, implementing, and monitoring financial strategies in a manner consistent with their life goals. Since each client's individual situation and needs can vary, we tailor each engagement to meet the needs of the individual client. The areas we can provide assistance (some of which we provide through partnerships with third party providers) can include any of the following as applicable:

- **Wealth Management** – The firm can provide various wealth management related services which can include discretionary investment management (where we make investment decisions and implement those decisions on your behalf), non-discretionary investment

management (where we make investment recommendations and implement those decisions upon your approval) and non-management investment advisory/consulting (where we make recommendation which you or another party may implement at your discretion).

- Business Strategy – The firm can provide business strategy related general consulting in areas such as entity structure, startup funding, operations workflows, employee benefits, business valuation and sale, and retirement plans.
- Lifestyle Enhancements – The firm can provide lifestyle enhancement related services in areas such as personal bill paying, QuickBooks accounting coordination, private aircraft consulting, property management, and domestic help and payroll, among others.
- Family Continuity – The firm can provide family continuity related services in areas such as multigenerational planning, family governance, family meeting coordination, coaching and mentoring, and coordination with outside consultants.
- Tax Strategy – The firm can provide tax strategy related services which include tax return coordination, estimated taxes, tax loss harvesting, and general tax reduction tactics.
- Insurance Planning – The firm can provide insurance planning services related to life insurance, disability insurance, long term care insurance, health insurance, employer insurance coordination, and home/auto/business insurance coordination.
- Lifecycle Roadmaps – The firm can provide lifecycle consulting services related to education, generational planning, retirement, senior issues, and assisted living, among others.
- Estate & Legacy – The firm can provide estate and legacy consulting services related to plan creation and implementation, philanthropic and foundation management, multi-generational objectives, estate settlement and transfer, asset titling, beneficiaries, and corporate trustee services.

As mentioned above, all advice and services provided by us are tailored to each client's individual needs and stated objectives. At the beginning of an engagement, we discuss with each client in detail critically important information such as the client's risk tolerance, time horizon, and projected future liquidity needs, current holdings, tax considerations, personal market views and other factors in order to formulate a comprehensive multigenerational financial strategy. We then meet with a client as applicable to review financial issues, review portfolio performance, discuss current issues, and re-assess goals and plans. For accounts that we manage, clients may impose reasonable restrictions on investing in certain securities or types of securities. Clients may also request that we hold specific non-recommended securities on their behalf. We feel that client input and involvement are critical parts of not only the financial planning process, but also the implementation of investment decisions.

We view our clients as the family "CEO", and we serve in the role of Family CFO. Our clients are encouraged to review their goals, situation, and plans regularly and to communicate with us regarding any changes in their circumstances, goals and objectives. We feel that communicating with our clients, and when necessary with third party advisors such as lawyers and accountants engaged by clients, is an important part of the development and coordination of a client's financial affairs.

We follow strict fiduciary standards, putting our Clients' interests before our own and seeking to avoid conflicts of interest with our clients.

### ***Wrap Fee Programs***

A contractual fee structure which includes both advisory services and the execution of transactions is generally characterized as a “wrap fee arrangement”. For investment accounts managed by us at our primary custodian, Charles Schwab & Co., Inc., transaction fees (if any) are included in the fees we contractually charge to clients for purposes of simplifying fees, so such accounts would generally be considered to be under a form of wrap fee arrangement.

Although custodial pricing structures are subject to change, under the firm’s current pricing structure with Charles Schwab & Co., Inc., most equity, ETF and mutual fund transaction fees are waived for our clients, although some nominal costs are not waived, nor are costs related to fixed income transactions. Any transaction fees from our primary custodian that would apply would be paid by us. Under this pricing structure, the firm is able to use TF mutual fund share classes which normally charge transaction fees but have a lower expense ratio than NTF share classes. Both classes represent the same underlying investments. In our prior arrangement, we had a financial interest in the choice of share classes that conflicted with the interest of clients, but we feel this has been eliminated under this current arrangement. However, we still have a financial interest in the choice of whether or not to trade that conflicts with the interest of clients when trading costs do apply.

Because our clients have little or no trading costs under our current custodial arrangement, we generally have very little if any incentive to forgo trading a client account in order to lower our own trading costs. This is a conflict of interest in that we have an incentive to not trade your account in order to lower our own trading costs where such trading costs do exist. With respect to those transaction fees that are not currently waived, we believe that such costs are nominal and would have no effect on our decisions related to trading client accounts. Nonetheless, to address this conflict of interest, we conduct periodic trading reviews and custodial platform assessments to help ensure that our overall cost structure is competitive. We also review share class cost and availability both at purchase (to assess what share class should be purchased) and periodically thereafter (to assess whether share class conversion may be appropriate). We feel that the importance of providing unbiased advice and the importance of maintaining our firm’s reputation outweighs these nominal costs and we feel that our pricing structure is competitive and in the best interest of our clients.

For investment accounts managed by us at other custodians, and for assets for which we provide non-management advisory/consulting services, transaction fees may apply, so these would not be considered wrap fee arrangements.

All accounts, whether we pay trading fees or do not, are managed by us in a similar manner. The firm does not favor or prioritize accounts based on whether or not we would incur trading costs. The firm conducts periodic reviews to ensure that no such favoritism exists.

For additional information regarding Buttonwood fees, see Item 5 of the Part 2A Brochure.

### ***Performance Based Fees and Side by Side Management***

We do not charge any performance-based fees (fees based on a share of capital gains on, or on capital appreciation of, the assets of a client) and consequently do not simultaneously manage performance based and non performance based accounts.

### ***Methods of Analysis, Investment Strategies, and Risk of Loss***

We provide analysis, advice and management on most types of securities depending on the type of engagement and level of service provided. In certain circumstances, we may also provide research on investments that were not recommended by us, and/or are not part of a client's recommended portfolio.

Our methods of analysis, sources of information and investment strategies vary substantially by security or product type, asset class, investment risk, and other factors. In addition to traditional methods such as fundamental and technical analysis, our analysis and sourcing may be supported by phone calls, correspondence or other means of direct and indirect communication with investment managers, third party opinions, investment conference materials and continuing education courses.

Other sources of information may include traditional research materials such as financial newspapers and magazines, annual reports, prospectuses, filings with the SEC, research materials prepared by others, and company press releases. We also subscribe to various professional publications.

The primary investment strategies used to implement investment advice given to clients include long-term (held at least one year) and short-term (sold within a year) securities purchases. Investment securities and strategies are implemented in consideration of the client's risk management and risk reduction objectives, rather than for speculation. The investment management process is administered by the firm's investment policy committee which meets regularly to conduct structured and ongoing evaluation, implementation, monitoring, and adjusting of investment models and strategies. Securities and strategies have varying degrees of risk and will only be recommended when suitable and appropriate for a particular client's situation.

As fiduciaries to our clients, we use our best judgment and good faith efforts in rendering services. However, any investment in securities involves a risk of loss that clients should be prepared to bear. Not every investment decision or recommendation made by us will be profitable. We cannot warrant or guarantee any particular level of account performance, or that an account will be profitable over time.

Clients assume all market risk involved in the investment of account assets. Investments are subject to various market, currency, economic, political and business risks.

Investing in securities involves risk of loss that clients should be prepared to bear.

### ***Voting Client Securities***

Buttonwood does not vote proxies on behalf of clients. Additionally, we do not provide advice to clients on how the Client should vote.

Clients will receive proxies and other solicitations directly from their custodian or transfer agent. If any proxy materials are received on behalf of a client, they will be sent directly to the client or a designated representative of the client, who is responsible for voting the proxy.

### **Item 7 – Client Information Provided to Portfolio Managers**

Because Buttonwood manages all accounts, we do not provide information to outside portfolio managers. However, we do have arrangements with unaffiliated third party providers (“Third Party Providers”) who provide certain administrative services for our Client accounts. These services may include, but are not limited to, back office administration, reporting, etc. Generally, Third Party Providers will have little or no direct contact with our Clients and will not enter into any contracts directly with our Clients. Third Party Providers provide services directly to us and we generally coordinate communications with our Clients.

Upon entering into an Investment Advisory Agreement with Buttonwood, Clients authorize us to use Third Party Providers to service their account and agree to allow us to share non-public, personal information with our Third Party Provider teams for the purpose of administering and managing their account. We expect our Third Party Providers to execute a confidentiality agreement and not share Client information with any unauthorized person or entity.

Our designated brokers and custodians and our Third Party Providers will have access to our Client’s relevant account information, including information about the tax characteristics of the securities in the account, on a real-time ongoing basis.

Our investment management is based on the completeness and accuracy of the information Clients have provided to us, including, but not limited to, information about their financial situation, time horizon, and risk tolerance. In particular, our tax-sensitive investment methodology relies on having accurate information about the Client’s overall tax situation as well as the tax basis of the securities in the Client’s Account. If Clients have any changes to their financial or tax situation, they should contact us immediately to ensure we are managing their Account based on the most accurate information available.

### **Item 8 – Client Contact with Portfolio Managers**

Because Buttonwood serves as the portfolio manager under the Wrap Fee Program and the Buttonwood investment policy committee conducts oversight over investments, , Clients should contact their Investment Advisor Representative at Buttonwood regarding any questions associated with their account, or to update their investment policy statement or any of the other information associated with their account. We will act as liaison between the Client and Schwab and/or any Third party Providers, will generally coordinate communicating Client information to those parties.

Buttonwood is responsible for all investment advice provided for a Client's account. Absent special circumstances, representatives at Schwab or any Third Party Provider generally do not meet with Clients or answer Client questions directly.



## **Item 9 – Additional Information**

### **Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary event that would be material to your evaluation of our firm or the integrity of our management. No principal or person associated with Buttonwood is subject to, nor has ever been subject to, any material legal or disciplinary events.

### **Other Financial Industry Activities and Affiliations**

Buttonwood is also licensed in Missouri as an insurance agency and fixed insurance related business may be transacted with advisory Clients and other individuals through Buttonwood. Consequently, we or our representatives receive commissions from fixed insurance products sold to Clients, although non-commission insurance products may be provided at times. Clients are advised that the fees paid to Buttonwood for investment advisory services are separate and distinct from the commissions earned by Buttonwood or any individual for selling Clients fixed insurance products.

As fiduciaries we must act in the best interest of, and for the benefit of our Clients. As such, we will only transact insurance related business with Clients when the products are fully disclosed, suitable, and appropriate to fit their needs. Further, we must determine in good faith that any commissions paid to us or our representatives are appropriate as the receipt of commissions by individuals associated with our firm presents a conflict of interest. Clients are informed that they are under no obligation to use Buttonwood or any individual associated with Buttonwood for insurance products or services. Clients may use any insurance firm or agent they choose. We provide insurance services in order to simplify the implementation of various wealth management strategies.

Our firm has entered into an agreement with, Mutual Securities Inc., member FINRA/SIPC, whereby Mutual Securities will provide operational support services as a platform provider of clients directly held investments. These holdings might include variable annuities, among others. This contractual engagement does not include exercising discretionary authority over Mutual Securities, Inc. brokerage accounts although we do provide limited monitoring of securities positions. Clients will be solicited to utilize Mutual Securities but are under no obligation to move their mutual funds, 529 plans, variable annuities or other securities. For clients of Mutual Securities who provide Mutual Securities with written consent requesting ongoing investment advisory services, our firm will be engaged to provide ongoing investment-related advisory services on a non-discretionary basis to Mutual Securities which may include a general review of client investment holdings, general investment advice, and specific securities recommendations on client's investment holdings. Buttonwood will however consider client directly held investments as part of its Family CFO Services regardless of whether or not client contracts with Mutual Securities. For our advisory services provided to Mutual Securities, our firm is compensated by Mutual Securities through a percentage of the overall assets under advisement not to exceed 0.70%.

### **Code of Ethics, Participation or Interest in Client Transactions & Personal Trading**

Buttonwood has a Code of Ethics which all employees are required to follow. The Code of Ethics outlines our high standard of business conduct and fiduciary duty to Clients. The Code of Ethics includes provisions relating to the confidentiality of Client information, a prohibition on insider trading, and personal securities trading procedures, among other things.

A copy of the Code of Ethics is available to any Client or prospective Client upon request by contacting Jon McGraw at (816) 285-9000 or [jon@buttonwoodfg.com](mailto:jon@buttonwoodfg.com).

We do not have any interest in, own, or manage individual companies that we advise our Clients to buy.

Buttonwood or individuals associated with our firm may buy and sell many of the same securities for their own account that we buy and sell for our Clients. When individuals associated with Buttonwood do own the same securities as our Clients, we will purchase or sell securities for Clients before purchasing the same for our account or allowing representatives to purchase or sell the same for their own account. In some cases Buttonwood or representatives may buy or sell securities for their own account for reasons not related to the strategies adopted for our Clients. Our employees are required to follow the Code of Ethics when making trades for their own accounts in securities which are recommended to and/or purchased for Clients. The Code of Ethics is designed to help assure that the personal securities transactions will not interfere with decisions made in the best interest of advisory Clients while at the same time, allowing employees to invest their own accounts.

Buttonwood will disclose to advisory Clients any material personal trading conflict of interest relating to us, our representatives, or any of our employees which could reasonably be expected to impair the rendering of unbiased and objective advice.

As various advisory situations could present a personal trading conflict of interest, we have established the following restrictions to ensure our fiduciary responsibilities:

1. A director, officer, associated person, or employee of Buttonwood shall not buy or sell securities for his personal portfolio where his decision is substantially derived, in whole or in part, by reason of his employment unless the information is also available to the investing public on reasonable inquiry. No person of Buttonwood shall prefer his or her own interest to that of the advisory Client.
2. Buttonwood maintains a list of all securities holdings for itself and for anyone associated with its advisory practice who has access to advisory recommendations. An officer of Buttonwood reviews these holdings on a regular basis.
3. Any individual not in observance of the above may be subject to termination.

### **Review of Accounts**

While the underlying securities within managed accounts are continually monitored, managed accounts are reviewed on a regular basis, but no less than annually. Account reviews are performed

by registered investment advisory representatives of the firm. Accounts are reviewed in the context of each Client's stated investment objectives and guidelines. In some instances however, we may hold certain securities in managed accounts which are held at a client's direction and are not subject to Buttonwood's review.

More frequent reviews may be triggered by a change in Client's investment objectives; tax considerations; large deposits or withdrawals; large sales or purchases; fluctuations in investment markets; loss of confidence of the management of an investment holding; or, changes in the economic climate.

Investment advisory Clients receive standard account statements from the custodian of their accounts on a monthly or quarterly basis. We may also provide Clients with periodic written reports summarizing the account activity and portfolio allocations. We strongly recommend that all Clients to carefully review statements from the custodian and compare these to reports that we may provide. Our reports may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

#### **Client Referrals and Other Compensation**

The vast majority of our new clients come from introductions made by existing clients. We do not compensate third parties for client referrals.

Buttonwood receives economic benefits from our custodians in the form of the support products and services that are made available to us and to other independent investment advisors. These products and services, how they benefit us, and the related conflicts of interest are described in Item 4 above. The availability to us of our custodian's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

Although Buttonwood generally does not refer clients to third party investment managers, we may do so upon client request. In such a situation, Buttonwood may receive compensation from third party investment managers in the form of referral fees. The receipt of these fees may give us an incentive to make recommendations based on our interests rather than yours, which is a potential conflict of interest. If a client is introduced to a third-party investment adviser by us acting as a solicitor, we shall disclose the nature of the solicitor relationship and shall provide each prospective client with a copy of our written disclosure statement and a copy of a written solicitor's disclosure statement disclosing the terms and conditions of the arrangement between us (the solicitor) and the third party investment manager.

#### **Financial Information**

Registered investment advisers are required in some cases to provide certain financial information and or disclosures about their financial condition. For example, if the firm requires prepayment of fees for six months in advance, has custody of client funds, or has a condition that is reasonably likely to impair its ability to meet its contractual commitments to its clients, it must provide financial information and make disclosures.

Buttonwood has no financial or operating conditions which trigger such additional reporting requirements.

Although the firm believes that it does not currently have a condition that is reasonably likely to impair its ability to meet its contractual commitments to its clients, the firm has taken preemptive financial measures in response to the COVID-19 pandemic and its possible economic consequences. Such measures include temporary expense reductions and participation in the Paycheck Protection Program (PPP) under the Coronavirus Aid, Relief and Economic Security (CARES) Act. The firm is a small business and has used the proceeds of the Paycheck Protection Program to pay the salaries of all full time employees. These employees are responsible for performing the core operational and advisory duties in connection with our advisory services. The firm will continue to use the proceeds of the Paycheck Protection Program appropriately and intends to continue to reevaluate as conditions change.