



Woodstock Corporation

101 Arch Street, Suite 1000

Boston, MA 02110

617.227.0600

[www.woodstockcorp.com](http://www.woodstockcorp.com)

Form ADV Part 2A

06/30/2021

This Brochure provides information about the qualifications and business practices of Woodstock Corporation ("Woodstock"). If you have any questions about the contents of this Brochure, please contact us at 617.227.0600. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Woodstock Corporation is a SEC Registered Investment Adviser. Registration of an Investment Adviser does not imply any level of skill or training.

Additional information about Woodstock Corporation also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 – Material Changes**

Since our last update on June 30, 2020, M. Elena Gillespie resigned her role as Sr. VP, Treasurer, CCO, and Chief Administrative Officer of Woodstock Ms. Gillespie assumed the role of Consultant to the Board of Directors.

William H. Darling assumed the role of Chief Compliance Officer in addition to his role as Chairman and Chief Executive Officer.

David Levesque assumed the role of Treasurer and Chief Administrative Officer.

Benjamin Dawson joined the Firm on December 1, 2020 as Sr. Vice-President and Portfolio Manager/Analyst.

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## **Item 4 – Advisory Business**

Woodstock Corporation (“Woodstock”), founded in 1929, is a SEC Registered Investment Adviser which provides wealth management services to individuals and families, pension profit sharing plans, trusts, estates, charitable organizations, and corporations. As of March 31, 2021, Woodstock managed approximately \$940,683,036 in client assets, approximately \$938,335,612 on a discretionary basis, and \$2,347,424 on a non-discretionary basis.

### **Principal Owners**

Sagamore Operations & Management Company, LLC

Members:

- Ruth L. Darling 1992 Appointive Property Trust
- Susanne L. Phippen 1985 Appointive Property Trust
- Elected Managers:
  - William H. Darling
  - Henry P. Phippen
  - Paul D. Simpson

### **Investment Advisory Service**

Through personal discussions in which goals and objectives based on a client’s particular circumstances are established, Woodstock develops a client’s personal investment objectives and creates and manages a portfolio based on those objectives. Woodstock generally focuses its investment strategies on the use of high-quality growth equity investments and debt securities.

Woodstock allocates the client’s assets among various investments taking into consideration the overall management style selected by the client. Exchange traded funds and mutual funds are sometimes also selected based on a client’s investment objectives. Portfolio weighting between funds and market sectors are determined by each client’s individual needs and circumstances.

Clients have the opportunity to place reasonable restrictions on the types of investments made on their behalf. Clients retain ownership of all securities in separately managed accounts.

Woodstock manages advisory accounts on a discretionary and non-discretionary basis, depending on client needs and circumstances.

Woodstock also manages three sector strategies: energy, healthcare, and technology. Securities selected for investing within these strategies are generally only appropriate for a subset of accounts managed by Woodstock because of the riskier nature of these strategies and the account’s fee arrangements.

## **Other Services**

Woodstock offers financial counseling that assists clients in examining key areas of their personal financial life including income needs, retirement planning, estate planning and insurance considerations.

Woodstock also offers custody account services through Fidelity Brokerage Services LLC and its affiliates, including National Financial Services LLC (together, "Fidelity"). Woodstock is not associated with Fidelity.

Additionally, Woodstock's affiliate, Woodstock Services Company, LLC ("Woodstock Services"), offers clients individual, fiduciary and business tax consulting, tax return preparation services and accounting services.

## **Item 5 – Fees and Compensation**

Woodstock's compensation is an annual fee, payable quarterly in arrears, based upon quarterly valuations of the account.

Woodstock's standard fee schedule is as follows:

- 1.0% of market value on the first \$2,000,000 of assets
- 0.75% of market value on the next \$3,000,000 of assets
- 0.65% of market value on the next \$5,000,000 of assets
- 0.60% of market value on the balance of assets
- Plus an annual \$500 per account maintenance fee
- Our minimum annual fee is \$10,000.

For client assets that are custodied with Fidelity through a relationship between Woodstock and Fidelity, there is no additional charge for custody. For accounts using another custodian, the custody relationship is entirely between the client and that custodian and may involve fees.

Accounts within the energy, healthcare, and technology sector strategies managed by Woodstock are charged a management fee of 1.5% based upon the assets under management at the end of each calendar quarter and a quarterly performance fee, which is 5% of net capital appreciation, at the end of each calendar quarter. Any loss in an account is carried forward so that a performance fee is not charged to the account unless net losses have been recouped subject to certain adjustments (*i.e.*, a "high water mark" provision). These accounts are also charged an accounting fee of \$650 per year, billed quarterly.

Fees for accounts custodied with Fidelity are generally deducted directly from client accounts. For accounts for which Fidelity is not custodian, fees are billed directly to the client or client's custodian.

In certain circumstances, Woodstock's fees are negotiated or discounted. In addition, employees of Woodstock Corporation and Woodstock Services Company, LLC, and employees' immediate family members receive a discount from Woodstock's standard fee schedule.

In addition, there are historic fee schedules with longstanding clients that differ from those in newer client relationships.

Woodstock's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses incurred by the client. Clients are not charged a brokerage fee for accounts custodied with Fidelity where Fidelity serves as the broker-dealer. However, as described in more detail in Item 12 below, Woodstock most often uses a broker-dealer other than Fidelity, which will increase costs to clients. Selecting a broker-dealer other than Fidelity may result in Woodstock obtaining "soft dollars," which are the benefits provided to an adviser by a broker-dealer as a result of commissions generated from a financial transaction executed by the broker-dealer, which represents a conflict of interest. Clients may incur certain charges imposed by brokers, third party investments, and other third parties such as deferred sales charges, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees, and commissions are exclusive of and in addition to Woodstock's fee, and Woodstock does not receive any portion of these commissions, fees, and costs.

Item 12 further describes the factors that Woodstock considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (*e.g.*, commissions).

A client agreement may be cancelled at any time by the client or Woodstock, with thirty (30) days written notice. 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.

Tax and other services provided to clients through Woodstock's affiliate, Woodstock Services Company, are billed separately by Woodstock Services.

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

Portfolio managers who manage sector strategies also manage other client accounts and occasionally trade the same securities in sector strategies accounts as in other accounts. Energy, healthcare, and technology sector strategy accounts, including certain affiliated accounts, are charged performance-based fees.

Woodstock's structure for any performance or incentive fee arrangement is subject to Section 205(a)(1) of the Investment Advisers Act of 1940 (the "Advisers Act") in accordance with the available exemptions thereunder, including the exemption set forth in Rule 205-3. In measuring clients' assets for the calculation of performance-based fees, Woodstock will include realized and unrealized capital gains and losses. Performance-based fee arrangements create an incentive for

Woodstock to recommend investments which are riskier or more speculative than those which would be recommended under a different fee arrangement. Such fee arrangements also create an incentive to favor higher fee paying accounts over other accounts in the allocation of investment opportunities. Woodstock policies prohibit the favoring of these strategies over any other client accounts. Woodstock has procedures designed to ensure that all clients are treated fairly and equally, and to prevent this conflict from influencing the allocation of investment opportunities among clients.

### **Item 7 – Types of Clients**

Woodstock provides investment management services to individuals, family groups, trusts, estates, charitable organizations, retirement plans, corporations, and other business entities. The majority of Woodstock clients are high net worth individuals or trusts.

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

Woodstock believes the investment strategies used and the research done by the firm help moderate the risks of investing. Investment research is performed utilizing fundamental analysis focused primarily on high-quality companies which Woodstock believes have skilled management teams, solid balance sheets, and strong free cash flow. We generally invest in companies that have weathered several economic cycles, and have proven to us that they can grow through otherwise challenging times. Through this research effort, a list of stocks is vetted through regular weekly meetings where portfolio managers discuss sector and company developments. Additionally, the Woodstock Investment Policy Committee meets regularly to discuss the macroeconomic environment and issues a corresponding outlook overlay with target asset allocation ranges and recommendations for buy-rated stocks. Bonds selected are typically of investment grade as determined by rating agencies.

Investing in securities involves risk of loss that clients should be prepared to bear. Accounts may decline in value due to general market conditions or as the result of a loss in a particular holding. Losses are not limited to unrealized profits, but may include the loss of a client's principal. Stocks and bond markets vary substantially over time and performance of any investment is not guaranteed. Investments in the following strategies carry different levels of risk.

#### **Growth**

A growth strategy portfolio is seeking long-term growth, while minimizing turnover and taxes. The portfolio typically will be comprised of 70-100% equity instruments, with the remainder comprised of bonds and cash.

## Growth & Income

A growth and income strategy portfolio is seeking long-term growth, with added downside protection and additional liquidity. The portfolio typically will be comprised of 40-60% equity instruments, with the remainder comprised of bonds and cash.

## Conservative

A conservative strategy portfolio is seeking income with moderate potential for long-term growth, while reducing equity volatility. The portfolio typically will be comprised of 0-30% equity instruments, with the remainder comprised of bonds, bond substitutes, and cash.

The following are additional descriptions of Woodstock's sector strategies. Investments in these strategies entail greater risk. Although investments in these strategies may also be found in accounts managed under the strategies described above, it is expected that the majority of companies owned in these strategies will not be owned by accounts using the above strategies. These strategy portfolios are typically 90-100% invested in equity instruments, with the remainder in cash.

## Energy Sector

Accounts included in the energy strategy are seeking higher returns from equity investments in the energy sector. These companies have, in many cases, a somewhat higher degree of risk than the typical Woodstock investment, because, for example, of the higher degrees of regulatory and competition risk to which they are subject. Generally, the companies in this strategy are also of a smaller capitalization than typical Woodstock equity investments. They may be domestic or foreign companies.

## Technology Sector

Accounts included in the technology strategy are seeking higher returns from equity investments in the technology sector. These companies have, in many cases, a somewhat higher degree of risk than the typical Woodstock investment, because, for example, of the higher degrees of regulatory and competition risk to which they are subject. Generally, the companies in this strategy are also of a smaller capitalization than typical Woodstock equity investments. They may be domestic or foreign companies.

## Healthcare Sector

Accounts included in the healthcare strategy are seeking higher returns from equity investments in the healthcare sector. These companies have, in many cases, a somewhat higher degree of risk than the typical Woodstock investment because, for example, of the higher degrees of regulatory and competition risk to which they are subject. Generally, the companies in this strategy are also of a



smaller capitalization than typical Woodstock equity investments. They may be domestic or foreign companies.

### **Additional Information About Risks**

The following provides additional information about some of the risks of investing.

***Management*** — Woodstock actively manages investments. Consequently, client accounts are subject to the risk that the methods and analyses employed by Woodstock may not produce the desired results. This could cause an account to lose value or investment results to lag relevant benchmarks or other accounts with similar objectives.

***Market conditions*** — The prices of, and income generated by common stocks and other securities may decline – sometimes rapidly or unpredictably – due to market conditions and other factors, including events or conditions affecting the general economy or particular industries; overall market changes; local, regional or global political, social or economic instability; governmental or governmental agency responses to economic conditions; and currency, interest rate and commodity price fluctuations.

***Investing in stocks*** — Investing in stocks involves larger price swings and greater potential for loss than other types of investments. As a result, the value of a client's account may be subject to sharp, short-term declines in value.

***Investing in growth-oriented stocks*** — Growth-oriented common stocks and other equity-type securities (such as preferred stocks, convertible preferred stocks and convertible bonds) involve larger price swings and greater potential for loss than other types of investments. These risks may be heightened in the case of smaller capitalization companies.

***Investing in income-oriented stocks*** — Income is generally impacted by changes in the dividend policies of, and the capital resources available for dividend at, the companies in which an account invests.

***Investing in small companies*** — Investing in smaller companies poses additional risks. For example, it is often more difficult to value or dispose of small company stocks and more difficult to obtain information about smaller companies than about larger companies. Furthermore, smaller companies often have limited product lines, operating histories, markets and/or financial resources, may be dependent on one or a few key persons for management, and can be more susceptible to losses. Moreover, the prices of their stocks may be more volatile than stocks of larger, more established companies.

***Investing outside the United States*** — Securities of issuers domiciled outside the United States, or with significant operations outside the United States, sometimes lose value because of adverse political, social, economic or market developments (including political or social instability, regional conflicts, terrorism and war) in the countries or regions in which the issuer operates. These securities may also lose value due to changes in foreign currency exchange rates against the U.S. dollar and/or currencies of other countries. Securities markets in certain countries are more volatile and/or less liquid than those in the United States. Investments outside the United States are

also subject to different settlement and accounting practices and different regulatory, legal and reporting standards, and may be more difficult to value, than those in the United States. In addition, the value of investments outside the United States are sometimes reduced by foreign taxes, including foreign withholding taxes on interest and dividends. Further, there may be increased risks of delayed settlement of securities transactions. These risks are sometimes heightened in connection with investments in emerging market and developing countries.

***Investing in debt instruments*** — The prices of, and the income generated by, bonds and other debt securities held by an account are often affected by changing interest rates and by changes in the effective maturities and credit ratings of these securities. Rising interest rates will generally cause the prices of bonds and other debt securities to fall. Falling interest rates may cause an issuer to redeem, call or refinance a debt security before its stated maturity, which can result in an account having to reinvest the proceeds in lower yielding securities. Longer maturity debt securities generally have greater sensitivity to changes in interest rates and are subject to greater price fluctuations than shorter maturity debt securities. Bonds and other debt securities are also subject to credit risk, which is the possibility that the credit strength of an issuer will weaken and/or an issuer of a debt security will fail to make timely payments of principal or interest and the security will go into default. Lower quality debt securities generally have higher rates of interest and are subject to greater price fluctuations than higher quality debt securities. Credit risk is gauged, in part, by the credit ratings of the debt securities in which an account invests. However, ratings are only the opinions of the rating agencies issuing them and are not guarantees as to credit quality or an evaluation of market risk. Woodstock also relies on its own credit analysis.

***Investing in lower rated bonds*** — Lower rated bonds and other lower rated debt securities generally have higher rates of interest and involve greater risk of default or price declines due to changes in the issuer's creditworthiness than those of higher quality debt securities. The market prices of these securities typically fluctuate more than the prices of higher quality debt securities and decline significantly in periods of general economic difficulty. These risks are increased with respect to investments in lower quality, higher yielding debt securities (generally rated Ba1 or below and BB+ or below or unrated but determined by Woodstock to be of equivalent quality ("junk bonds")).

***Investing in derivatives*** — A derivative (such as a futures contract, option or swap) derives its value from the price of the underlying security, commodity, or financial index. Losses on derivatives may exceed the amount invested. The prices of derivatives can be volatile, and derivatives may be illiquid. In addition, there is sometimes imperfect or even negative correlation between the price of derivatives and the price of the underlying securities or commodities.

***Investing in thinly traded securities*** — There may be little trading in the secondary market for particular bonds or other debt securities, which can make them more difficult to value, acquire, or sell.

***Currency*** — The prices of, and the income generated by, many securities may also be affected by changes in relative currency values. If the U.S. dollar appreciates against foreign currencies, the value in U.S. dollars of the account's securities denominated in such currencies would generally fall and vice versa. U.S. dollar denominated securities of foreign issuers can also be affected by changes in relative currency values.

***Past investment results are not predictive of future investment results.***

## **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 Woodstock, or the integrity of Woodstock's management. Woodstock has no information that it believes is applicable to this item.

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

Edward A. Benjamin, Director of Woodstock, is also a Manager of Coal, Energy Investments, Management, LLC ("CEIM"), a managing general partner of a coal land lessor. CEIM is a private business in which clients are not solicited to invest.

William H. Darling, Chairman of Woodstock, is also Chairman of Woodstock Services Company, LLC ("Woodstock Services"), a limited liability company offering various administrative support services, accounting services, tax preparation and tax advisory services. Woodstock Services provides certain tax and accounting services for Woodstock clients for which clients are billed separately by Woodstock Services. Woodstock Services also shares office space with Woodstock.

Henry P. Phippen, Director of Woodstock, is also a Manager of Woodstock Services.

Mr. Phippen is also a Manager of CEIM.

Paul D. Simpson is Vice Chairman and Director of Woodstock, and also a Manager of Woodstock Services.

David M. Levesque, Treasurer and Chief Administrative Officer of Woodstock, is also President of Woodstock Services and Senior Vice President, Finance of CEIM.

William H. Darling is also a Manager of Agawam Trust and Management, LLC, ("Agawam") a private entity offering trustee and tax preparation services. Henry P. Phippen, Director of Woodstock, is also President and Manager of Agawam. Mr. Simpson is also a Manager of Agawam. Agawam provides trustee services to various clients that are officers, directors and/or equity interest holders at Woodstock. Woodstock provides investment advisory services to clients of Agawam. Agawam also shares office space with Woodstock.

Mr. Darling is also the Chairman and CEO of CEIM. Woodstock does not solicit advisory clients to invest in CEIM. Mr. Darling holds an equity interest in CEIM.

Mr. Darling is also the Sole Proprietor of William H. Darling, CPA ("WHD"), an accounting practice. WHD may recommend Woodstock to accounting clients in need of advisory services. Woodstock may recommend WHD to advisory clients in need of accounting services. Accounting services provided by WHD are separate and distinct from the advisory services of Woodstock, and are

provided for separate compensation. There are no referral fee arrangements between Woodstock and WHD for these recommendations. No Woodstock client is obligated to use WHD for any accounting services, as no WHD client is obligated to use Woodstock for any advisory services.

Woodstock affiliated persons are managing members in the Agawam Early Stage Investments, LLC, a private placement investment. Woodstock does not provide advisory services to this private placement investment. Various officers, directors, and/or equity interest holders of Woodstock are invested in this private placement investment.

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

Woodstock has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, restrictions on the acceptance of significant gifts, the reporting of certain gifts and business entertainment items, and personal securities trading policies and procedures among other things. All supervised persons at Woodstock must acknowledge the terms of the Code of Ethics annually, or as amended.

Woodstock or individuals associated with Woodstock sometimes buy or sell securities identical to, or different from, those recommended to clients for their personal accounts. Any related person may have an interest or position in a certain security which may also be recommended to a client. In addition, Woodstock manages accounts for affiliated clients.

As these situations represent a conflict of interest, Woodstock has established the following restrictions:

- a) Associated persons of Woodstock shall not buy or sell securities for their personal portfolio where their decision is substantially derived, in whole or in part, by reason of his or her employment unless the information is also available to the investing public on reasonable inquiry.
- b) No person of Woodstock shall prefer his or her own interest to that of the advisory client.
- c) It is the expressed policy of Woodstock that no person employed by Woodstock may knowingly purchase or sell any security immediately prior to a transaction being implemented for an advisory account, with the intent of preventing such employees from benefiting from transactions placed on behalf of advisory accounts.
- d) Woodstock maintains a code of ethics, insider trading policies, security trading activity reports and security holding reports for itself and anyone associated with this advisor's practice with access to advisory recommendations. These security trading activity reports and security holding

reports are also reviewed on a regular basis by the Chief Compliance Officer of Woodstock.

e) Woodstock requires that all individuals must act in accordance with all applicable federal and state regulations governing registered investment advisory practices.

f) Any individual not in observance of the above may be subject to disciplinary action including termination.

g) Clients may obtain a copy of Woodstock's code of ethics and insider trading policies by calling Woodstock's Chief Compliance Officer.

See additional information about Woodstock's Financial Industry Affiliations in Item 10.

## **Item 12 – Brokerage Practices**

Generally, Woodstock requires that it be provided with the authority to determine the broker-dealer to use for client transactions and the commission costs that will be charged to clients for these transactions. Any limitations on this discretionary authority shall be included in a written authority statement. Clients may change/amend these limitations as desired. Such amendments must be in writing.

Woodstock will endeavor to select those brokers-dealers which will provide the best services at the lowest commission rates possible. The reasonableness of commissions is based on the broker's execution abilities, ability to provide professional services, competitive commission rates, research and other services which will help Woodstock in providing investment management services to clients. Woodstock has negotiated the same commission schedule with all broker-dealers selected. Woodstock uses broker-dealers who provide research. Research services are useful in servicing all our clients, and not all of such research is necessarily useful for the account for which the particular transaction was generated. While Woodstock has an incentive to choose a broker-dealer for a particular client transaction based solely on the research and products it provides, Woodstock always chooses first and foremost based on the broker's ability to execute the trade. As noted above, although clients whose assets are custodied with Fidelity are not charged commissions on trades, Woodstock many times will use other brokers which provide soft dollar services to Woodstock. Because these other brokers charge commissions, this will increase commission costs to clients.

Some clients, when undertaking an advisory relationship, already have a pre-established relationship with a broker-dealer and they may instruct Woodstock to execute all transactions through that broker-dealer. In the event that a client directs Woodstock to use a particular broker-dealer, it should be understood that under those circumstances Woodstock does not generally have authority to negotiate commissions, obtain volume discounts, or aggregate orders with other clients, and best execution may not be achieved. In addition, under these circumstances a disparity

in commission charges may exist between the commissions charged to other clients and the commission charged by the client directed broker.

Woodstock may aggregate trades where possible. This “blocking” of trades permits the trading of aggregate blocks of securities composed of assets from multiple client accounts so long as transaction costs are shared equally and on a pro-rated basis between all accounts included in any such block. Block trading allows Woodstock to execute equity trades in a timelier, equitable manner and may reduce overall commission charges to clients. Woodstock can only effect block trades for those client transactions using the same broker-dealer. Woodstock does not aggregate trades unless it believes that aggregation is consistent with its fiduciary duty to its clients. Trades received at different times of the day are typically not blocked and instead are executed as received.

No advisory client will be favored over any other client. Each client that participates in an aggregated block order will participate at the average share price for all Woodstock's transactions in a given security in the aggregated trade order, with transaction costs shared pro-rata based on each client's participation in the transaction. If any order is partially filled, it will generally be allocated pro-rata based upon each client's participation in the transaction.

Woodstock's books and records will separately reflect, for each client account, the securities held by and bought and sold for that account.

### **Item 13 – Review of Accounts**

While the underlying securities within portfolio management service accounts are monitored on an ongoing basis, these accounts are formally reviewed at least annually by a portfolio manager assigned to the account. The review is conducted to determine if the current investment holdings of the account are consistent with the client's investment objectives.

More frequent reviews are triggered by material changes in variables such as the client's individual circumstances, the market, political, or economic environment. Mr. Davies, Mr. Dawson, Mr. Foster, Mr. Hartzel, Mr. Layden, Ms. Murphy, Mr. Sanders, Mr. Stakem, and Ms. Supple are responsible for conducting these reviews. The investment managers, all of whom serve together as the Investment Research Committee, have full authority with respect to the management of the client accounts assigned to them, in accordance with the guidelines and with the Monitor List established by the Investment Research Committee. The Woodstock Monitor List is comprised of stocks that are deemed to be of high quality by the Investment Research Committee. Typically, Portfolio Managers only select common stock investments from the Monitor List, unless requests to do otherwise are made by the client. Stocks are voted for inclusion or removal from the Monitor List by a simple majority of the Investment Research Committee. Monitor List stocks are reviewed by the group at least quarterly, and often more frequently. It is not required that the portfolio managers sell holdings that are removed from the Monitor List. Each investment manager reviews the performance of the accounts assigned to him/her on a monthly basis by monitoring the monthly

investment performance data for each account. In addition, Woodstock's President receives the same investment performance data for all accounts and review such data on an exception basis.

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

Woodstock does not directly or indirectly compensate any person for client referrals. Woodstock does not receive any compensation from non-clients for providing advice to clients.

#### **Item 15 – Custody**

Woodstock does not maintain physical custody of client assets, but is deemed to have constructive custody of clients' funds for accounts in which: (1) Woodstock deducts advisory fees directly from client accounts; and/or (2) Woodstock Services tax preparation fees are deducted directly from client accounts; and/or (3) an employee is a trustee or co-trustee; and/or (4) a Woodstock employee, as part of their employment at Woodstock, serves as a trustee; and/or (5) the client has established standing instructions authorizing Woodstock to determine the size and date of distributions made to a specific third party; and/or (6) Woodstock has the ability to change the clients address of record with the custodian.

Woodstock client assets are generally custodied with Fidelity, though a client may choose another custodian. Clients who choose Fidelity as their custodian must also use Fidelity as broker-dealer to execute trades unless the client has \$105,000 or more of assets custodied with Fidelity. Any client using Fidelity as its custodian and using a broker-dealer other than Fidelity to execute trades must change its broker-dealer to Fidelity should its account fall below \$100,000 of assets.

In order to comply with the SEC's custody rule, we obtain Fidelity's internal control report, including an opinion from an independent public accountant with respect to the related person's controls relating to custody of the client assets. In addition, Woodstock obtains an annual surprise examination from an independent public accountant covering all accounts custodied at Fidelity. Clients receive at least quarterly statements from the broker dealer, bank, or other qualified custodian who holds and maintains clients' investment assets. Woodstock urges clients to carefully review such statements and compare such official custodial records to the account statements that Woodstock provides to clients. Any statements prepared and distributed by Woodstock may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities. Please contact Woodstock if any discrepancies are found between these statements.

#### **Item 16 – Investment Discretion**

Woodstock usually receives discretionary authority from the client at the outset of an advisory

relationship to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the investment objectives for the particular client account.

When selecting securities and determining amounts, Woodstock observes the investment policies, limitations and restrictions of the clients for which it advises.

Investment restrictions must be provided in writing.

While Woodstock manages most accounts on a discretionary basis, a few accounts are managed on a non-discretionary basis. In these circumstances, client approval of each trade is required before the trade is made. The trades are processed after receiving the client's approval, which may affect the timing and ability to receive "best execution" for the transaction.

Clients occasionally direct Woodstock to use a particular broker when it trades a security. If a client directs Woodstock to use a specific broker, the client may be subject to higher commissions, lose the benefit of volume discounts, and may obtain less competitive execution.

The cost of brokerage commissions and other trading costs are paid by the client's account.

### **Item 17 – Voting Client Securities**

Woodstock will vote proxies for securities held in client accounts, if indicated in Woodstock's investment advisory agreement or requested in writing. Alternatively, clients may choose to retain all proxy voting authority.

When Woodstock has authority to vote proxies on behalf of its clients, Woodstock votes proxies in accordance with the firm's policies. Woodstock uses an independent proxy service, Broadridge Investment Communications Solutions, Inc. ("Broadridge"), to vote proxies under policies that have been reviewed and approved by the firm. These policies are intended to ensure proxies are voted in Woodstock's clients' best interest and are in accordance with the firm's fiduciary duties and SEC regulations.

Clients may obtain a copy of Woodstock's complete proxy voting policies and procedures upon request by contacting Woodstock's Chief Compliance Officer. Clients may also obtain information from Woodstock about how Woodstock voted any proxies on behalf of their account(s) by contacting Woodstock's Chief Compliance Officer.

Woodstock has an agreement with Chicago Clearing Corporation ("CCC") to provide class action monitoring, claim filing, and settlement processing for our clients custodied at Fidelity. CCC will deduct a 15% fee from any settlement before processing any distributions to clients.



This relationship with CCC is automatically included in this service, but clients can opt out at any time, by providing written notice to Woodstock. Woodstock does not receive any financial benefits from this relationship with CCC.

SEI Private Trust Company (“SEI”) has indicated it will continue to review available client records for clients previously custodied with SEI and make filings for open cases where appropriate.

#### **Item 18 – Financial Information**

Registered investment advisers are required in this item to provide you with certain financial information or disclosures about the adviser’s financial condition. Woodstock is not aware of any financial commitment that would impair its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.