



# FORM ADV PART 2A DISCLOSURE BROCHURE

Prepared in compliance with The Investment Advisers Act of 1940 Rule 204-2(A)

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This brochure provides information about the qualification and business practices of Birchwood Financial Partners, Inc. Being registered as a registered investment adviser does not imply a certain level of skill or training. If you have any questions about the contents of this brochure, please contact us at: 952.885.9088

The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Birchwood (CRD #169962) is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

## **Item 2: Material Changes**

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### **Annual Update**

The Material Changes section of this brochure will be updated annually or when material changes occur since the previous release of the Firm Brochure.

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### **Material Changes since the Last Update**

This update is in accordance with the required annual update for Registered Investment Advisors. Since the last filing of this brochure on February 28, 2022, the following has been updated:

- Item 4 has been updated to disclose a current asset under management calculation.
  - Item 7 has been updated to disclose account minimums.
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### **Full Brochure Available**

This Firm Brochure being delivered is the complete brochure for the Firm.

## **Item 3: Table of Contents**

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## Item 4: Advisory Business

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### Firm Description

Birchwood Financial Partners, Inc. formerly Kramer Lothrop Brewer Financial, Inc. ("Birchwood", "We", "Our") has been in business since 1990 and became a Securities and Exchange Commission registered investment advisory firm in 2014. The firm is owned by Dana Brewer, Bridget Handke, Damian Winther, Steve Dixon and Rachel Infante.

Birchwood provides personalized confidential financial planning and investment management primarily to individuals and couples.

We provide a personalized financial planning process that empowers clients to align their financial resources with their goals and values. Our commitment is to give the support and encouragement our clients need to pursue their lifetime goals and live out their dreams.

Our goal is to improve our clients' lives by providing caring, knowledgeable financial advice and solutions which help them seek their lifetime goals and aspirations. We believe that values make a difference and your interests always come first. Our relationship with you is based on integrity, trust and empowerment. Your unique circumstances are the context of any advice we offer.

Birchwood is a fee only financial planning and investment management firm.

Birchwood does not act as a custodian of client assets, however, Birchwood has custody due to direct fee deduction and because Birchwood has third party money movement authorization.

An evaluation of each client's initial situation is provided to the client, often in the form of a financial plan, summary of assets, investment analysis or similar document. Periodic reviews are also communicated to provide reminders of the specific courses of action that need to be taken. More frequent reviews occur but are not necessarily communicated to the client unless immediate changes are recommended.

Other professionals (e.g., lawyers, accountants, tax preparers, insurance agents, etc.) are engaged directly by the client on an as-needed basis and may charge fees of their own. Conflicts of interest will be disclosed to the client in the event they should occur.

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### Types of Advisory Services

Birchwood provides investment advisory services, also known as asset management services and furnishes financial planning and consulting.

#### ASSET MANAGEMENT

Birchwood provides custom management of portfolios, on a discretionary and non-discretionary basis, according to the client's needs. Birchwood will offer clients ongoing portfolio management services through determining individual investment goals, time horizons, objectives, and risk tolerance. Investment strategies, investment selection, asset allocation, portfolio monitoring and the overall investment program will be based on the above factors.

Discretionary – When the client provides Birchwood discretionary authority the client will sign a limited trading authorization or equivalent. Birchwood will have the authority to execute transactions in the account without seeking client approval on each transaction.

Non-discretionary - When the client elects to use Birchwood on a non-discretionary basis, Birchwood will determine the securities to be bought or sold and the amount of the securities to be bought or sold. However, Birchwood will obtain prior client approval on each and every transaction before executing any transactions.

#### ASSETS HELD AWAY

Birchwood offers discretionary and non-discretionary asset management services to individuals on their qualified plans and other investment accounts. Birchwood will work with individuals on determining their individual investment goals, time horizons, objectives, and risk tolerance. Investment strategies, investment selection, and asset allocation are based on the above factors. The accounts will be monitored on an annual basis, unless requested otherwise by client.

### SUB-ADVISOR ARRANGEMENT

Birchwood may from time to time enter into sub-advisor agreements with other Registered Investment Advisors by which Birchwood will pay a fee to that firm for managing a portion of the client's assets. The client will sign an agreement with the sub-advisor authorizing sub-advisor discretion on the account. This arrangement in no way alters the relationship with the client and Birchwood.

### FINANCIAL PLANNING and CONSULTING

Birchwood may provide stand-alone or ongoing financial planning and consulting services if applicable. In a financial plan or consultation, the areas include, but are not limited to, a review of applicable topics such as Business Planning, Cash Flow Management, Divorce Planning, Education Funding, Estate Planning, Income Taxation, Insurance/Risk Management, Investment Planning, Net Worth Evaluation, Retirement Planning, Survivor Needs Analysis, and Written Financial Plan/Consultation. Additional ongoing financial planning/consultation may include follow-up meetings, annual financial planning recommendations, phone and email answer sessions, and accountability check-ins.

If a conflict of interest exists between the interests of the investment advisor and the interests of the client, the client is under no obligation to act upon the recommendation. If the client elects to act on any of the recommendations, the client is under no obligation to effect the transaction through Birchwood. Stand-Alone financial plans will be completed and delivered inside of one hundred and twenty (120) days.

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### **Client Tailored Services and Client Imposed Restrictions**

The goals and objectives for each client are documented in our client files. Investment strategies are created that reflect the stated goals and objective. Clients may impose restrictions on investing in certain securities or types of securities.

Agreements may not be assigned without written client consent.

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### **Wrap Fee Programs**

As of March 1, 2016, we will no longer be offering a wrap fee program to new clients.

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### **Client Assets under Management**

As of December 31, 2022, Birchwood had approximately \$500,098,746 client assets under management on a discretionary basis and approximately \$18,603,766 on a non-discretionary basis.

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## **Item 5: Fees and Compensation**

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### **Method of Compensation and Fee Schedule**

Birchwood bases its fees on a percentage of assets under management, hourly charges and fixed fees.

#### ASSET MANAGEMENT

Birchwood offers discretionary or non-discretionary direct asset management services to advisory clients. Fees for these services will be based on a percentage of Assets Under Management as follows:

Portfolio Value		Maximum Annual Fee*	Maximum Quarterly Fee
First \$ Zero	\$ 250,000	1.50%	.3750%
Next \$ 250,001	\$ 500,000	1.50%	.3750%
Next \$ 500,001	\$ 1,000,000	1.25%	.3125%
Next \$ 1,000,001	\$ 5,000,000	1.00%	.2500%
Next \$ 5,000,001	Over	0.75%	.1875%

\*The fee schedule is a blended schedule whereas when the portfolio value reaches the next threshold, the assets above the threshold are charged the lower percentage.

The annual fee may be negotiable. Birchwood considers cash to be an asset class, and as such is included in fee calculations. Also, to be noted, at times fees will exceed the money market yield. Accounts within the same household may be combined for a reduced fee. Fees are billed quarterly in advance based on the amount of assets managed as of the last day of the previous quarter. Accounts opened within a given quarter are charged at the start of the first full quarter.

All quarterly fees are deducted from the account by the custodian unless other arrangements have been made in writing. When the fee is deducted from the account, it will be reflected in the custodian statement. If a client elects

to pay Birchwood directly by check, Birchwood will provide the client with an invoice disclosing the fee and how it was calculated. Lower fees for comparable services may be available from other sources. Clients may terminate their account within five (5) business days of signing the Investment Advisory Agreement for a full refund. Clients may terminate advisory services with written notice. In the event of termination of the household client will be entitled to a pro-rata refund for the days service was not provided in the final quarter.

If any increase in fees occurs, the client will acknowledge the increase by signing an amended agreement.

Birchwood may pay for some tax preparation services for clients' individual tax returns depending on the length of relationship with Birchwood, complexity of tax preparation needs, Assets Under Management (AUM), and fee paid to Birchwood. Clients engage the services of certain tax preparers that Birchwood works with, and sign an authorization with the tax preparer that allows the tax preparer to share information with Birchwood. Birchwood does not prepare tax returns. It is clear to the clients that any tax preparation services are governed by the agreements the clients make with the tax preparer.

#### SUB-ADVISOR ARRANGEMENT

Birchwood will pay the sub-advisor a portion of the fees charged to the client for assets under management. The client will pay no additional fees when a sub-advisor is used.

#### ASSETS HELD AWAY

Fees for these services will be based on a percentage of Assets Under Management as follows:

Portfolio Value		Maximum Annual Fee*	Maximum Quarterly Fee
First \$	Zero	\$ 250,000	1.50%
Next \$	250,001	\$ 500,000	1.50%
Next \$	500,001	\$ 1,000,000	1.25%
Next \$	1,000,001	\$ 5,000,000	1.00%
Next \$	5,000,001	Over	0.75%

\*The fee schedule is a blended schedule whereas when the portfolio value reaches the next threshold, the assets above the threshold are charged the lower percentage.

The annual fee may be negotiable. Accounts within the same household may be combined for a reduced fee. Fees will be paid in advance every quarter. Client will be provided an invoice at the beginning of the first full quarter payable within ten (10) days of receipt. Clients may choose to pay Birchwood directly or have the amount deducted from another account managed by Birchwood. Clients may terminate their account within five (5) business days for a full refund and no obligation. For termination after five (5) business days, client will be entitled to a pro-rata refund based on the number of days account was not managed.

#### FINANCIAL PLANNING FEES

Birchwood charges either a maximum hourly fee of \$300 or fixed fee ranging between \$1,000 and \$10,000 for the initial stand-alone financial plan. Ongoing financial plans/consultations will be offered for an annual fee of \$1,000 to \$25,000. Prior to the planning or consultation process the client will be provided an estimated fee. For stand-alone financial plans client will pay the fee upon delivery of the completed plan. Services for these plans are completed and delivered inside of one hundred and twenty (120) days. Ongoing financial planning/consultations will be payable monthly or quarterly within ten (10) days of receipt of invoice. Client may cancel within five (5) business days of signing Agreement with no obligation. If the client cancels after five (5) business days, any unpaid earned fees will be due to Birchwood.

### **Additional Client Fees Charged**

Custodians may charge transaction fees on purchases or sales of certain securities. These charges may include transactions fees, postage and handling and miscellaneous fees (fee levied to recover costs associated with fees assessed by self-regulatory organizations). These transaction charges are usually small and incidental to the purchase or sale of a security. The selection of the security is more important than the nominal fee that the custodian charges to buy or sell the security.

Birchwood, in its sole discretion, may waive its minimum fee and/or charge a lesser investment advisory fee based upon certain criteria (e.g., historical relationship, type of assets, anticipated future earning capacity, anticipated future additional assets, dollar amounts of assets to be managed, related accounts, account composition, negotiations with clients, etc.).

For more details on the brokerage practices, see Item 12 of this brochure.

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## Prepayment of Client Fees

Birchwood does not require prepayment of fees of more than \$1200 per client and six months or more in advance.

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## External Compensation for the Sale of Securities to Clients

Birchwood does not receive any external compensation for the sale of securities to clients, nor do any of the investment adviser representatives of Birchwood.

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## Item 6: Performance-Based Fees and Side-by-Side Management

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### Sharing of Capital Gains

Fees are not based on a share of the capital gains or capital appreciation of managed securities.

Birchwood does not use a performance-based fee structure because of the conflict of interest. Performance-based compensation may create an incentive for the adviser to recommend an investment that may carry a higher degree of risk to the client.

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## Item 7: Types of Clients

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### Description

Birchwood provides investment advice primarily to individuals and high net worth individuals, but also provides investment advice to pension and profit sharing plans, charitable organizations, and corporations or other businesses. Client relationships vary in scope and length of service.

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### Account Minimums

Birchwood's Investment Minimum for new clients is generally \$1 million, although exceptions are made in certain circumstances. In general, the following minimums will apply:

Household Age	Minimum Assets
60+	\$1,000,000
50-60	\$750,000
40-50	\$400,000
20-40	\$300,000

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

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### Methods of Analysis

Investing in securities involves risk of loss that clients should be prepared to bear. Past performance is not a guarantee of future returns. The methods of analysis, tools and strategies utilized by Birchwood may include any of the following:

*Fundamental analysis* involves evaluating a security using real data such as company revenues, earnings, return on equity, and profit margins to determine underlying value and potential growth. Fundamental analysis may involve interest rate risk, market risk, business risk, and financial risk.

*Cyclical analysis* involves analyzing the cycles of the market. Cyclical analysis may involve inflation risk, market risk, and currency risk.

*Behavioral Finance* proposes psychology-based theories to explain stock market anomalies. It assumes the information structure and the characteristics of market participants systematically influence the investment decisions of individuals as well as the market outcomes.

*Modern Portfolio Theory ("MPT")* assumes investors are risk averse which means when given two assets with the same expected return the investor will choose the less risky one. An investor is only willing to take more risk if the expected return is greater. Therefore, MPT aims to construct a portfolio of investments that has the best possible expected return for the level of risk.



*Asset Allocation* is an investment strategy used to balance risk and return according to a client's investment objective, risk tolerance and investment horizon. It is used to manage portfolio volatility by investment in different asset classes.

*Diversification* is a risk management strategy used to reduce the volatility of a portfolio by investing in different asset classes, different market sectors, and/or different companies.

## Investment Strategy

The investment strategy for a specific client is based upon the objectives stated by the client during consultations. The client may change these objectives at any time. Clients often execute an Investment Policy Statement that documents their objectives and their desired investment strategy.

Our investment philosophy is based on the principles of Modern Portfolio Theory (MPT) as developed by Nobel Prize winners Harry Markowitz, Merton Miller and William Sharpe. MPT assumes investors are risk averse, meaning that given two assets which offer the same potential return; investors will usually prefer the less risky one. Thus, MPT assures an investor will take on increased risk only if in pursuit of potential returns. Likewise, an investor who wants higher returns must accept more risk.

We also believe that it is nearly impossible to consistently predict the future direction of a security or of the market in general. As such, we do not expect that all of your investments will "beat the market" consistently. Studies have shown that the selection of allocations to stocks, bonds and cash provide the greatest indication of future investment results and that the selection of investments within those categories is less contributive.

Our investment process aims to identify the appropriate mix of various asset classes in your portfolio and select the investment managers which we believe will provide the greatest asset management in that asset class. The process emphasizes the critical importance of working toward achieving an optimal balance of asset classes that matches your risk tolerance.

Target Name/ Construction Description	Alternatives	Equities	Fixed Income	Cash & Equiv.
<b>Aggressive</b> <i>This allocation is for investors who generally have a high tolerance for risk and a long investment time horizon. The main objective of this allocation range is to provide high growth for the investor's portfolio without providing current income. Portfolios in this range may have substantial fluctuations in value from year to year, making this category unsuitable for those who do not have an extended investment horizon.</i>	0% - 25%	75% - 100%	0% - 25%	0% - 10%
<b>Moderately Aggressive</b> <i>This allocation is for investors who generally have a relatively high tolerance for risk and a longer time horizon. These investors will generally have little need for current income and seek above-average growth from their investment portfolio. The main objective of this allocation range is capital appreciation and its investors should be able to tolerate moderate fluctuations in their portfolio values.</i>	0% - 25%	65% - 85%	10% - 40%	0% - 10%
<b>Moderate</b> <i>This allocation is for investors who generally seek relatively stable growth from their investment portfolio, offset by a low level of income. These investors will generally have a higher tolerance for risk and/or a longer time horizon than more conservative investors. The main objective of this allocation range is to achieve steady portfolio growth while generally limiting fluctuations to less than those of the overall stock markets.</i>	0% - 25%	50% - 75%	15% - 45%	0% - 15%
<b>Moderately Conservative</b> <i>This allocation is generally for investors who seek modest capital appreciation and income from the portfolio. These investors will generally have a moderate time horizon or a slightly higher risk tolerance than investors in the conservative range. While this allocation range is still designed to preserve capital, fluctuations in the values of portfolios may occur from year to year.</i>	0% - 25%	35% - 60%	30% - 60%	0% - 20%
<b>Conservative</b> <i>This allocation is for investors who are more cautious, and who generally have a low risk tolerance and/or a short time horizon. These investors will generally seek more liquidity and lower volatility than in the moderately conservative range. The main objective of this allocation range is to preserve capital while providing income.</i>	0% - 30%	0% - 40%	50% - 100%	0% - 30%
<b>Alternate Allocation</b>				

*This allocation is for investors who have risk tolerance, liquidity needs and/or time horizon expectations that are not met by the other asset allocation targets provided. Exposure to market fluctuations and growth expectations will depend on the allocation target used in this option.*

Each equity investment manager has a distinct investment philosophy. Most can be identified as focusing on value or growth styles, or a blend of the two. They also specialize in investing in large, medium or small companies or U.S. and non-U.S. stocks. While your portfolio performance is determined to a large extent by its overall asset allocation, we are critical of the role that the individual investment manager plays and strive to be critical in the selection of these managers.

Our process for selecting the investment managers for your portfolio includes initial screening, quantitative analysis, and qualitative analysis. This process is followed on an ongoing basis to help ensure that selected investment managers remain competitive and emerging investment managers are evaluated.

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## **Security Specific Material Risks**

All investment programs have certain risks that are borne by the investor. Investors face the following investment risks and should discuss these risks with Birchwood:

- *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.
- *Market Risk:* The price of a security may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- *Inflation Risk:* When any type of inflation is present, a dollar today will buy more than a dollar next year, because purchasing power is eroding at the rate of inflation.
- *Currency Risk:* Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- *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.
- *Business Risk:* These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- *Liquidity Risk:* Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- *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.
- *Funding Risk:* The risk that, as a result of mismatches or delays in the timing of cash flows due from or to the client or counterparty in the transactions, the client or counterparty may not have adequate cash available to fund current obligations.
- *Operational Risk:* The risk of loss to the client arising from inadequacies in or failures of system and controls for, monitoring and quantifying the risks and contractual obligations associated with the transactions, for recording and valuing the transactions, or for detecting human errors or systems failures.
- *Credit Risk:* The risk of loss of principal stemming from a borrower's failure to repay a loan or otherwise meet a contractual obligation.
- *Mutual Funds and Exchange-Traded Funds (ETFs):* An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual fund and ETF shareholders are necessarily subject to the risks

stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains, as mutual funds and ETFs are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss.

Shares of mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value ("NAV"), plus any shareholders fees (e.g., sales loads, purchase fees, redemption fees). The per share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes to the market value of the fund's holdings.

The trading prices of an ETF's shares may differ significantly from the NAV during periods of market volatility, which may, among other factors, lead to the ETF's shares trading at a premium or discount to actual NAV. Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units. Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.

Birchwood may utilize long and short mutual funds and/or exchange traded funds that are designed to perform in either an: (1) inverse relationship to certain market indices (at a rate of 1 or more times the inverse [opposite] result of the corresponding index) as an investment strategy and/or for the purpose of either hedging against downside market risk or increasing gains in an advancing market; and (2) enhanced relationship to certain market indices (at a rate of 1 or more times the actual result of the corresponding index) as an investment strategy and/or for the purpose of either hedging against downside market risk or increasing gains in an advancing market. There can be no assurance that any such strategy will prove profitable or successful. In light of these enhanced risks/rewards, a client may direct Birchwood, in writing, not to employ any or all such strategies for his/her/their/its accounts.

- *Futures and Options:* Futures and options contracts on securities may carry a high degree of risk. The amount of the initial margin is small relative to the value of the futures contract so that transactions are "leveraged" or "geared". A relatively small market movement will have a proportionately larger impact, which may work for or against the investor. The placing of certain orders, which are intended to limit losses to certain amounts, may not be effective because market conditions may make it impossible to execute such orders. Transactions in options also may carry a high degree of risk.

Options allow investors to buy or sell a security at a contracted strike price (not necessarily the current market price) at or within a specific period of time. Clients may pay or collect a premium for buying or selling an option. Investors transact in options to either hedge against potential losses or to speculate on the performance of the underlying securities. Options transactions contain a number of inherent risks, including the partial or total loss of principal in the event that the value of the underlying security or index does not increase or decrease to the level of the respective strike price. Holders of options contracts are also subject to default by the option writer which may be unwilling or unable to perform its contractual obligations.

- *Sub-Advisors:* Birchwood may recommend the use of sub-advisors. In these situations, Birchwood continues to perform ongoing due diligence of such managers, but such recommendations rely to a great extent on the Sub-Advisors' ability to successfully implement its investment strategies. In addition, Birchwood does not, nor does it have the ability to, supervise Sub-Advisors on a day-to-day basis.

## **Item 9: Disciplinary Information**

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### **Criminal or Civil Actions**

Birchwood and its management have not been involved in any criminal or civil action.

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### **Administrative Enforcement Proceedings**

Birchwood and its management have not been involved in administrative enforcement proceedings.

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## **Self-Regulatory Organization Enforcement Proceedings**

Birchwood and its management have not been involved in legal or disciplinary events related to past or present investment clients.

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

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### **Broker-Dealer or Representative Registration**

Birchwood is not a broker/dealer nor does the firm have an application pending to become one. None of the employees of Birchwood are registered representatives of a broker-dealer.

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### **Futures or Commodity Registration**

Neither Birchwood nor its employees are registered or has an application pending to register as a futures commission merchant, commodity pool operator, or a commodity trading advisor.

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### **Material Relationships Maintained by this Advisory Business and Conflicts of Interest**

There are no outside business activities to disclose.

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### **Recommendations or Selections of Other Investment Advisors and Conflicts of Interest**

Birchwood may at times use the services of outside specialty asset managers. These managers are often institutional asset managers who specialize in particular investment strategies.

Birchwood may at times hire sub-advisors. These arrangements are described in detail in Items 4 and 5 of this brochure.

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## **Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

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### **Code of Ethics Description**

The employees of Birchwood have committed to a Code of Ethics ("Code"). The purpose of our Code is to set forth standards of conduct expected of Birchwood employees and addresses conflicts that may arise. The Code defines acceptable behavior for employees of Birchwood. The Code reflects Birchwood and its supervised persons' responsibility to act in the best interest of clients.

One area the Code addresses is when employees buy or sell securities for their personal accounts and how to mitigate any conflict of interest with our clients. We do not allow any employees to use non-public material information for their personal profit or to use internal research for their personal benefit in conflict with the benefit to our clients.

Birchwood policy prohibits any person from acting upon or otherwise misusing non-public or inside information. No advisory representative or other employee, officer or director of Birchwood may recommend any transaction in a security or its derivative to advisory clients or engage in personal securities transactions for a security or its derivatives if the advisory representative possesses material, non-public information regarding the security.

Birchwood's Code is based on the guiding principle that the interests of the client are our top priority. Birchwood officers, directors, and other advisors have a fiduciary duty to our clients and must diligently perform that duty to maintain the complete trust and confidence of our clients. When a conflict arises, it is our obligation to put the client's interests over the interests of either employees or the company.

The Code applies to "access" persons. "Access" persons are employees who have access to non-public information regarding any clients' purchase or sale of securities, or non-public information regarding the portfolio holdings of any reportable fund, who are involved in making securities recommendations to clients, or who have access to such recommendations that are non-public.

The firm will provide a copy of the Code of Ethics to any client or prospective client upon request.

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## **Investment Recommendations Involving a Material Financial Interest and Conflict of Interest**

Birchwood and its employees do not recommend to clients securities in which we have a material financial interest.

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## **Advisory Firm Purchase of Same Securities Recommended to Clients and Conflicts of Interest**

Birchwood and its employees may buy or sell securities that are also held by clients. In order to mitigate conflicts of interest such as front running, employees are required to disclose all reportable securities transactions as well as provide Birchwood with copies of their brokerage statements.

The Chief Compliance Officer of Birchwood is Jill Vilkama. She reviews all employee trades each quarter. The personal trading reviews ensure that the personal trading of employees does not affect the markets and that clients of the firm receive preferential treatment over employee transactions.

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## **Client Securities Recommendations or Trades and Concurrent Advisory Firm Securities Transactions and Conflicts of Interest**

Birchwood does not maintain a firm proprietary trading account and does not have a material financial interest in any securities being recommended and therefore no conflicts of interest exist. However, employees may buy or sell securities at the same time they buy or sell securities for clients. In order to mitigate conflicts of interest such as front running, employees are required to disclose all reportable securities transactions as well as provide Birchwood with copies of their brokerage statements.

The Chief Compliance Officer of Birchwood is Jill Vilkama. She reviews all employee trades each quarter. The personal trading reviews ensure that the personal trading of employees does not affect the markets and that clients of the firm receive preferential treatment over employee transactions.

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## **Item 12: Brokerage Practices**

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### **Factors Used to Select Broker-Dealers for Client Transactions**

Birchwood recommends clients use Schwab Institutional, a division of Charles Schwab & Co., Inc. ("Schwab"), Member FINRA and SIPC, to maintain custody of clients' assets and to effect transactions within the accounts. Birchwood and Schwab are not affiliated companies. Birchwood will select appropriate brokers based on a number of factors including but not limited to their relatively low transaction fees and reporting ability. Birchwood relies on its broker to provide its execution services at the best prices available. Lower fees for comparable services may be available from other sources. Clients pay for any and all custodial fees in addition to the advisory fee charged by Birchwood.

- *Directed Brokerage*  
In circumstances where a client uses a broker/dealer other than Charles Schwab Institutional, Birchwood still has a fiduciary duty to its clients. The following may apply with Directed Brokerage: Birchwood's inability to negotiate commissions, the inability to obtain volume discounts, and a disparity in commission charges among clients.
- *Best Execution*  
Investment advisors who manage or supervise client portfolios on a discretionary basis have a fiduciary obligation of best execution. The determination of what may constitute best execution and price in the execution of a securities transaction by a broker involves a number of considerations and is subjective. Factors affecting brokerage selection include the overall direct net economic result to the portfolios, the efficiency with which the transaction is effected, the ability to effect the transaction where a large block is involved, the operational facilities of the broker/dealer, the value of an ongoing relationship with such broker and the financial strength and stability of the broker. Birchwood does not receive any portion of the trading fees.
- *Soft Dollar Arrangements*  
The Securities and Exchange Commission defines soft dollar practices as an arrangement under which products or services other than execution services are obtained by Birchwood from or through a broker-dealer in exchange for directing client transactions to the broker-dealer. As permitted by Section 28(e) of the Securities Exchange Act of 1934, Birchwood receives economic benefits as a result of commissions

generated from securities transactions by the broker-dealer from the accounts of Birchwood. These benefits include both proprietary research from the broker and other research written by third parties.

Schwab provides Birchwood with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisers on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the adviser's clients' assets are maintained in accounts at Schwab Institutional. These services are not contingent upon our firm committing to Schwab any specific amount of business (assets in custody or trading commissions). Schwab's brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

For our client accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

Schwab Institutional also makes available to our firm other products and services that benefit Birchwood but may not directly benefit our clients' accounts. Many of these products and services may be used to service all or some substantial number of our client accounts, including accounts not maintained at Schwab.

Schwab's products and services that assist us in managing and administering our clients' accounts include software and other technology that:

- provide access to client account data (such as trade confirmations and account statements);
- facilitate trade execution and allocate aggregated trade orders for multiple client accounts;
- provide research, pricing and other market data;
- facilitate payment of our fees from clients' accounts; and
- assist with back-office functions, recordkeeping and client reporting.

Schwab Institutional also offers other services intended to help us manage and further develop our business enterprise. These services may include:

- compliance, legal and business consulting;
- publications and conferences on practice management and business succession; and
- access to employee benefits providers, human capital consultants and insurance providers.

Schwab may make available, arrange and/or pay third-party vendors for the types of services rendered to Birchwood. Schwab Institutional may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to our firm. Schwab Institutional may also provide other benefits such as educational events or occasional business entertainment of our personnel.

In evaluating whether to recommend or require that clients custody their assets at Schwab, we may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors we consider and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest. This conflict is mitigated by disclosures, procedures, and the firm's Fiduciary obligation to act in the best interest of its clients and the services received are beneficial to all clients.

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## **Aggregating Securities Transactions for Client Accounts**

Birchwood may aggregate orders in a block trade or trades when securities are purchased or sold through the same broker-dealer for multiple (discretionary) accounts. If block trades cannot be executed in full at the same price or time, the securities actually purchased or sold by the close of each business day must be allocated in a manner that is consistent with the initial pre-allocation or other written statement. This must be done in a way that does not consistently advantage or disadvantage particular client accounts. For example, a partial fill will generally be filled pro-rata among participating accounts. Prior to entry of a block trade, a written pre-allocation will be generated which identifies the group of client accounts participating in the order.

Changes in allocation prior to final allocation may be made for good cause provided that all client accounts receive fair and equitable treatment. A written explanation of the reason for any material change in the allocation must be provided to and approved by the Compliance Officer no later than the morning following the execution of the trade.

If the change in the allocation is the result of a condition that exists or a change in the client's account outside of the portfolio manager's control, then approval by the Compliance Officer is not required.

## **Item 13: Review of Accounts**

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### **Schedule for Periodic Review of Client Accounts and Advisory Persons Involved**

Account reviews are conducted at least annually or if clients goals or needs change. The reviews are performed by Investment Adviser Representatives of Birchwood.

Financial plans are considered complete when recommendations are delivered to the client and a review is done upon request of client or at the discretion of Birchwood.

### **Review of Client Accounts on Non-Periodic Basis**

Other conditions that may trigger a review of clients' accounts are changes in the tax laws, new investment information, and changes in a client's own situation.

### **Content of Client Provided Reports and Frequency**

Clients receive account statements no less than quarterly for managed accounts. Account statements are issued by the Advisor's custodian. Client receives confirmations of each transaction in account from Custodian and an additional statement during any month in which a transaction occurs. Performance reports will be provided by Birchwood at least quarterly to clients with assets under management, exclusive of Assets Held Away.

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

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### **Economic Benefits Provided to the Advisory Firm from External Sources and Conflicts of Interest**

Birchwood may receive direct or indirect economic benefits from Schwab. Detailed information is provided in Item 12 under Soft Dollar Arrangements.

### **Advisory Firm Payments for Client Referrals**

Birchwood does not compensate for client referrals.

## **Item 15: Custody**

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### **Account Statements**

All assets are held at a qualified custodian, which means the custodian provides account statements directly to clients at their address of record or via electronic delivery with client consent at least quarterly. Clients are urged to compare the account statements received directly from the custodian to the performance report prepared by Birchwood. Clients are urged to report any discrepancies to Birchwood.

Birchwood is deemed to have constructive custody because advisory fees are directly deducted from client's account by the custodian on behalf of Birchwood and due to its third party money movement authority. Birchwood and its qualified custodian meet the following seven (7) conditions in order to avoid maintaining full custody:

1. The client provides an instruction to the qualified custodian, in writing, that includes the client's signature, the third party's name, and either the third party's address or the third party's account number at a custodian to which the transfer should be directed.
2. The client authorizes the investment adviser, in writing, either on the qualified custodian's form or separately, to direct transfers to the third party either on a specified schedule or from time to time.
3. The client's qualified custodian performs appropriate verification of the instruction, such as a signature review or other method to verify the client's authorization, and provides a transfer of funds notice to the client promptly after each transfer.
4. The client has the ability to terminate or change the instruction to the client's qualified custodian.
5. The investment adviser has no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party contained in the client's instruction.

6. The investment adviser maintains records showing that the third party is not a related party of the investment adviser or located at the same address as the investment adviser.
7. The client's qualified custodian sends the client, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.

## **Item 16: Investment Discretion**

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### **Discretionary Authority for Trading**

Birchwood accepts discretionary authority to manage securities accounts on behalf of clients. Birchwood has the authority to determine, without obtaining specific client consent, the securities to be bought or sold, and the amount of the securities to be bought or sold. However, Birchwood consults with the client prior to each trade to obtain concurrence if a blanket trading authorization has not been given.

The client approves the custodian to be used and the commission rates paid to the custodian. Birchwood does not receive any portion of the transaction fees or commissions paid by the client to the custodian on certain trades.

## **Item 17: Voting Client Securities**

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### **Proxy Votes**

Birchwood does not vote proxies on securities. Clients are expected to vote their own proxies. The client will receive their proxies directly from the custodian of their account or from a transfer agent.

When assistance on voting proxies is requested, Birchwood will provide recommendations to the client. If a conflict of interest exists, it will be disclosed to the client.

## **Item 18: Financial Information**

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### **Balance Sheet**

A balance sheet is not required to be provided because Birchwood does not serve as a custodian for client funds or securities and Birchwood does not require prepayment of fees of more than \$1200 per client and six months or more in advance.

### **Financial Conditions Reasonably Likely to Impair Advisory Firm's Ability to Meet Commitments to Clients**

Birchwood has no condition that is reasonably likely to impair our ability to meet contractual commitments to our clients.

### **Bankruptcy Petitions during the Past Ten Years**

Neither Birchwood nor its management has had any bankruptcy petitions in the last ten years.