



**Item 1 – Cover Page**

Redwood Financial Network  
30285 Bruce Industrial Parkway, Suite A  
Solon, OH 44139  
(440) 287-5020  
[redwoodfn.com](http://redwoodfn.com)

ADV Part 2A Appendix 1 / Wrap Brochure  
March 2021

This wrap fee program brochure provides information about the qualifications and business practices of Redwood Financial Network Corp. ("Redwood", the "Company", "us", "we", "our"). Redwood's IARD firm number is 157834.

This Brochure provides information about our qualifications and business practices. If you ("client", "your") have any questions about the contents of this brochure, please contact us at (440) 287-5020. The information in this wrap brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

We are a registered investment adviser. Our registration as an investment adviser does not imply any level of skill or training. Additional information about Redwood is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) (click on the link, select "Investment Adviser Search" and type in our firm name). The results will provide you with both Parts 1 and 2 of our Form ADV.

## Item 2 – Material Changes

There is no material change to report since the last annual filing of Redwood's Form ADV Part 2A Appendix 1 ("Wrap Brochure") dated March 2020. However, we have enhanced our general risk disclosures under Item 6 to address legal and regulatory risk, systems and technology risks, cybersecurity risks and pandemic risks. Furthermore, the loan received by us under the Payroll Protection Program was officially forgiven and reference to this has been removed from Item 9.

Pursuant to amendments made to rules promulgated under the Investment Advisers Act of 1940, as amended (the "Advisers Act"), and the form formerly known as Form ADV Schedule H. This Wrap Brochure was developed in response to new requirements adopted and imposed by the SEC under the Advisers Act.

For future filings, this section of the Wrap Brochure will address only those "material changes" that have been incorporated since our last delivery or posting of this document on the SEC's public disclosure website (IAPD) at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

We may, at any time, update this Wrap Brochure and send you a copy that includes a summary of material changes. These changes may be communicated either by electronic means (email) or by mail.

If you would like another copy of this Wrap Brochure, please download it from the SEC website as indicated above or you may contact our Chief Compliance Officer, William J. Gordon III at the telephone number listed on the cover page of this Wrap Brochure or via email at [bgordon@redwoodfn.com](mailto:bgordon@redwoodfn.com).

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## Item 4 – Services, Fees and Compensation

Redwood Financial Network Corp. was organized as a corporation under the laws of the State of Ohio on June 10, 2011 and is owned by the following individuals:

William J. Gordon, III	50%
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Sunwook Jin	50%
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We became a registered as an investment adviser with the Ohio Division of Securities (“Division”) and the Illinois Securities Department (“Department”) on February 2012 in order to provide the investment advisory products and services described within this document. We have been registered as an investment adviser at both the state and federal level since February 14, 2012. Currently, we are registered with the SEC since April 28, 2014 and notice filed with the appropriate states in which notice filings are required. As of February 25, 2021, we managed \$150,208,999 on a discretionary basis and \$583,471 on a non-discretionary basis.

Redwood provides asset allocation and ongoing investment management services, including a wrap fee program, Redwood Asset Management (RAM). RAM provides a professional asset management service for a convenient, single fee that covers account management, brokerage, clearing, custody and administrative services. We will receive a portion of the RAM fee for our services. RAM is administered through our clearing borker/dealer, LPL Financial (“LPL”). RAM may be discretionary or non-discretionary, dependent upon client preferences and needs. Please note that our IARs provide advice individually to each of their clients based on each client’s specific financial objectives and situation, and therefore, advice provided by one IAR could conflict with or be in direct opposition to advice provided by another IAR.

Redwood typically manages wrap accounts similarly to non-wrap accounts. However, several factors may influence the selection of the account structure, including but not limited to:

1. The client’s preference for a “wrap” vs. transaction charges per trade on certain or all securities.
2. Account size.
3. Anticipated trading frequency.
4. Anticipated securities to be traded.

5. Management style.
6. Long term investment goals.

The overall cost you will incur if you participate in a wrap fee program may be higher or lower than you might incur by paying transaction costs separately. To compare the cost of the wrap fee program with non-wrap fee portfolio management services, you should consider the frequency of trading activity associated with our investment strategies, the transaction charges involved, and the advisory fees charged.

***Wrap Fee:***

The annual fee for this service ranges from 0.50% to 2.5%. Fees are negotiable. Therefore, clients with similar assets under management and investment objectives may pay significantly higher or lower fees than other clients. LPL will deduct Redwood's fee quarterly in advance; however, for the initial fee deduction, LPL will deduct Redwood's fee at the beginning of the quarter following the establishment of the Account and will include a prorated fee for the initial quarter in addition to the quarterly Redwood fee for the upcoming quarter. Subsequent fee deductions will be made at the beginning of each quarter based on the value of the Account assets as of the close of business on the last business day of the preceding quarter. Additional deposits and withdrawals will be added or subtracted from the assets, which may lead to an adjustment of Redwood's fee. Certain accounts may establish procedures to pay Redwood's fee directly rather than through a debit to the Account. The fee schedule may vary based upon portfolio size and other business considerations. You may terminate this service at any time and a refund will be made on a pro-rata (by day) basis of any fees paid in advance.

***Potential Conflicts of Interest:***

Even though we believe LPL's fee are competitive, lower fees for similar services may be available from other sources. Upon your written authorization, we may debit investment advisory fees directly from your account and pay such amounts to Redwood. This fee arrangement wherein asset management fees are debited from your account will not trigger any constructive custody. You authorize LPL to accept instructions from Redwood regarding adjustments to Redwood's fees in circumstances such as a fee waiver or credit or a reduction in fee. Adjustments to increase the fee set out in the Account Application may be made only at your instruction. You understand that LPL will not verify that the fees are consistent with those set out in the agreement between you and Redwood. You will see the amounts deducted from the Account on statements and will verify them based on the fee rates you negotiated with Redwood. It is agreed by you that the fee will be payable, first, from free credit balances, if any, in the Account, and

second from the liquidation or withdrawal by LPL of your shares of any money market fund balances in any money market account, or balances in any insured deposit account, if applicable. You acknowledge that LPL does not set the fee of Redwood applicable to the Account.

Because mutual funds pay advisory fees to their investment advisors, such fees are therefore indirectly charged to all holders of mutual fund shares. Clients with mutual funds in their portfolios are effectively paying us and the mutual fund advisor for the management of their assets. Clients who place mutual fund shares under our management are therefore subject to our direct management fee and the indirect management fee of the mutual fund advisor.

***Mutual Fund Internal Expenses:***

Internal advisory fees and expenses are paid by the mutual fund companies to their fund advisers, and/or sub account sponsors. These internal expenses are further outlined in the Fund Companies' Prospectuses. The program sponsor may act as broker in connection with mutual funds which are designated for management in the program and thus may receive additional compensation, separate from its Investment Advisory Program. Redwood only receives a portion of the advisory fee and does not share in the revenue produced by mutual fund investments.

***General Information on Advisory Programs and Fees:***

All fees paid to us are separate and distinct from the fees and expenses charged by mutual funds to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee.

You could invest in a mutual fund directly, without our services. In that case, you would not receive the services we provide which are designed, among other things, to assist you in determining which mutual fund or funds are most appropriate to your financial condition, goals, and objectives. Accordingly, you should review both the fees charged by the funds and the fees we charge to fully understand the total amount of fees to pay and to thereby evaluate the advisory services being provided.

Advisory recommendations are based on your financial situation at the time the services are provided and are based on financial information you disclose to us. You are advised that certain assumptions may be made with respect to interest and inflation rates and the use of past trends and performance of the market and economy. Past performance is in no way an indication of future performance. As your financial situation, goals, objectives, or needs change, you must notify us promptly.

We shall never have custody of any your funds or securities, as the services of LPL, a qualified and independent custodian will be used for these asset management services.

The wrap fee service may cost clients more or less than purchasing such services separately depending on the frequency of trading in the client's accounts, commissions charged at other broker/dealers for similar products and fees charged for like services by other broker/dealers and other factors.

Under the RAM Program, you will pay a single fee for investment advice and all transaction related costs associated with executing transactions (except for incidental costs such as wire fees or bank charges). The RAM Fee also does not cover certain fees and expenses associated with investments in mutual funds, as discussed above. Other costs that may be assessed to you and that are not part of the wrap fee include fees for portfolio transactions executed away from Broker, dealer mark-ups, electronic fund and wire transfers, spreads paid to market-makers, dealer mark-ups, market maker spreads and exchange fees, among others.

We may receive compensation or other benefits in addition to the RAM fee we receive from you and, therefore, we may have an incentive to engage in such transactions. This compensation may be more than what you would receive if you participated in other programs or paid separately for investment advice, brokerage, and other services. Therefore, we may have a financial incentive to recommend the wrap fee program over other programs or services.

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

We offer financial and investment advisory services to individuals, pension and profit-sharing plans, charitable organizations, and corporations or other businesses.

The minimum account size for the RAM account for new clients is \$250,000. Under certain circumstances, Redwood will consider waiving the minimum account size requirements.



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

Our associated persons, providing investment advice to you under the RAM Program, will be required to meet the specific state registration examination requirements, unless exempted, in order to provide such advice.

### **Performance-Based Fees and Side-By-Side Management**

We do not charge performance-based fees (i.e., advisory fees based on a share of the capital gains on or capital appreciation of the assets of a client). Our compensation structure is disclosed in detail in Item 4 above.

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

Your investment portfolio will be tailored to help you accomplish your unique financial goals and objectives. After developing a thorough understanding of your risk tolerance and short and long-term goals, we will work together to create a customized investment portfolio designed specifically for you. You have the opportunity to place reasonable restrictions or constraints on the way your account is managed; however, such restrictions may affect the composition and performance of your portfolio. For these reasons, performance of the portfolio may not be identical with our average client.

Our investment process involves four (4) steps:

- 1) Discovery: Discuss and evaluate goals, risk tolerance, tax considerations and time horizon.
- 2) Portfolio Construction: Determine asset allocation and recommend specific strategies and securities.
- 3) Implementation: Establish the appropriate accounts, complete funding of accounts and execute initial portfolio trades.
- 4) Monitor and Review: Evaluate performance, provide ongoing due diligence of investment positions, rebalance portfolio and manage tax efficiency.

Redwood maintains a disciplined long-term approach to investing. Investment alternatives may include mutual funds, exchange traded products (ETPs), individual stocks, real estate investment trusts (REITs), individual bonds, structured notes, options, certificates of deposit (CDs), insured savings accounts and money markets. The selection and use of these investment alternatives may depend on your financial

situation. We will rebalance your portfolio periodically to control risk, take profits and enhance tax efficiency. We will reduce or eliminate positions due to lack of performance, to reduce concentrations in a security or sector of the market, to achieve certain tax benefits, to capture profits and to tactically re-allocate holdings. There are inherent risks involved for each investment strategy or method of analysis we use and the particular type of security we recommend. Investing in securities involves risk of loss which you should be prepared to bear.

Our affiliation with LPL allows our clients to benefit from their experienced team of professionals. LPL was established in 1968 and is the largest independent broker/dealer in the country with headquarters in Boston, Charlotte and San Diego. They offer research related to asset allocation strategies, portfolio construction, manager selection, analysis of the markets and they provide tools and resources to enhance our portfolio management process.

We also utilize additional research subscriptions to evaluate and monitor securities which may include:

- Morningstar
- Standard & Poors
- LPL Retirement Partners

### **Risks, Disclosures and other important information**

There are inherent risks involved for each investment strategy or method of analysis we use and the particular type of security we recommend. Investing in securities involves risk of loss, which you should be prepared to bear. Specific risks of our significant investment strategies include:

- **Market Risk:** Overall equity and fixed income securities market risks affect the value of a client's portfolio. Factors such as domestic and international economic growth and market conditions, interest rate levels, and political events affect the securities markets.
- **Fixed Income Risks:** Portfolios that invest in fixed income securities are subject to several general risks, including interest rate risk, credit risk, and market risk, which could reduce the yield that an investor receives from their portfolio. These risks may occur from fluctuations in interest rates, a change to an issuer's individual situation or industry, or events in the financial markets.

- **ETF and Mutual Funds Risk:** ETFs and mutual funds are subject to investment advisory and other expenses, which will be indirectly paid by clients. As a result, the cost of our investment strategies will be higher than the cost of investing directly in ETFs or mutual funds, as there are two levels of fees. ETFs and mutual funds are subject to specific risks, depending on the nature of the fund.

ETFs are professionally managed pooled vehicles that invest in stocks, bonds, short-term money market instruments, other mutual funds, other securities or any combination thereof. ETF managers trade fund investments in accordance with fund investment objectives. ETF risk can be significantly increased for funds concentrated in a particular sector of the market, or that primarily invest in small cap or speculative companies, use leverage (i.e., borrow money) to a significant degree, or concentrate in a particular type of security (i.e., equities), rather than balancing the fund with different types of securities.

ETFs can be bought and sold throughout the day like stocks, and their price can fluctuate throughout the day. During times of extreme market volatility, ETF pricing may lag versus the actual underlying asset values. This lag usually resolves itself in a short period of time (usually less than one day); however, there is no guarantee this relationship will always occur.

- **Shorting, Margin and Use of Leverage:** Redwood, with the client's consent, may open client accounts as margin accounts and if we elect to use margin, such use can magnify risk to client's accounts. As these are separately managed accounts, use of margin should be discussed with your IAR. Separately managed accounts wishing to use margin are required to complete a margin agreement. Other forms of leverage which Redwood may use, includes options, short sales, and other inverse or leveraged derivative instruments. Redwood also has the ability to short stocks in the client portfolios, and a high level of risk is associated with this strategy. Shorting securities requires the use of margin. Redwood believes shorting provides additional opportunities to make money for margin approved clients if Redwood believes a stock is overvalued. In rare circumstances, structured products may be offered to certain clients. These products often involve a significant amount of risk and should only be offered to clients who have carefully read and considered the products' offering documents, as they are often times based on derivatives. Structured products are intended to be "buy and hold" investments and are not liquid instruments.
- **Cash levels:** From time to time there may be large cash balances in the client accounts, which earn interest at the prevailing money market rates (taxable or tax-free). If we believe it is in the best interest of the clients, Redwood could go to

100% cash in their portfolio, which has risk of return associated with being out of the market.

- **Legal and Regulatory Matters Risks:** Legal developments which may adversely impact investing and investment-related activities can occur at any time. “Legal Developments” means changes and other developments concerning foreign, as well as US federal, state and local laws and regulations, including adoption of new laws and regulations, amendment or repeal of existing laws and regulations, and changes in enforcement or interpretation of existing laws and regulations by governmental regulatory authorities and self-regulatory organizations (such as the SEC, the US Commodity Futures Trading Commission, the Internal Revenue Service, the US Federal Reserve and the Financial Industry Regulatory Authority). Our management of accounts may be adversely affected by the legal and/or regulatory consequences of transactions effected for the accounts. Accounts may also be adversely affected by changes in the enforcement or interpretation of existing statutes and rules by governmental regulatory authorities or self-regulatory organizations.
- **System Failures and Reliance on Technology Risks:** Our investment strategies, operations, research, communications, risk management, and back-office systems rely on technology, including hardware, software, telecommunications, internet-based platforms, and other electronic systems. Additionally, parts of the technology used are provided by third parties and are, therefore, beyond our direct control. We seek to ensure adequate backups of hardware, software, telecommunications, internet-based platforms, and other electronic systems, when possible, but there is no guarantee that our efforts will be successful. In addition, natural disasters, power interruptions and other events may cause system failures, which will require the use of backup systems (both on- and off-site). Backup systems may not operate as well as the systems that they back-up and may fail to properly operate, especially when used for an extended period. To reduce the impact a system failure may have, we continually evaluate our backup and disaster recovery systems and perform periodic checks on the backup systems’ conditions and operations. Despite our monitoring, hardware, telecommunications, or other electronic systems malfunctions may be unavoidable, and result in consequences such as the inability to trade for or monitor client accounts and portfolios. If such circumstances arise, the Investment Committee will consider appropriate measures for clients.
- **Cybersecurity Risk:** A portfolio is susceptible to operational and information security risks due to the increased use of the internet. In general, cyber incidents can result from deliberate attacks or unintentional events. Cyberattacks include,

but are not limited to, infection by computer viruses or other malicious software code, gaining unauthorized access to systems, networks, or devices through “hacking” or other means for the purpose of misappropriating assets or sensitive information, corrupting data, or causing operational disruption. Cybersecurity failures or breaches by third-party service providers may cause disruptions and impact the service providers’ and our business operations, potentially resulting in financial losses, the inability to transact business, violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, reimbursement, or other compensation costs, and/or additional compliance costs. While we have established business continuity plans and risk management systems designed prevent or reduce the impact of such cyberattacks, there are inherent limitations in such plans and systems due in part to the everchanging nature of technology and cyberattack tactics.

- **Pandemic Risks:** The recent outbreak of the novel coronavirus rapidly became a pandemic and has resulted in disruptions to the economies of many nations, individual companies, and the markets in general, the impact of which cannot necessarily be foreseen at the present time. This has created closed borders, quarantines, supply chain disruptions and general anxiety, negatively impacting global markets in an unforeseeable manner. The impact of the novel coronavirus and other such future infectious diseases in certain regions or countries may be greater or less due to the nature or level of their public health response or due to other factors. Health crises caused by the recent coronavirus outbreak or future infectious diseases may exacerbate other pre-existing political, social, and economic risks in certain countries. The impact of such health crises may be quick, severe and of unknowable duration. This pandemic and other epidemics and pandemics that may arise in the future could result in continued volatility in the financial markets and could have a negative impact on investment performance.

The above list of risk factors is not intended to be a complete list or explanation of the risks involved in an investment strategy. You are encouraged to consult your financial advisor, legal counsel and tax professional on an initial and continuous basis in connection with selecting and engaging in the services provided by us. In addition, due to the dynamic nature of investments and markets, strategies may be subject to additional and different risk factors not discussed above.

### **Voting Client Securities (i.e., Proxy Voting)**

We do not have, nor will we accept authorization to vote client securities. Clients will receive their proxies or other solicitations directly from their custodian or a transfer

agent. Clients should contact their custodian or a transfer agent with questions about a particular solicitation.

Redwood does not render advice to or take any actions on behalf of clients with respect to any legal proceedings including bankruptcies and shareholder litigation, to which any securities or other investments held in client accounts, or the issuers thereof, become subject, and does not initiate or pursue legal proceedings, including without limitation shareholder litigation, on behalf of clients with respect to transactions, securities, or other investments held in client accounts. The right to take any actions with respect to legal proceedings, including shareholder litigation with respect to transactions, securities or other investments held in client accounts is expressly reserved to the client.

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

We have access to client information as our supervised persons act as the portfolio managers for the wrap fee program described in Item 4 above. Pursuant to applicable Federal and/or State Privacy Regulations, Redwood is a financial institution that has determined to keep confidential non-public personal information about each Redwood client.

We obtain the necessary information and review your financial situation and investment portfolio including your risk tolerance to determine and set the appropriate short and long-term investment goals, and objectives. We encourage that you notify us if there have been any changes in your financial situation or investment objective, or if you wish to impose any reasonable restrictions or modify any existing reasonable restrictions on the management of your account.

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

We have not placed any restrictions on your ability to contact and consult with your portfolio manager.



## **Item 9 – Additional Information**

### **Disciplinary Information**

We do not have any legal, financial or other “disciplinary” items to report. We are obligated to disclose any disciplinary event that would be material to you when evaluating us to initiate a Client / Adviser relationship, or to continue a Client /Adviser relationship with us.

This statement applies to Redwood, and each employee.

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

Neither the Company nor any of our management persons (except as disclosed below) are registered, or have an application pending to register as a broker-dealer, futures commission merchant, commodity pool operator, commodity trading advisor or as an associated person of the foregoing entities, except as disclosed below.

In addition, neither the Company nor any of our management persons have any relationship or arrangement that is material to our advisory business or to our clients that we or any of our management persons have with any related person that is, under common control and ownership, a:

- Broker-dealer, municipal securities dealer, or government securities dealer or broker,
- Investment company or other pooled investment vehicle,
- Other investment adviser or financial planner,
- Futures commission merchant (or commodity pool operator or commodity trading advisor),
- Banking or thrift institution,
- Lawyer or law firm,
- Insurance company or agency,
- Pension consultant,

- Real estate broker or dealer or
- Sponsor or syndicator of limited partnerships.

IARs of Redwood are registered representatives and investment adviser representatives of LPL, a registered broker dealer member FINRA & SIPC and investment advisor with various state regulatory agencies. Redwood has chosen to deliver their services in this fashion in order to offer their clients diverse and extensive investment and planning opportunities. This may represent a conflict of interest since their time is split between two business operations. IARs of Redwood are compensated by a fee based on assets in the advisory accounts or fee for financial planning rather than receiving commissions. Redwood IARs may also provide fee-based retirement plan services as IARs of LPL. Additionally, Redwood IARs may receive compensation (commission) based upon the sale of an investment product, including distribution and service fees from the sale of mutual funds in non-managed accounts as registered representatives of LPL. Prior to these transactions being effected, registered representatives will disclose this conflict of interest.

Redwood is licensed as an insurance agency with the Ohio Department of Insurance to sell accident & health and life insurance products. Certain IARs are licensed to sell life, health and long-term care insurance products through various companies. Appropriately licensed IARs will receive compensation for the sale of such products. You are under no obligation to purchase insurance products through any particular insurance agency or IAR and may effect any such transactions where you desire.

As part of our duty to you, we attempt at all times to put your interest first and we have implemented a Compliance Program, which includes the periodic monitoring of client accounts to their stated investment objectives. The IARs may spend as much as 25% of their time with LPL and as agents of various insurance companies.

The above affiliation may be considered material. However, we are not under common control and ownership with, and therefore, not affiliated with LPL or any of its affiliates.

#### Tax Services:

Sunwook Jin has an ownership interest in a separate tax preparation company (ProActive) and may introduce clients to that entity for tax preparation services. This may cause a conflict of interest in that Mr. Jin has a financial incentive to refer clients to ProActive. Redwood and its principals take their fiduciary duty seriously and have developed a compliance program to identify and monitor such outside business activities and clients are under no obligation to use ProActive, or any other recommended tax preparation firm, to meet their tax needs.

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

The Code of Ethics adopted and implemented by Redwood applies to the activities of Redwood, a Registered Investment Adviser, under the Investment Advisers Act of 1940 (as amended—the Advisers Act). All employees of Redwood are deemed by the Advisers Act to be supervised persons<sup>1</sup> and are therefore subject to this Code of Ethics. In carrying on its daily affairs, Redwood and all of its associated persons shall act in a fair, lawful and ethical manner, in accordance with the rules and regulations imposed by the Company's governing regulatory authority.

Redwood has created a Code of Ethics which establishes standards and procedures for the detection and prevention of certain conflicts of interest including activities by which persons having knowledge of the investments and investment intentions of Redwood might take advantage of that knowledge for their own benefit.

We have in place Ethics Rules (the "Rules"), which are comprised of the Code of Ethics and Insider Trading policies and procedures. The Rules are designed to ensure that our personnel (i) observe applicable legal (including compliance with applicable state and federal securities laws) and ethical standards in the performance of their duties; (ii) at all times place your interests first; (iii) disclose all conflicts of interest; (iv) adhere to the highest standards of loyalty, candor and care in all matters relating to you; (v) conduct all personal trading consistent with the Rules and in such a manner as to avoid any conflicts of interest or any abuse of their position of trust and responsibility; and (vi) not use any material non-public information in securities trading. The Rules also establish policies regarding other matters such as outside employment, the giving or receiving of gifts, and safeguarding portfolio holdings information.

Under the general prohibitions of the Rules, our personnel may not: 1) effect securities transactions while in the possession of material, non-public information; 2) disclose such information to others; 3) participate in fraudulent conduct involving securities held or to be acquired by any client; and 4) engage in frequent trading activities that create or may create a conflict of interest, limit their ability to perform their job duties, or violate any provision of the Rules.

Our personnel are required to conduct their personal investment activities in a manner that we believe is not detrimental to its advisory clients. Our personnel are not permitted to transact in securities except under circumstances specified in the Code of Ethics. However, as described below, there may be circumstances where our personnel may

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<sup>1</sup> Supervised person means any partner, officer, director (or other person occupying a similar status or performing similar functions), or employee of an investment adviser, or other person who provides investment advice on behalf of the investment adviser and is subject to the supervision and control of the investment adviser.

buy and sell on behalf of its clients, securities of issuers or other investments in which they own securities or otherwise have an interest. The policy requires all Access Persons<sup>2</sup> (defined as investment personnel, which includes portfolio managers, assistant portfolio managers, research analysts and trading room personnel, our officers, and other designated persons) to report all personal transactions in securities not otherwise exempt under the policy. All reportable transactions are reviewed for compliance with the Code of Ethics. In the event that you request a copy of Redwood's Code of Ethics, we will furnish a copy within a reasonable period of time to you at your current address of record.

We and our associated persons do not provide recommendations for your accounts, in securities that we (or our associated persons) have a material financial interest.

The Company or its associated persons may buy or sell for themselves, investment products that are also recommended to clients. Associated persons seek to ensure that they do not personally benefit from the short-term market effects of their recommendations to clients and their personal transactions are regularly monitored. In instances where the representative buys or sells the same securities as those of their clients, the client's accounts are given priority. Records will be maintained of all securities or insurance products bought or sold by the Company, associated persons or related entities. Such records will be available for inspection upon request.

Files of securities transactions affected for associated persons of the Company will be maintained for review should there be a conflict of interest. The principal of the Redwood will review all securities transactions of our related persons to ensure no conflicts exist with client executions. To prevent conflicts of interest, all employees of Redwood must comply with the firm's Written Supervisory Procedures, which imposes restrictions on the purchase or sale of securities for their own accounts and the accounts of certain affiliated persons.

Notwithstanding the above, Redwood, and/or their officers, directors or employees may purchase for themselves similar or different securities as are purchased or recommended for investment advisory clients of Redwood, and different securities or transactions may be effected or recommended for different investment advisory clients of Redwood.

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<sup>2</sup> Access person means any of your supervised persons who has access to nonpublic information regarding any clients' purchase or sale of securities, or nonpublic information regarding the portfolio holdings of any reportable fund, or who is involved in making securities recommendations to clients, or who has access to such recommendations that are nonpublic. If providing investment advice is your primary business, all of your directors, officers and partners are presumed to be access persons.

Pursuant to applicable Federal and/or State Privacy Regulations, Redwood is a financial institution that has determined to keep confidential non-public personal information about each Redwood client.

As discussed above, certain associated persons of Redwood are registered representatives of LPL. As a result of this relationship, LPL may have access to certain confidential information (e.g., financial information, investment objectives, transactions and holdings) about Redwood's clients, even if client does not establish any account through LPL. If you would like a copy of the LPL privacy policy, please contact Redwood.

A full copy of the Redwood's Privacy Policy is provided, upon inception, of a new client and is provided each year thereafter. You may request a copy of Redwood's Privacy Policy and a copy will be furnished within a reasonable period of time to you at your current address of record, at any time.

### **Review of Accounts**

The Chief Compliance Officer ("CCO") has implemented sample compliance reviews (which leverage internal checklists and review schedules) to help manage review of advisory accounts, in addition to at least annual meetings between the IAR and their clients. This surveillance system allows the CCO to identify performance issues, asset allocation issues, lack of transactions and concentrated positions. The review process is completed on a sample basis monthly. The review covers evaluation of the account's asset allocation against the recommended allocation for that particular investment objective. The process also includes evaluation of the account's performance against benchmarks of similar investment objectives. Changes in an account holder's personal, tax, or financial status may trigger additional reviews as well as macroeconomic and company specific events.

Clients will receive written transaction confirmations and/or statements monthly or at least quarterly from the qualified custodians. Collectively, these reports will list client's account holdings, transactions and fees paid to us.

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

Our IARs will typically receive compensation from firms in which the client implements non-security transactions (e.g., insurance products). Additionally, in their capacities as registered representatives of LPL, our IARs also receive commissions or fees from LPL or payments on certain variable insurance products, mutual funds, or other brokerage products offered through LPL, as compensation, representing a separate financial interest. Redwood would not charge a fee on such products and any commission will be fully disclosed to the client. As such, a conflict of interest exists with respect to

recommendations to buy or sell such securities, due to the additional compensation received. In all cases, transactions are effected in the best interests of the client and Redwood has created and implemented a compliance program to monitor such activity.

In addition, from time to time, mutual fund companies, insurance companies or their personnel pay for client luncheons, or other events, that Redwood hosts. This can include 3rd party speakers that Redwood does not have to compensate. These arrangements also give rise to conflicts of interest, or perceived conflicts of interest in that Redwood has an incentive to invest client assets in mutual funds or insurance companies that provide such benefits to Redwood. Our commitment to our clients and the policies and procedures we have adopted that require the review of such arrangements by the CCO are designed to limit any interference with Redwood's independent decision making when choosing the best products or securities for our clients.

Furthermore, we have arrangement in place compensate certain persons who are not our supervised person for client referrals. Compensation varies from 5% - 25% and is calculated based on fees paid to us from a planning or advisory services engagement. Compensation provided can include a one-time payment or it may continue on a recurring basis over a specified period of time. Such solicitation arrangements will comply with the requirements set out in the SEC Rule 206(4)-3 of the Investment Advisers Act of 1940, including the requirement that the relationship between the solicitor and the investment adviser be disclosed to the client at the time of the solicitation or referral. In any such case, applicable state laws may require these solicitors to become either licensed as our IARs or as an independent investment adviser. The client will be requested to acknowledge this arrangement prior to acceptance of the clients' funds.

Refer to Item 4 above for details of our compensation structure as well as any other compensation our IARs may receive.

### **Financial Information**

We are not required to provide Redwood Financial Network Corp financial information to our clients because we do not:

- require the prepayment of more than \$1,200 in fees and six or more months in advance, or
- take custody of client funds or securities, or
- currently have a financial condition that is reasonably likely to impair our ability to meet our commitments to you.

Additionally, we have not been the subject of a bankruptcy petition at any time during the past ten years, nor do we foresee such action in the future. We have not, and do not plan client advisory fee increases, and continue to seek greater efficiencies, including no-transaction-fee investment options for our clients.

While not anticipated, should our financial condition change we will notify you and explain the steps we intend to take to address them. Please always feel comfortable to contact us at any time.

## **Item 10 – Requirements for State-Registered Advisers**

We are an SEC registered investment adviser; so, this section does not apply to us.