

ITEM 1 – COVER PAGE

# IRONWOOD FINANCIAL, LLC

## ADV Part 2A, Firm Brochure

This brochure provides information about Ironwood Financial, LLC's qualifications and business practices. If you have any questions about the contents of this brochure, please contact us at (888) 271-4646 or by email at [robin.dolezal@ironwoodfinancial.com](mailto:robin.dolezal@ironwoodfinancial.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any State Securities Authority.

Additional information about Ironwood Financial, LLC is also available at the SEC's website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) (select "investment adviser firm" and type in our firm name). Results will provide you both Part 1 and 2 of our Form ADV.

We are a Registered Investment Advisor Firm. Our registration does not imply any level of skill or training. The oral and written communications we provide to you, including this brochure, are for you to evaluate us.

Please use this information as factors in your decision to hire us or to continue our business relationship.

March 22, 2023

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## ITEM 2 – MATERIAL CHANGES

Since Ironwood Financial, LLC’s previous annual amendment on March 9, 2022, this Firm Brochure has been amended as follows:

- At Item 5 to incorporate clarifying revisions regarding termination of advisory services

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## ITEM 4 – ADVISORY BUSINESS

### 4a: Firm Description

Ironwood Wealth Management, LLC was established in July 2009. On May 12, 2015, Ironwood Wealth Management, LLC changed its name to Ironwood Financial, LLC (“Ironwood”). Our main office is located in Tucson, Arizona.

#### 4a1: Principal Owners

Ironwood is owned and operated by the following individuals:

- Alex Parrs, PLLC; Alexander D. Parrs, CFA, Managing Member: alex.parrs@ironwoodfinancial.com | (520) 318-4600
- Dan Nentl, PLLC; Daniel S. Nentl, Managing Member: dan.nentl@ironwoodfinancial.com | (520) 318-4600
- Dolezal Wealth Management, LLC; Robin R. Dolezal, CFP, Managing Member: robin.dolezal@ironwoodfinancial.com | (520) 318-4600

### 4b: Types of Advisory Services

#### INVESTMENT ADVISORY SERVICES

Ironwood offers a variety of investment advisory services to its clients. Ironwood may be engaged to provide discretionary and/or non-discretionary investment advisory services. Before Ironwood provides investment advisory services, we work with our clients to identify their investment goals, objectives and risk tolerance in order to create an initial portfolio allocation consistent with the client’s designated investment objectives. Ironwood primarily allocates client investment assets among mutual funds and exchange-traded funds (“ETFs”) consistent with one or more of Ironwood’s asset allocation strategies. Once the appropriate portfolio has been determined, we will review the portfolio and rebalance the account based upon our client’s individual needs, stated goals and objectives.

Ironwood offers financial planning services for our clients. As requested, we will prepare a written financial plan for financial planning clients. The plan considers all of your assets, liabilities, goals and objectives and includes gathering all information necessary to provide you with appropriate and agreed upon services, which may include one or more of the following:

- Investment Strategies
- Investment supervisory services
- Consultations
- Financial planning
- Pension and profit sharing planning
- Endowments
- Foundations
- Business Accounts

You are encouraged to review your plans on a regular basis.

#### RETIREMENT PLAN CONSULTING SERVICES

In limited instances, Ironwood also provides retirement plan consulting services, pursuant to which it assists sponsors of self-directed retirement plans organized under the Employee Retirement Security Act of 1974 (“ERISA”). The terms and conditions of the engagement shall be set forth in a Retirement Plan Services Agreement between Ironwood and the plan sponsor.

To the extent that the plan sponsor engages Ironwood in an ERISA Section 3(21) capacity, Ironwood will assist with the non-discretionary selection and monitoring of investment options (generally open-end mutual funds

and exchange traded funds) from which plan participants shall choose in self-directing the investments for their individual plan retirement accounts. Ironwood can render the same services on a discretionary basis in its capacity as an ERISA 3(38) investment manager.

If requested to do so, Ironwood can be engaged to provide investment advisory services relative to participant retirement plan assets. In such event, Ironwood shall allocate (or recommend that the participant allocate) the retirement account assets among the investment options available on the retirement plan platform.

## **MISCELLANEOUS**

**Limitations of Financial Planning and Consulting Services.** As indicated above, to the extent requested by the client, Ironwood may provide financial planning and consulting services regarding topics such as estate planning, tax planning, and insurance matters. Ironwood does not serve as a law firm or accounting firm, and no portion of its services should be construed as legal or accounting services. Accordingly, Ironwood does not prepare estate planning documents or tax returns. To the extent requested by a client, Ironwood may recommend the services of other professionals (e.g., attorneys, accountants, insurance agents, etc.), including representatives of Ironwood in their separate individual capacities as licensed insurance agents. The client is under no obligation to engage the services of any recommended professional. The client retains absolute discretion over all such decisions and is free to accept or reject any recommendation from Ironwood and/or its representatives. Clients are advised that if they engage any professional, recommended or otherwise, and a dispute arises thereafter relative to the engagement, the client must seek recourse exclusively from the engaged professional. At all times, the engaged professional(s), and not Ironwood, shall be responsible for the quality and competency of the services provided.

**Retirement Rollovers.** A client or prospective client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in the former employer's plan, if permitted, (ii) roll over the assets to the new employer's plan, if one is available and rollovers are permitted, (iii) roll over to an Individual Retirement Account ("IRA"), or (iv) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences). If Ironwood recommends that a client roll over their retirement plan assets into an account to be managed by Ironwood, such a recommendation creates a conflict of interest if Ironwood will earn a new (or increase its current) advisory fee as a result of the rollover. No client is under any obligation to roll over retirement plan assets to an account managed by Ironwood.

**ERISA / IRC Fiduciary Acknowledgment.** When Ironwood provides investment advice to a client regarding the client's retirement plan account or individual retirement account, it does so as a fiduciary within the meaning of Title I of the Employee Retirement Income Security Act ("ERISA") and/or the Internal Revenue Code ("IRC"), as applicable, which are laws governing retirement accounts. The way Ironwood makes money creates some conflicts with client interests, so Ironwood operates under a special rule that requires it to act in the client's best interest and not put its interests ahead of the client's.

Under this special rule's provisions, Ironwood must:

- Meet a professional standard of care when making investment recommendations (give prudent advice);
- Never put its financial interests ahead of the client's when making recommendations (give loyal advice);
- Avoid misleading statements about conflicts of interest, fees, and investments;
- Follow policies and procedures designed to ensure that Ironwood gives advice that is in the client's best interest;
- Charge no more than is reasonable for Ironwood's services; and
- Give the client basic information about conflicts of interest.

**Account Aggregation Platforms.** Ironwood may provide its clients with access to online platforms hosted by "eMoney Advisor" ("eMoney") and/or Morningstar, Inc. (collectively, the "Platforms"). The Platforms allow

clients to view their complete asset allocation, including those assets that Ironwood does not manage (the “Excluded Assets”). Ironwood does not provide investment management, monitoring, or implementation services for the Excluded Assets. Therefore, Ironwood shall not be responsible for the investment performance of the Excluded Assets. Rather, the client and/or their advisor(s) that maintain management authority for the Excluded Assets, and not Ironwood, shall be exclusively responsible for such investment performance. The client may choose to engage Ironwood to manage some or all of the Excluded Assets pursuant to the terms and conditions of an Investment Advisory Agreement between Ironwood and the client. The eMoney platform also provides access to other types of information, including financial planning concepts, which should not, in any manner whatsoever, be construed as services, advice, or recommendations provided by Ironwood. Finally, Ironwood shall not be held responsible for any adverse results a client may experience if the client engages in financial planning or other functions available on the eMoney platform without Ironwood’s assistance or oversight.

**Cash Positions.** Ironwood considers cash and cash equivalents to be a material aspect of a client’s investment allocation. Depending upon perceived or anticipated market conditions/events (there being no guarantee that such anticipated market conditions/events will occur), Ironwood may maintain cash and cash equivalent positions (such as money market funds, etc.) for defensive, liquidity, or other purposes. Unless otherwise agreed in writing, all such cash positions are included as part of assets under management for purposes of calculating Ironwood’s advisory fee. Clients are advised that, at any particular point in time, the yield earned on cash and cash equivalent positions may be lower than Ironwood’s annual asset-based fee.

**Periods of Portfolio Inactivity.** Ironwood has a fiduciary duty to provide services consistent with the client’s best interest. As part of its investment advisory services, Ironwood will review client portfolios on a regular basis to determine if any changes are necessary based upon various factors, including, but not limited to, investment performance, mutual fund manager tenure, style drift, and/or a change in the client’s investment objective. Based upon these factors, there may be extended periods of time when Ironwood determines that changes to a client’s portfolio are neither necessary nor prudent. Clients nonetheless remain subject to the fees described in Item 5 below during periods of account inactivity. Of course, as indicated below, there can be no assurance that investment decisions made by Ironwood will be profitable or equal any specific performance level(s).

**Non-Discretionary Service Limitations.** Clients that determine to engage Ironwood on a non-discretionary investment advisory basis must be willing to accept that Ironwood cannot effect any account transactions without obtaining prior consent to such transaction(s) from the client. Thus, in the event that Ironwood would like to make a transaction for a client’s account (including in the event of an individual holding or general market correction), and the client is unavailable, Ironwood will be unable to effect the account transaction(s) (as it would for its discretionary clients) without first obtaining the client’s consent.

**Client Obligations.** In performing its services, Ironwood shall not be required to verify any information received from the client or from the client’s other designated professionals, and is expressly authorized to rely thereon. Moreover, each client is advised that it remains their responsibility to promptly notify Ironwood if there is ever any change in their financial situation or investment objectives for the purpose of reviewing/evaluating/revising Ironwood’s previous recommendations and/or services.

#### **4c: Client Tailored Relationships and Restrictions**

Your portfolio is customized based on your investment objectives. You may make requests or make suggestions regarding the investments made in your portfolio. Restrictions on trading which, in our opinion, are not in your best interest cannot be honored and if forced may result in the termination of our agreement.

Similarly, you are under no obligation to act upon Ironwood’s or associated person’s recommendations. If you elect to act on any of the recommendations, you are under no obligation to effect the transaction through Ironwood or its associated persons.

#### 4d: Wrap Fee Program

Ironwood does not participate in a wrap fee program.

#### 4e: Assets under Management (AUM)

Ironwood, as of December 31, 2022, has \$362,854,845 in discretionary Regulatory Assets Under Management and \$1,393,114 in non-discretionary Regulatory Assets Under Management for a total of \$364,247,959.

### ITEM 5 – FEES AND COMPENSATION

#### 5a: Fee Schedules

<u>Assets Under Management</u>	<u>Annual Fee %</u>
First \$5,000,000	1.00%
More than \$5,000,000	Negotiable

For purposes of determining value, securities and other instruments traded on a market for which actual transaction prices are publicly reported are valued at the last reported sale price on the principal market in which they are traded. In certain circumstances, fees may be negotiable. Ironwood generally requires a minimum account size of \$250,000 for its service. Ironwood, in its sole discretion, may reduce or waive its account minimums based upon certain criteria (e.g., anticipated future earning capacity, anticipated future additional assets, familial relationship, dollar amount of assets to be managed, related accounts, account composition, etc.).

The fee includes the time and activities necessary to work with your attorney and/or accountant in reaching agreement on solutions, as well as assisting them in implementation of all appropriate documents. We are not responsible for attorney or account fees charged to you as a result of the above activities, and any such fees are separate from and in addition to Ironwood's fees.

Compensation for our services will be calculated in accordance with what is set forth in the client's agreement. We may modify the terms of any agreement by written changes submitted to the client for signature. Lower fees for comparable services may be available from other sources.

Fees for Retirement Plan Consulting engagements are negotiated on a case-by-case basis, depending on a variety of subjective and objective factors, which may include, but are not necessarily limited to, the size of the plan, the anticipated needs of the plan, the level and scope of overall services to be rendered, the number of plan participants, and other factors. The agreed-upon fee arrangement will be set forth in a written agreement with the plan.

Ironwood's fees are negotiable at its discretion. Ironwood may charge a reduced advisory fee, or may enter into alternative fee arrangements not discussed herein, based upon certain criteria (e.g., anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, prior fee schedules, competition, negotiations with client, etc.). As result of the above, similarly situated clients could pay different fees. In addition, similar advisory services may be available from other investment advisers for similar or lower fees.

#### 5b: Fee Payments Options

Ironwood fees are paid from your account by the custodian when we submit an invoice to them. If there is insufficient cash in your account to pay your fees, an equal balance of securities in your portfolio may be sold to pay our fee. In addition to our fees, there may be custodial, mutual fund or similar third party management fees and charges.

#### 5c: Third Party Fees

You are responsible for the payment of all third party fees (i.e. custodian fees, mutual fund fees, transaction fees, etc.). Those fees are separate and distinct from the fees we charge.

All brokerage commissions, stock transfer fees, and other similar charges incurred in connection with transactions for the account will be paid out of the assets in the account and are in addition to the investment management fees paid to us. It is your responsibility to ensure the amount of fee charged is correct. In addition to statements sent by us, you will receive statements directly from these brokers, custodians or mutual funds or other investments you hold. We strongly urge you to compare these statements for accuracy.

#### **5d: Fee Payments**

Ironwood's fees are paid quarterly in advance, with payment due within 10 days from the date of the invoice. Our fee is determined by taking the percentage rate we charge, times the market value of the account, divided by the number of days in the year and multiplied by the number of days in the quarter. The market value is the sum of the values of all assets in the account, not adjusted by any margin debit. Fees for partial quarters at the commencement or termination of an Investment Advisory Agreement will be billed or refunded on a pro-rated basis contingent on the number of days the account was open during the quarter. No adjustments are made to Ironwood's fee for account deposits and withdrawals made during the course of a fee period, unless otherwise agreed with the client.

##### **5.d.1: Termination**

Either Ironwood or our clients can terminate our agreement upon receipt of written notice to the other party. When an agreement is terminated, we will refund any pre-paid, unearned fees based on the number of days remaining in the quarter after termination. Refunds will be made within 30 calendar days of the effective date of termination.

When an agreement is terminated, all assets may need to be transferred from the current custodian. You will be responsible for paying all fees including any applicable custodial administrative fees, account closure fees, mutual fund fees, and all trading costs due to the termination. The custodian may assess additional fees for transfer of illiquid investments. If there is insufficient cash in the account, the liquidation of some securities may be used to pay the fees. Prior to termination of an agreement, we can provide a good-faith estimate of these fees.

#### **5e: Securities Commission Transactions.**

Except as set forth in Item 10 regarding insurance activities, neither Ironwood nor its investment advisory representatives accepts compensation from the sale of securities or other investment products.

### **ITEM 6 – PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

Ironwood does not charge advisory fees on the performance of funds or securities in your account.

### **ITEM 7 – TYPES OF CLIENTS**

Ironwood generally provides asset management and financial planning services to the following types of clients:

- Individuals
- High-Net-Worth Individuals
- Pension and Profit Sharing Plans
- Trusts
- Estates
- Charities

Ironwood generally requires a minimum account size of \$250,000 for its service. Ironwood, in its sole discretion,

may reduce or waive its account minimums based upon certain criteria (e.g., anticipated future earning capacity, anticipated future additional assets, familial relationship, dollar amount of assets to be managed, related accounts, account composition, etc.).

## **ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

### **8a: Analysis**

Ironwood uses multiple sources of information to obtain analysis and strategies. They include sources such as financial newspapers, research prepared by others, corporate rating services, prospectuses, company press releases, annual reports and filings with the SEC.

### **8b: Investment Strategies**

Ironwood utilizes multiple investment strategies, primarily as defined by each client's profile of risk, time horizons and goals. These may include Long Term Trading, which is designed to capture market rates of both return and risk. Frequent trading, when done, can affect investment performance, particularly through increased brokerage and other transaction costs and taxes. This may also include Short Term Trading and options writing, which generally hold greater risk and clients should be aware that there is a chance of material risk of loss using any of those strategies.

### **Initial Public Offerings**

Initial public offerings are offerings of securities that often are of limited size and availability. Ironwood may identify IPOs that align with our clients' investment strategies. Except in special circumstances where suitability and risk maintain our fiduciary obligations to our clients, Ironwood restricts the offering of IPO stock to accredited investors. Each client investment strategy (Growth, Conserve, etc.) may have differing allocation targets based on suitability. IPO securities are purchased in aggregate and allocated pro-rata across all accounts.

### **Covered Call Writing**

Covered call writing is the sale of in-, at-, or out-of- the money call option against a long security position held in a client portfolio. This type of transaction is used to generate income. It also serves to create downside protection in the event the security position declines in value. Income is received from the proceeds of the option sale. Such income may be reduced to the extent it is necessary to buy back the option position prior to its expiration. This strategy may involve a degree of trading velocity, transaction costs and significant losses if the underlying security has volatile price movement. Covered call strategies are generally suited for companies with little price volatility.

Securities investments involve a risk of loss that you should be prepared to bear.

### **8c: Risk of Loss**

**Investment Risk.** Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by Ironwood) will be profitable or equal any specific performance level(s).

Ironwood will use our best judgment and good faith efforts in rendering services to you. We cannot warrant or guarantee any particular level of account performance, or that the account will be profitable over time. Not every investment decision or recommendation made by us will be profitable. You assume all market risk involved in the investment of account assets under the Investment Advisory Agreement and understand that investment decisions made for this account are subject to various market, currency, economic, political and business risks. Except as may otherwise be provided by law, we will not be liable to you for (a) any loss that you may suffer by reason of any investment decision made or other action taken or omitted in good faith by Ironwood with that degree of care, skill, prudence and diligence under the circumstances that a prudent person acting in a fiduciary capacity would use; (b) any loss arising from our adherence to your instructions; or (c) any unauthorized act or failure to act by a custodian of your account. Nothing in this document shall relieve us



from any responsibility or liability we may have under state or federal statutes.

Currently, Ironwood primarily allocates client investment assets among various individual equities (stocks), individual bond issues, mutual funds and ETFs on a discretionary or non-discretionary basis in accordance with the client's designated investment objective(s).

Risks associated with these asset types include:

1. **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
2. **Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk may be caused by external factors independent of the fund's specific investments as well as due to the fund's specific investments. Additionally, each security's price will fluctuate based on market movement and emotion, which may, or may not be due to the security's operations or changes in its true value. For example, political, economic and social conditions may trigger market events which are temporarily negative, or temporarily positive.
3. **Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
4. **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
5. **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.
6. **Market Risk (Systematic Risk):** Even a long-term investment approach cannot guarantee a profit. Economic, political, and issuer-specific events will cause the value of securities to rise or fall. Because the value of your portfolio will fluctuate, there is a risk that you will lose money.
7. **Unsystematic Risk:** Unsystematic risk is the company-specific or industry-specific risk in a portfolio. The combination of systematic (market risk) and unsystematic risk is defined as the portfolio risk that the investor bears. While the investor can do little to reduce systematic risk, he or she can affect unsystematic risk. Unsystematic risk may be significantly reduced through diversification. However, even a portfolio of well-diversified assets cannot escape all risk.
8. **Credit Risk:** Credit risk is the risk that the issuer of a security may be unable to make interest payments and/or repay principal when due. A downgrade to an issuer's credit rating or a perceived change in an issuer's financial strength may affect a security's value, and thus, impact performance. Credit risk is greater for fixed income securities with ratings below investment grade (BB or below by Standard & Poor's Rating Group or Ba or below by Moody's Investors Service, Inc.). Fixed income securities that are below investment grade involve higher credit risk and are considered speculative.
9. **Income Risk:** Income risk is the risk that falling interest rates will cause the investment's income to decline.

10. **Call Risk:** Call risk is the risk that during periods of falling interest rates, a bond issuer will call or repay a higher-yielding bond before its maturity date, forcing the investment to reinvest in bonds with lower interest rates than the original obligations.
11. **Purchasing Power Risk:** Purchasing power risk is the risk that your investment's value will decline as the price of goods rises (inflation). The investment's value itself does not decline, but its relative value does, which is the same thing. Inflation can happen for a variety of complex reasons, including a growing economy and a rising money supply. Rising inflation means that if you have \$1,000 and inflation rises 5 percent in a year, your \$1,000 has lost 5 percent of its value, as it cannot buy what it could buy a year previous.
12. **Political Risks:** Most investments have a global component, even domestic stocks. Political events anywhere in the world may have unforeseen consequences to markets around the world.
13. **Regulatory Risk:** Changes in laws and regulations from any government can change the market value of companies subject to such regulations. Certain industries are more susceptible to government regulation. Changes in zoning, tax structure or laws impact the return on these investments.
14. **Risks Related to Investment Term:** Securities do not follow a straight line up in value. All securities will have periods of time when the current price of the security is not what we believe it is truly worth. If you require us to liquidate your portfolio during one of these periods, you will not realize as much value as you would have had the investment had the opportunity to regain its value.

**Dimensional Fund Advisors.** Certain mutual funds, such as those issued by Dimensional Fund Advisors ("DFA"), are generally only available through selected registered investment advisers. Clients may transfer DFA funds to Ironwood's management, but Ironwood will generally not have the ability to add to existing DFA fund positions and/or create new DFA fund positions. Unless otherwise agreed upon with the client, Ironwood will generally unwind such DFA fund positions over time and re-allocate client assets into more freely tradeable funds and other securities products.

**Use of Margin and Securities Based Loans.** Ironwood does not generally recommend the use of margin loans or securities based loans (collectively, "SBLs") as an investment strategy, in which the client would leverage borrowed assets as collateral for the purchase of additional securities. However, clients generally retain the ability to establish a margin account with the client's broker-dealer/custodian or their affiliated banks (each, an "SBL Lender") to access SBLs for financial planning and cash flow management purposes. The client is never under any obligation to establish an SBL and always retains final discretion over such practice, even if recommended by Ironwood. In no event shall Ironwood engage in an SBL transaction on behalf of the client, but Ironwood will remain available to assist the client through such process.

The terms and conditions of each SBL are contained in a separate agreement between the client and the SBL Lender selected by the client, which terms and conditions may vary from client to client. Borrowing funds on margin is not suitable for all clients and is subject to certain risks, including but not limited to those described below. Before agreeing to participate in an SBL program, clients should carefully review the applicable SBL agreement and all risk disclosures provided by the SBL Lender including the initial margin and maintenance requirements for the specific program in which the client enrolls, and the procedures for issuing "margin calls" and liquidating securities and other assets in the client's accounts. The following describes some of the risks associated with SBLs, which Ironwood recommends that clients consider before participating in an SBL program:

1. **Increased Portfolio Risk, Including the Risk for Potential Losses in the Event of a Downturn:** Borrowing money on margin to pay bills or other expenses increases a client's level of exposure to market risk and volatility. The more money a client borrows on margin, the greater the market risk.

This is especially true in the event of a significant downturn in the value of the assets used to collateralize the SBL. In some circumstances, clients may lose more money than they originally invested and borrowed. As the marginable investments in a client's portfolio provide the collateral for the SBL, the value of that collateral fluctuates according to market activity, while the amount the client borrows stays the same.

2. The Potential Obligation to Post Collateral or Repay the SBL if the SBL Lender Determines that the Value of Collateralized Securities is No Longer Sufficient to Support the Value of the SBL: The SBL requires a certain minimum value of equity to continue service of the SBL (the "Maintenance Requirement"). If the value of the client's portfolio securities decline in value, so does the value of the collateral supporting the SBL. If the value of the SBL collateral declines to an amount where it is no longer sufficient to support the borrower's line of credit or loan, the SBL Lender will issue a "Maintenance Call" (also referred to as a "margin call"). In that event, the client would be required to post additional collateral or repay the SBL within a specified period of time. The SBL Lender is also commonly entitled to increase its Maintenance Requirement at any time, without having to provide prior written notice to the borrower. As a result, borrowers are subject to risk of repayment of the loan and should be aware of such risks when foregoing a traditional mortgage to finance a real estate purchase.
3. The Risk that the SBL Lender may Liquidate the Client's Securities to Satisfy its Demand for Additional Collateral or Repayment: The SBL Lender commonly reserves the right to render the borrower's repayment immediately due, and/or terminate the SBL at any time without cause, at which point, the outstanding SBL balance would become immediately due and payable. However, if the borrower is unable to add additional collateral to their account or repay the loan with readily available cash, the SBL Lender can typically liquidate the borrower's securities and keep the cash to satisfy the Maintenance Call. When liquidating the securities of the borrower's investment portfolio, the SBL Lender usually reserves the right to decide which securities to sell to protect its interests, and is not necessarily required to provide written notice of its intentions to liquidate. Accordingly, clients who borrow money through an SBL should be aware of this risk and that such risk is not limited to the margin in the client's account, which could result in the client having to owe additional money or collateral to the SBL Lender after the positions are liquidated. It is therefore possible that a client can lose more money than what the client originally invested into the portfolio.
4. Liquidity Risk: SBLs also have a significant effect on the liquidity of a client's portfolio. Namely, a security (whether an equity, mutual fund or ETF) that is used as collateral for an SBL loses its liquidity as long as the SBL is outstanding. Decreased liquidity increases portfolio risk and restricts a client's access to their funds, which clients should strongly consider before using an SBL.
5. Impact on Advisory Fees: Ironwood generally assesses its asset-based fees on the gross value of a client's account and, consequently, maintaining an outstanding SBL balance will not impact a client's fees to Ironwood. Notwithstanding the foregoing, if the client elects to use an SBL to purchase securities which the client then places under Ironwood's management, Ironwood's asset-based fee would include the value of such assets. Accordingly, Ironwood does not recommend the use of SBLs for investment purposes.

## **ITEM 9 – DISCIPLINARY INFORMATION**

### **9a: Civil or Criminal Actions**

Ironwood and its managers have never been found guilty, convicted or plead no contest to a criminal or civil action in a domestic, foreign or military court.

### **9b: Administrative Enforcement Proceedings**

Ironwood and its managers have never been found by the SEC, any other state or federal agency or any foreign regulatory agency to have caused loss of the ability of an investment-related business to do business or been sanctioned, barred or limited in investment-related activities.

**9c: Self-Regulatory Organization Enforcement Proceedings**

Ironwood and its managers have never been found by a self-regulatory agency to have caused loss of the ability of an investment-related business to do business. Additionally, Ironwood and its managers have never been found in violation of self-regulatory agencies rules such that they were barred, suspended, limited in advisory functions or fined.

**ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

**10a: Broker Dealers and Registered Representatives**

Neither Ironwood, nor its representatives, are registered or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

**10b: Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor**

Neither Ironwood, nor our employees, hold any of the above registrations.

**10c: Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests**

The principal business of Ironwood is that of a registered investment advisor and provider of financial planning services. Some of our members may be insurance agents.

Conflict of Interest: The recommendation by Ironwood representatives that a client purchase an insurance commission product presents a conflict of interest, as the receipt of commissions may provide an incentive to recommend investment products based on commissions to be received, rather than on a particular client's need. No client is under any obligation to purchase any insurance commission products from Ironwood representatives. Clients are reminded that they may purchase insurance products recommended by Ironwood through other non-affiliated insurance agents.

**10d: Selection of Other Advisors and How this Advisor is Compensated for those Selections**

Ironwood does not select other advisors.

**ITEM 11 – CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

**11a: Code of Ethics Description**

Ironwood has adopted a Code of Ethics that governs a number of potential conflicts of interest we have when providing our advisory services to you. This Code of Ethics is designed to ensure we meet our fiduciary obligation to you and to stress the importance of a culture of compliance within our firm.

An additional benefit of our Code of Ethics is to detect and prevent violations of securities laws, including our obligations we owe to you.

Ironwood's Code of Ethics is comprehensive, is distributed to each employee at the time of hire, and annually thereafter (if there are changes). We also supplement the Code of Ethics with annual training and on-going monitoring of employee activity. A complete copy of our Code of Ethics will be supplied to you, free of charge, if you request it.

Ironwood's Code of Ethics includes the following:

- Requirements related to the confidentiality of your personal, business and financial information
- Prohibitions on insider trading (if we are in possession of material, non-public information)
- Reporting of gifts and business entertainment
- Pre-clearance of employee and firm transactions
- Reporting (on an on-going and quarterly basis) all personal securities transactions (what we call “reportable securities” as mandated by regulation)
- On an annual basis, we require all employees to re-certify to our Code of Ethics, identify members of their household and any account to which they have a beneficial ownership (they “own” the account or have “authority” over the account), securities held in certificate form and all securities they own at that time

#### **11b, c & d: Participation or Interest in Client Transactions**

Ironwood, or its employees, may buy and sell some of the same securities for our own accounts that we buy and sell for our clients. We will always buy or sell from our clients’ accounts before we buy or sell from our accounts. In some cases Ironwood, or its employees, may buy or sell securities for our own accounts and not for clients’ accounts, as it may not meet the objectives or plans for the client.

Ironwood will always maintain full disclosure with our clients so that you can make informed decisions. We will always evaluate our activity from the view of our clients to ensure that any and all required disclosures are made. For example, we will disclose anything that would cause you to be unfairly influenced to make any decision regarding actions or inactions in your account.

### **ITEM 12 – BROKERAGE PRACTICES**

#### **12a: Selecting Brokerage Firms**

In the event that the client requests that Ironwood recommend a broker-dealer/custodian for execution and/or custodial services (exclusive of those clients that may direct Ironwood to use a specific broker-dealer/custodian), Ironwood generally recommends that investment management accounts be maintained at Schwab and/or Fidelity. Prior to engaging Ironwood to provide investment management services, the client will be required to enter into a formal Investment Advisory Agreement with Ironwood setting forth the terms and conditions under which Ironwood shall manage the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Factors that Ironwood considers in recommending Schwab and/or Fidelity (or any other broker-dealer/custodian to clients) include historical relationship with Ironwood, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by Ironwood's clients shall comply with Ironwood's duty to obtain best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where Ironwood determines, in good faith, that the commission/transaction fee is reasonable. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although Ironwood will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, Ironwood's investment management fee. Ironwood's best execution responsibility is qualified if securities that it purchases for client accounts are mutual funds that trade at net asset value as determined at the daily market close.

#### **12a1: Non-Soft Dollar Research and Benefits**

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, Ironwood can receive from Schwab and/or Fidelity (or another broker-dealer/custodian, investment platform, unaffiliated investment manager, mutual fund sponsor, or vendor)

without cost (and/or at a discount) support services and/or products, certain of which assist Ironwood to better monitor and service client accounts maintained at such institutions. Included within the support services that can be obtained by Ironwood may be investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by Ironwood in furtherance of its investment advisory business operations.

Certain of the above support services and/or products assist Ironwood in managing and administering client accounts. Others do not directly provide such assistance, but rather assist Ironwood to manage and further develop its business enterprise.

Ironwood's clients do not pay more for investment transactions effected and/or assets maintained at Schwab and/or Fidelity as a result of this arrangement. There is no corresponding commitment made by Ironwood to Schwab and/or Fidelity or any other any entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as result of the above arrangement.

#### **12a2: Brokerage for Client Referrals**

Ironwood does not receive referrals from broker-dealers.

#### **12a3: Directed Brokerage**

Ironwood does not generally accept directed brokerage arrangements (when a client requires that account transactions be effected through a specific broker-dealer). In such client directed arrangements, the client will negotiate terms and arrangements for their account with that broker-dealer, and Ironwood will not seek better execution services or prices from other broker-dealers or be able to "batch" the client's transactions for execution through other broker-dealers with orders for other accounts managed by Ironwood. As a result, client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

In the event that the client directs Ironwood to effect securities transactions for the client's accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements that may be available through Ironwood. Higher transaction costs adversely impact account performance. Transactions for directed accounts will generally be executed following the execution of portfolio transactions for non-directed accounts.

#### **12.b: Sales Aggregation**

Ironwood is authorized to aggregate purchases and sales and other transactions made for your account with purchases and sales and other transactions in the same or similar securities or instruments for other clients of ours. When we aggregate transactions, the actual prices applicable to the aggregated transactions will be averaged, and the account will be deemed to have purchased or sold its proportionate share of the securities or instruments involved at the average price obtained. Stock exchange regulations may in certain instances prevent the executing broker-dealer from delivering to the account a confirmation slip with respect to its participation in the aggregated transaction and, in such event, we will advise you in writing of any purchase or disposition of instruments for the account with respect to any such aggregated transaction. We will direct that confirmations of any transactions effected for the account will be sent, in conformity with applicable law, to you.

### **ITEM 13 – REVIEW OF ACCOUNTS**

#### **13a: Periodic Reviews**

Account reviews are conducted on an ongoing basis by Ironwood's principals. All investment advisory clients are advised that it remains their responsibility to advise Ironwood of any changes in their investment objectives

or financial situation.

Financial planning clients receive their financial plans and recommendations at the time the service is completed. Depending on the type of financial planning service requested, we may meet on a regular basis with you to discuss any potential changes to your financial plan.

### **13b: Review Triggers**

More frequent reviews are triggered by a change in your investment objectives; tax considerations; large deposits or withdrawals; large sales or purchases; loss of confidence in corporate management; or, changes in economic climate.

### **13c: Regular Reports**

Investment advisory clients receive standard account statements from the custodian of their accounts on a monthly basis. We encourage you to compare reports for accuracy. Financial planning clients do not normally receive investment reports.

## **ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION**

### **14a: Economic Benefits Provided by Third Parties for Advice Rendered to Clients**

As referenced in Item 12 above, Ironwood may receive economic benefits from Schwab and/or Fidelity, including support services and/or products without cost (and/or at a discount). Ironwood's clients do not pay more for investment transactions effected and/or assets maintained at Schwab and/or Fidelity as a result of this arrangement. There is no corresponding commitment made by Ironwood to Schwab and/or Fidelity or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.

### **14b: Compensation to Non-Advisory Personnel for Client Referrals**

Ironwood does not compensate, directly or indirectly, any person, other than its representatives, for client referrals.

## **ITEM 15 – CUSTODY**

Ironwood shall have written authorization granting it the ability to have its advisory fee for each client debited by the custodian on a quarterly basis. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts.

To the extent that Ironwood provides clients with periodic account statements or reports, the client is urged to compare any statement or report provided by Ironwood with the account statements received from the account custodian. The account custodian does not verify the accuracy of Ironwood's advisory fee calculation.

Ironwood provides other services on behalf of its clients that require disclosure at ADV Part 1, Item 9. In particular, certain clients have signed asset transfer authorizations that permit the qualified custodian to rely upon instructions from Ironwood to transfer client funds to "third parties." In accordance with the guidance provided in the SEC Staff's February 21, 2017 Investment Adviser Association No-Action Letter, the affected accounts are not subjected to an annual surprise CPA examination.

## **ITEM 16 – INVESTMENT DISCRETION**

Ironwood asks our clients to give us discretionary authority to execute transactions without our client's prior approval. These transactions may include the purchase and selling of securities, arranging for payments or generally acting on behalf of our clients in most matters necessary to the handling of the account.

Clients who engage Ironwood on a discretionary basis may, at any time, impose restrictions, in writing, on

Ironwood's discretionary authority. (i.e. limit the types/amounts of particular securities purchased for their account, exclude the ability to purchase securities with an inverse relationship to the market, etc.).

In certain circumstances, we accept non-discretionary authority over our clients' accounts. Non-discretionary authority requires us to obtain your prior approval of each specific transaction prior to executing investment recommendations.

#### **ITEM 17 – VOTING CLIENT SECURITIES**

The clients of Ironwood retain the authority to proxy vote and will continue to do so until we otherwise may agree in writing. You should ensure that proxy ballots are mailed directly to you by selecting this option on your custodial application forms. You are welcome to delegate said proxy voting authority to a third-party representative (non-advisory personnel) by filing the appropriate custodial form.

#### **ITEM 18 – FINANCIAL INFORMATION**

##### **18a: Balance Sheet**

Ironwood does not solicit prepayment of more than \$1,200 in fees per client six (6) months in advance and is not required to submit a balance sheet.

##### **18b: Financial Conditions**

Ironwood has no financial issues that could impair our ability to carry out our fiduciary duty to our clients.

##### **18c: Bankruptcy Petition**

Ironwood has not been the subject of a bankruptcy petition within the last ten (10) years.