

# REDWOOD

PRIVATE WEALTH

Redwood Private Wealth LLC

Part 2A of Form ADV: Firm Brochure  
SEC File Number: 312942

September 15, 2023

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**This Brochure provides information about the qualifications and business practices of Redwood Private Wealth LLC (“Redwood”). If you have any questions about the contents of this Brochure, please contact us at 480.646.3504 or via email at [compliance@redwoodprivatewealth.com](mailto:compliance@redwoodprivatewealth.com). 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 Redwood Private Wealth also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**References herein to Redwood Private Wealth as a “registered investment adviser” or any reference to being “registered” does not imply a certain level of skill or training.**

## **Item 2           Material Changes**

Pursuant to current SEC Rules, Redwood Private Wealth, LLC (“Redwood”) will ensure that clients receive a summary of any material changes to this and subsequent disclosure brochures within 120 days of the close of the firm’s fiscal year which occurs at the end of the calendar year. Redwood may further provide other ongoing disclosure information about material changes as necessary. Redwood may also provide clients with a new disclosure brochure as necessary based on changes or new information, at any time, without charge.

**There have been the following material changes since our last annual updating amendment in March 2023:**

**Item 12: Brokerage Practices** TD Ameritrade has now merged with Charles Schwab. Therefore, TD Ameritrade has been removed from this brochure to reflect this change.

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

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#### **Item 4            Advisory Business**

Redwood Private Wealth, (“Redwood”) is an Arizona Limited Liability Company owned by NCAZ Financial Holdings, LLC. Redwood was founded in April 2021.

#### **Redwood provides the following services:**

**Portfolio Management Services.** Redwood provides ongoing portfolio management services to individuals, families and businesses. When providing portfolio management services, the firm not only makes recommendations related to investments, but also implements these recommendations and provides ongoing monitoring and management of each account. Each portfolio is tailored to the individual needs of a particular client (whether an individual, a family or a business) through an assessment conducted prior to an engagement. Clients may impose restrictions related to the level of discretion granted, the types of investments used, etc. Clients that determine to engage Redwood on a non-discretionary investment basis must be willing to accept that Redwood cannot effect any account transactions without obtaining prior consent to any such transaction(s) from the client. Thus, in the event of a market correction during which the client is unavailable, Redwood will be unable to effect any account transactions (as it would for its discretionary clients) without first obtaining the client’s consent. Terms of an actual engagement, including description of service, limitations and restrictions, fees, etc., are all detailed before any engagement begins in a written client agreement.

**Financial Planning and Consulting Services.** Redwood provides financial planning and/or consulting services (including investment and non-investment related matters, including estate planning, insurance planning, etc.) on a fixed fee or hourly fee basis. Prior to engaging Redwood to provide planning or consulting services, clients are required to enter into a *Financial Planning and Consulting Agreement* with Redwood setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the portion of the fee that is due from the client prior to Redwood commencing services. The client always retains absolute discretion over all such implementation decisions and always has the right whether to accept or reject any recommendation from Redwood. **Please Note:** It remains the client’s responsibility to promptly notify Redwood if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating or revising Redwood’s previous recommendations and/or services.

As indicated above, Redwood may provide financial planning and related consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, etc. Neither Redwood nor its representatives serve as an attorney or accountant, and no portion of its services should be construed as legal or accounting advice. Accordingly, Redwood **does not** prepare estate planning documents or tax returns. To the extent requested by a client, Redwood

may recommend the services of legal or tax professionals. Clients are reminded that they always have the right to decide whether to engage the services of any such recommended professional.

**Selection of Other Advisers.** Redwood may direct clients to third party investment advisers. Before selecting other advisers for clients, Redwood will verify that all recommended advisers are properly licensed, notice filed, or exempt in the states where Redwood is recommending the adviser to clients.

**Pension Consulting Services.** Redwood offers consulting services to pension or other employee benefit plans (including but not limited to 401(k) plans). Pension consulting may include, but is not limited to:

- identifying investment objectives and restrictions
- providing guidance on various assets classes and investment options
- recommending money managers to manage plan assets in ways designed to achieve objectives
- monitoring performance of money managers and investment options and making recommendations for changes
- recommending other service providers, such as custodians, administrators and broker-dealers
- creating a written pension consulting plan

These services are based on the goals, objectives, demographics, time horizon, and/or risk tolerance of the plan and its participants.

**Implementation of Financial Planning Recommendations.** The client retains absolute discretion over all such implementation decisions and always has the right whether to accept or reject any recommendation made by Redwood or its representatives or any affiliated entities. Clients may be offered insurance products through an affiliated entity, (See Item 10 of this Brochure for more information about affiliated entities). In the event clients purchase insurance products through an affiliated entity, the affiliated entity and or principles of Redwood may receive profits and your financial professional receives compensation in the form of commission. While these individuals endeavor at all times to put the interests of the clients first as part of Redwood's fiduciary duty, clients should be aware that this practice presents a conflict of interest because individuals providing investment advice on behalf of Redwood, who are also insurance agents may have an incentive to recommend products to clients for the purpose of generating commissions, rather than solely based on client needs. Clients are under no obligation, contractually or otherwise, to purchase insurance products through an affiliated entity or from your Redwood Advisor.

**Investment Advice Relating to Retirement Accounts.** When Redwood provides investment advice regarding a retirement plan account or individual retirement account, Redwood is a fiduciary within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable. The way we make money creates some conflicts with your interests, so we operate under a special rule that requires us to act in your best interest and

not put our interest ahead of yours.

As such, Redwood is subject to specific duties and obligations under ERISA and the IRC that include, among other things, prohibited transaction rules which are intended to prohibit fiduciaries from acting on conflicts of interest. When a fiduciary gives advice in which it has a conflict of interest, the fiduciary must either avoid or eliminate the conflict or rely upon a prohibited transaction exemption (a “PTE”).

Under this special rule’s provisions, Redwood must:

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

**Retirement Rollovers Conflict of Interest.** To the extent Redwood recommends you roll over your account from a current retirement plan account to an individual retirement account managed by Redwood, please know that Redwood and our investment adviser representatives have a conflict of interest.

We can earn increased investment advisory fees by recommending that you roll over your account at the retirement plan to an IRA managed by Redwood. We will earn fewer investment advisory fees if you do not roll over the funds in the retirement plan to an IRA managed by Redwood.

Thus, our investment adviser representatives have an economic incentive to recommend a rollover of funds from a retirement plan to an IRA which is a conflict of interest because our recommendation that you open an IRA account to be managed by our firm can be based on our economic incentive and not based exclusively on whether or not moving the IRA to our management program is in your overall best interest.

We have taken steps to manage this conflict of interest. We have adopted an impartial conduct standard whereby our investment adviser representatives will (i) provide investment advice to a retirement plan participant regarding a rollover of funds from the retirement plan in accordance with the fiduciary status described below, (ii) not recommend investments which result in Redwood receiving unreasonable compensation related to the rollover of funds from the retirement plan to an IRA, and (iii) fully disclose compensation received by Redwood and our supervised persons and any material conflicts of interest related to recommending the rollover of funds from the retirement plan to an IRA and refrain from making any materially misleading statements regarding such rollover.

When providing advice to your regarding a retirement plan account or IRA, our investment advisor

representatives will act with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims, based on the investment objectives, risk, tolerance, financial circumstances, and a client's needs, without regard to the financial or other interests of Redwood or our affiliated personnel.

The client has options other than rolling over the assets to an account managed by Redwood, including managing the assets without the assistance of Redwood as part of their current employer sponsored retirement plan or by rolling over the assets to an IRA. In both cases, the client would not be required to pay additional fees to Redwood and the client would be responsible for managing the assets on their own. The Client always has the right to decide whether or not to rollover retirement plan assets to an account managed by Redwood.

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

Redwood shall provide investment services specific to the needs of each client. Prior to providing investment services, an investment adviser representative will ascertain each client's investment objective(s). Thereafter, Redwood shall allocate and/or recommend that the client allocate investment assets consistent with the designated investment objective(s). The client may, at any time, impose reasonable restrictions, in writing, on Redwood's services.

**Educational Seminars/Workshops.** Your Redwood advisor may provide educational workshops for those desiring information on personal finance and investing. Topics may include issues related to general financial planning, educational funding, estate planning, retirement strategies, insurance planning and various other current economic or investment topics.

**Wrap Program.** Redwood does not participate in a wrap fee program.

**Assets Under Management.** As of February 14, 2023, total assets under management are \$190,821,577 on a discretionary basis and \$13,522,126 on a non-discretionary basis.

## **Item 5 Fees and Compensation**

**Assets Under Management Fees.** We typically charge annual fees based upon assets under management ("AUM Fee").

Redwood's AUM Fee is negotiable at our discretion, but generally ranges from negotiable up to 2.50%, depending upon various factors including but not limited to: the amount of assets to be

managed; portfolio composition; the scope and complexity of the engagement; the anticipated number of meetings and servicing needs; related accounts; future earning capacity; anticipated future additional assets; the professional(s) rendering the service(s); prior relationships with Redwood and/or its representatives, and negotiations with the client. As a result, similarly situated clients could pay different fees and the services to be provided by Redwood to any particular client could be available from other advisers at lower fees.

Fees are calculated on an annualized percentage and assessed quarterly in advance based on the value of the portfolio as of the last day of the previous quarter. Any additions of \$10,000 or more deposited to existing accounts will be prorated and partial withdrawals of \$10,000 or more will also be pro-rated for fee purposes. New clients are charged a pro-rated fee for the initial quarter. You should discuss with your Redwood Advisor the exact fee schedule agreed to by you. You will receive a thirty (30) day notice in writing of any change to your fee schedule.

**Please Note: Cash Positions.** At any specific point in time, depending upon perceived or anticipated market conditions/events (there being **no guarantee** that such anticipated market conditions/events will occur), Redwood may maintain cash positions for defensive purposes. All cash positions (money markets, etc.) shall be included as part of assets under management for purposes of calculating Redwood's fee.

Clients typically elect to have Redwood's fees deducted from their custodial account(s). Both Redwood's Investment Advisory Agreement and the custodial/clearing agreement may authorize the custodian to debit the account for the amount of Redwood's investment advisory fee and to directly remit that management fee to Redwood in compliance with regulatory procedures. In the limited event that Redwood bills the client directly, payment is due upon receipt of Redwood's invoice.

**Financial Planning and Consulting Fees.** Redwood's planning and consulting fees are negotiable and may be complementary at Redwood's discretion, but generally range from \$1,000 to \$10,000 when charged on a fixed fee basis or up to \$500 per hour when charged on an hourly rate basis, depending upon the level and scope of the service(s) required and the professional(s) rendering the service(s).

**Selection of Other Advisers Fees.** Redwood may direct clients to third-party investment advisers. Redwood will receive its standard fee on top of the fee paid to the third-party adviser. The fees shared are negotiable and will not exceed any limit imposed by any regulatory agency. The notice of termination requirement and payment of fees for third-party investment advisers will depend on the specific third-party adviser selected.

**Pension Consulting Services Fees.** Redwood's pension consulting fees are negotiable, but generally are charged up to 100bps (basis points) of the plan assets for which Redwood is providing such consulting services or on a fixed fee basis up to \$50,000 depending upon the level and scope



of the service(s) required and the professional(s) rendering the service(s).

**Educational Seminar Fees.** While certain Educational Seminars may be complementary at Redwood's discretion, generally Educational Seminars attendees may be assessed a fee ranging from \$40 to \$100. The workshop fee is announced in advance and determined by the length of the event, the number and expertise of the presenters involved, and whether or not educational materials are being provided.

**Other Fees.** A technology fee of \$50 per account is charged annually for technology (used to support data reconciliation, performance reporting, fee calculation and billing, research, client database maintenance, quarterly performance evaluations, payable reports, models, trading platforms, and other functions related to the administrative tasks of managing client accounts), unless waived at our discretion. Additionally, each account that requires the use of a data aggregation service will be charged a fee of \$50 annually, unless waived at our discretion. Fees are in addition to the stated fees mentioned above and will be automatically debited from Client's designated account in advance on quarterly basis or invoiced to Client at the same billing frequency described above (i.e. \$50 annual fee is charged \$12.50 per quarter). This technology fee is in addition to the stated standard or negotiated advisory fees. Any prepaid, unused portion of this fee will be refunded in accordance with the terms of your Agreement.

Redwood shall generally recommend one of our preferred custodians for client investment management assets. Broker-dealers charge brokerage commissions and/or transaction fees for effecting certain securities transactions (i.e. transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity and fixed income securities transactions). In addition to Redwood's investment management fees, brokerage commissions and/or transaction fees, clients will also incur, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g. management fees and other fund expenses).

**Refunds.** The Investment Agreement between Redwood and the client will continue in effect until terminated by either party by written notice in accordance with the terms of the Investment Agreement. Upon termination, Redwood shall refund the unearned prorated portion of the advanced fee paid based upon the number of days remaining in the billing quarter.

**Compensation for Sale of Securities.** Neither Redwood, nor its representatives, accepts compensation from the sale of securities or other investment products.

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

Neither Redwood, nor any supervised person of Redwood, accepts performance-based fees and therefore Redwood does not engage in side-by-side management.

## **Item 7           Types of Clients**

We serve individuals, high net worth individuals, business entities and pension/profit sharing plans. Redwood does not generally require a minimum asset level for investment services, but may in its own discretion decline to provide investment advisory services.

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

### **A. Methods of Analysis and Investment Strategies.**

Portfolio strategies are typically combined and blended in an effort to meet the client's investment objectives. Below is a description of some of the investment strategies we commonly use to manage client portfolios.

**1. Passively Managed Strategies.** Our passively managed Portfolios give investors a diversified portfolio targeted to goals like their estimated date of retirement. Use of index funds or passively managed asset class funds reduces the risks associated with actively managed and tactically portfolios. Passively Managed Strategies seek to track the returns of various asset classes or indexes available within the publicly traded markets. The goal is to match the return of the targeted asset class or index instead of trying to outperform it or reduce the risk present in that given asset class or index. We attempt to meet client investment objectives and manage risks through asset allocation.

Risk may be managed by the Asset Allocation and Security Selection of the portfolio. Please see material risks for more information.

**2. Actively Managed Strategies.** Our actively managed portfolio seeks to exploit market inefficiencies by purchasing securities (stocks, bonds or other investments etc.) that are undervalued or by short selling securities that are overvalued. Most of the actively managed portfolios at Redwood do not use shorting.

Active portfolio managers may use a variety of factors and strategies to construct their portfolio(s). These include quantitative measures such as price-earnings ratios and PEG ratios, sector investments that attempt to anticipate long-term macroeconomic trends (such as a focus on energy or housing stocks), technical analysis such as price movement, and purchasing stocks of companies that are temporarily out-of-favor or selling at a discount to their intrinsic value. Some actively managed funds also pursue strategies such as risk arbitrage, short positions, option writing, and asset allocation. Generally, multiple securities and/or investments are used to diversify a portfolio. The goal is to improve the probability of a positive return.

When used, options strategies typically include buying puts to hedge equity risk, writing covered calls for income generation, and buying calls as an equity substitute. Option strategies can also be used to significantly increase risk and this may result in substantial losses. If you select to have

options be a part of your portfolio, you should consult your Advisor for clarification on whether they are being used to increase or decrease risk in your portfolio.

Actively managed strategies vary greatly from one another so it is important to discuss and understand the investment methodology being used. Risks may be managed through Asset Allocation, Security Selection and in some strategies Trading of Securities. Please see material risks for more information.

**3. Tactically Managed Strategies.** Our Tactically Managed Strategies seek to take advantage of short term and/ or longer term market trends. Tactical investing involves taking long or short term positions in a range of securities. The manager then tactically trades and allocates to these securities in an effort to manage risk and produce a positive return. Technical, quantitative and to a lesser degree fundamental analysis is often an important consideration in tactical strategies as it can be helpful in determining optimal entry and exit points.

Tactically Managed Strategies are generally more complex and involve different risks than standard buy and hold investment strategies. Unlike Passively Managed Strategies and many Actively Managed Strategies the performance of the portfolio is primarily driven by the Trading of Securities in the portfolio or strategy and not the long term holding of assets or securities.

Tactically managed strategies vary greatly from one another so it is important to discuss and understand the investment methodology being used. Risks may be managed through Asset Allocation, Security Selection and Trading of Securities. Please see material risks for more information.

**4. Blended Strategies.** Blended Strategies involve blending of Passively Managed Strategies, Actively Managed Strategies and Tactically Managed Strategies in the construction of your portfolio. Please see the above descriptions of Passively Managed, Actively Managed and Tactically Managed Strategies to understand more about these portfolios.

Combined strategies vary greatly from one another so it is important to discuss and understand the investment methodologies being used. Risks may be managed through Asset Allocation, Security Selection and Trading of Securities. Please see material risks for more information.

**B. Material Risks.** The methods used in our investment strategies carry material risks:

- Asset Allocation
- Security Selection
- Trading of Securities

There are three additional material risks to be aware of when investing.

- Fraud

- Counterparties
- Extraordinary Events

There is no guarantee that the investment objectives of a client, account, investment or portfolio will be met. The material risks described in this section help to explain how and when this can occur and the risks accompany the investment advice provided by your advisor and our firm.

**1. Asset Allocation.** In general, safer portfolios are constructed from large allocations to strategies that hold cash, government and high-grade corporate bonds. Higher risk portfolios have larger allocations to stocks. Tactical Portfolios will use trading strategies in seeking to meet investment objectives. The asset allocation we recommend will vary depending on your personal investment goals. A general guide to asset allocation is offered below.

Asset Allocation risks are present in all our investment strategies.

**i. What is the risk of losing all or some of my investment?** Investing always involves a risk of loss, which you should be prepared to bear. See the asset allocation descriptions below for more information. When investing there is always the risk of losing all of your original investment. A Very Conservative Portfolio has a much lower probability of loss than a Very Aggressive Portfolio or Speculative Portfolio.

**ii. How would a market crash affect my portfolio?** Even a portfolio with an asset allocation that matches your financial goals and risk tolerance can be impacted by rare and improbable market events such as the stock market crash of 1929, “Black Monday” of 1987 or the Financial Crisis of 2008. You should not expect us to predict such market anomalies and understand that they may have a tremendously negative impact on the value of traditionally “safe” assets.

*Example: Prior to the financial crisis of 2008, investment grade bonds from financial institutions were considered safe investments. However, the crisis caused many of these bonds to lose 50% of their value.*

**iii. How would a market crash affect my portfolio?** Even a portfolio with an asset allocation that matches your financial goals and risk tolerance can be impacted by rare and improbable market events such as the stock market crash of 1929, “Black Monday” of 1987 or the Financial Crisis of 2008. You should not expect us to predict such market anomalies and understand that they may have a tremendously negative impact on the value of traditionally “safe” assets.

*Example: Prior to the financial crisis of 2008, investment grade bonds from financial institutions were considered safe investments. However, the crisis caused many of these bonds to lose 50% of their value.*

**a. Preservation Portfolio.** A preservation portfolio is a portfolio that seeks to preserve capital

*and generate a minimal level of capital growth and/or income as its secondary objective. Preservation Portfolios tend to be invested in a mix of government and high grade corporate fixed income securities with much less volatility than the S&P 500. In addition, preservation tactical strategies may invest in riskier securities and seek to use trading strategies to reduce the risk of those riskier securities.*

- b. Conservative Portfolio.** *A preservation portfolio is a portfolio that seeks to preserve capital and generate a minimal level of capital growth and/or income as its secondary objective. Preservation Portfolios tend to be invested in a mix of government and high grade corporate fixed income securities with much less volatility than the S&P 500. In addition, preservation tactical strategies may invest in riskier securities and seek to use trading strategies to reduce the risk of those riskier securities.*
- c. Moderate Portfolio.** *A moderate portfolio is a balanced portfolio that has both capital preservation, income and/or growth as its objectives. Moderate portfolios tend to have volatility less than the S&P 500. In addition, moderate tactical strategies may invest in leveraged securities and seek to use trading strategies to reduce the risk of those leveraged securities.*
- d. Growth Portfolio.** *A growth portfolio is a growth portfolio managed to generate long-term capital gains as its primary objective. Growth portfolios tend to be invested in a mix of securities with potential for long-term capital appreciation with volatility similar to the S&P 500. In addition, growth tactical strategies may invest in leveraged securities and seek to use trading strategies to reduce the risk of those leveraged securities.*
- e. Aggressive Growth Portfolio.** *An aggressive growth portfolio is a high growth portfolio managed to generate above market capital gains as its primary objective. Aggressive Growth Portfolios tend to be invested in a mix of securities with potential for capital appreciation and loss with volatility in excess of the S&P 500. Aggressive trading, options, derivatives, leverage and shorting may be used in a way that increases investment risk.*
- f. Speculative Portfolio.** *A speculative portfolio is a high growth portfolio managed to generate excessive capital gains as its primary objective. Speculative Portfolios tend to be invested in a mix of speculative and risky securities with potential for excessive capital appreciation and loss with volatility well in excess of the S&P 500. Speculative trading, options, derivatives, leverage and shorting may be used in a way that creates tremendous investment risk. A speculative portfolio is typically akin to gambling, and therefore you should only engage in this type of portfolio if you are comfortable with a 100% loss of your investment.*

**2. Security Selection.** The risk of loss in a portfolio can often be increased or decreased depending on the type of security, the construction of the security and use of the security. Understanding the types of risks that are present within the various securities and how we use those securities is important to understanding your risk of loss. Our portfolios may use multiple asset classes, and multiple security types to manage risk. This can make the portfolio harder to understand and each individual security or asset class carries its own risk of loss.

Security Selection risks are present in all our investment strategies.

**i. Equity Risks.** Equity investments in public equities (stocks), Exchange Traded Products (“ETPs”), Real Estate Investment Trusts (“REITs”), Closed Ended Mutual Funds, Master Limited Partnerships (“MLPs”), Business Development Corporations (BDCs), Partnerships, investment companies and other equity securities are not guaranteed. This includes the possibility of losses due to fluctuations in value, fraud, and withdrawals by other fund shareholders. The prices of equity securities rise and fall daily. These price movements may result from factors affecting individual companies, industries or the securities market as a whole. In addition, the equity market tends to move in cycles which may cause stock prices to fall for short or extended periods of time. Companies with a larger market capitalization are typically less risky than companies with a smaller market capitalization. Domestic stocks are considered less risky than international stocks. When making equity investments you assume greater risks than when you invest in bonds or cash.

**ii. Derivative Risks.** In financial markets a derivative instrument is a contract between two parties that specifies conditions (dates, resulting values of the underlying variables, and notional amounts) under which payments, or payoffs, are to be made between the parties.

The use of derivatives can result in large losses, total loss or money owed because of leverage, or borrowing. Therefore, investors could lose large amounts if the price of the underlying asset moves against their contract.

The loss due to a derivative investment can be unlimited. The most common derivatives used by our firm are Options.

- a. Option Risks.** Investments in option contracts are not guaranteed. Options should be considered riskier than stocks, bonds or cash. You should familiarize yourself with the type of option (i.e., put or call) and strategy your Advisor is contemplating. Transactions in options carry a high degree of risk.

Buying an option is subject to the risk of losing the premium and transaction costs. When the option is exercised or expires, the purchaser is responsible for any unpaid premium outstanding at that time. If the purchased options expire worthless, you will suffer a total loss of your investment, which will consist of the option premium plus transaction costs.

Selling ("writing" or "granting") an option generally entails considerably greater risk than purchasing options. Although the premium received by the seller is fixed, the seller may sustain a loss well in excess of that amount. The seller will be liable for additional margin to maintain the position if the market moves unfavorably. The seller will also be exposed to the risk of the purchaser exercising the option and the seller will be obligated to either settle the option in cash or to acquire or deliver the underlying interest. If the option is "covered" by the seller holding a corresponding position in the underlying interest or a future or another option, the risk may be reduced. If the option is not covered, the risk of loss can be unlimited.

**iii. Debt Risks.** Investments in debt are not guaranteed. We commonly use debt instruments to provide fixed income for a portfolio. The value of fixed income securities will fluctuate, which means that a portfolio could lose money and an individual security can default causing you to lose all of your original investment. Fixed income should be considered less risky than investments in option contracts or equity, but more risky than cash. Preferred stock and/or high yield fixed income can become as risky as an equity investment.

High credit quality fixed income securities (like US Treasuries) are less risky than low credit quality fixed income securities (like junk bonds). Fixed income securities with a longer maturity (bonds that mature in 30 years) are riskier than fixed income securities with a shorter maturity (bonds that mature in 6 months). International bonds are considered more risky than domestic bonds (because of currency risks). Higher yielding investments are typically riskier than low yielding investments. A change in any of these factors can cause your fixed income investment to fall in value and in some circumstances become worthless.

Other risks affecting fixed income include elements consistent with other investments such as: a change in economic conditions, fraud by the issuer, currency fluctuations, inflation and a change in the US tax treatment.

**iv. Structured Note Risks.** Structured Notes are a debt obligation that is issued by a financial institution that also contains an embedded derivative component that adjusts the security's risk-return profile. The return performance of a structured note will track both the underlying debt obligation and the derivative embedded within it. Its return is based on equity indexes, a single equity, a basket of equities, interest rates, commodities, or foreign currencies. The performance of a structured note is linked to the return on an underlying asset, group of assets, or index.

As structured notes are both a debt instrument and a derivative instrument they are complex and carry risks that are different from other securities. Some structured notes have principal protection and others do not. For the ones that don't, it is possible to lose some or all of the principal. That can happen with equity prices, interest rates, commodity prices, and foreign exchange rates. Lack of liquidity is a risk for holders of structured notes. Investors who are looking at a structured note should expect to hold the instrument to its maturity date. Structured notes also suffer from higher

default risk than their underlying debt obligations and derivatives. If the issuer of the note defaults, the entire value of the investment could be lost.

Important risks that can affect structured notes include: a change in economic conditions, fraud by the issuer, currency fluctuations, market fluctuations, default, lack of liquidity, call risk and risks associated with underlying derivatives.

**v. Unregistered Investment Risk.** Investments in unregistered investments (also known as limited partnerships, hedge funds, private equity, direct investments or co-investments) carry a significant risk of loss, including total loss of investment. To invest in investments that are unregistered with a financial regulator, a client must be an accredited investor. Unregistered investments tend to have less liquidity than traditional investments. Some require holding periods of 5 to 10 years. They may use significant leverage, which can increase potential gains as well as potential losses. Unregistered investments can be difficult to accurately price (mark to market) and value. They may offer less transparency into the underlying investments and do not offer investors the same protection as registered investments. For this reason they carry significant risks, including the risk of fraud. Only sophisticated investors who can bear a loss of investment should invest in unregistered investments.

**vi. Commodity and Precious Metal Risk.** Investments in Commodities and Precious Metals are not guaranteed. The value of a commodity or precious metal investment will fluctuate greater than an equity investment. You should consider an investment in these asset classes to be more risky than an equity investment. You should expect to see changes in the value of these investments in a range that is greater than an equity investment. If you cannot tolerate drastic changes in value you should not invest in commodities or precious metals.

**3. Trading of Securities.** When we buy or sell a security, the trade affects whether you experience a gain or a loss. If your personal situation changes which requires the sale of a security at an inopportune time, this can significantly affect the performance of your investments. Market volatility may impair your judgment and result in poor investment timing. Also, frequent trading or attempting to time the market can increase your risk of loss.

Trading risks are greatest in our Tactically Managed Strategies and Actively Managed Strategies. Trading risks are less of a factor in Passively Managed Strategies.

**i. Hedging Risks.** Hedging an investment position is done to offset or reduce a potential loss. A hedge can be constructed from many types of financial instruments, including: stocks, exchange-traded funds, insurance, forward contracts, swaps, options, many types of over-the-counter and derivative products, and futures contracts.

Because hedging often involves the use of derivatives, the risks associated with those instruments should be considered. Also hedging is not guaranteed to work. There are times when a hedge can



multiply losses and it should be understood that hedging may reduce one risk while simultaneously increasing another.

**ii. Leverage Risks.** The most obvious risk of leverage is that it multiplies losses. Leverage risk can occur in many ways. Some examples include: margin on your account, investment products, and companies that use leverage to conduct business. An investor who buys a stock on 50% margin will lose 40% of his money if the stock declines 20%. If leverage is attained through the use of derivatives it may involve a counterparty, either a creditor or a derivative counterparty. If a derivative counterparty fails, unrealized gains on the contract may be jeopardized. (See counterparty risks below) Leverage can increase both positive and negative returns. In a declining market or sudden market crash leverage can result in partial or complete loss of value in your account market crash leverage can result in partial or complete loss of value in your account.

**iii. Liquidity Risks.** Investments can suddenly become illiquid and difficult to trade. Illiquid assets can be particularly challenging to value and trade if no buyer or seller of an asset can be found. Our AUM Fees, which are based on values provided to us by your custodian, may be higher or lower than they would normally be for an asset with regular pricing information. Markets that provide liquidity may change at any time, eliminating our ability to buy or sell a specific security. Liquidity cannot be guaranteed and you risk not having the ability to buy or sell an investment when investing. If we are forced to sell a security during a period of time when there is little liquidity this may result in loss of value in that security and your account. Liquidity cannot be guaranteed.

**iv. Market Timing Risks.** We may attempt to time when buying, selling or shorting public equities. Because it is impossible for us to predict the best time to buy or sell a security, there is a risk that our timing may not result in the best price. There is also the risk that the cost of trading outweighs the benefit of the trading activity. The greater the frequency of trading the greater the market timing risks and therefore day trading is especially risky/speculative. Frequent trading in an effort to anticipate market movements may severely hurt the value of a portfolio as this type of activity is highly speculative.

**v. Selling Short Risks.** In finance, short selling (also known as shorting or going short) is the practice of selling assets that have not been purchased beforehand, but which the seller may have borrowed from a third party with the intention of buying identical assets back at a later date to return to that third party. The short seller hopes to profit from a decline in the price of the assets. The short seller will incur a loss if the price of the assets rises, and there is no theoretical limit to the loss that can be incurred by a short seller.

**vi. Tax Risks.** A Client should understand that all or a portion of their securities may be sold either at the initiation of or during the course of the management of their assets. Clients are responsible for all tax liabilities arising from such transactions and Clients are encouraged to seek the advice of a qualified tax professional. It is important to notify us if your account requires special handling because of your tax situation.

**4. Fraud.** Risk of fraud is present when investing. This risk is present within the security, investment or counterparties used while managing your account. An example of fraud risk is the risk that the accounting within a publicly traded company is fraudulent. While we attempt to manage the risk of fraud, the elimination of fraud risk cannot be guaranteed. The occurrence of fraud in a security or investment will result in a partial or complete loss of value of your account.

Fraud risks are present in all our investment strategies.

**5. Counterparty.** Investments we recommend or purchase on your behalf will contain various degrees of counterparty risk. Counterparty risk can be described as is the risk associated with the other party to a financial contract not meeting its obligations. Examples include when a counterparty to a transaction is unable to pay out on a bond, credit derivative, trade credit insurance or payment protection insurance contract, or other trade or transaction when it is supposed to. While we attempt to manage counterparty risk, the elimination of counterparty risk cannot be guaranteed. The failure of a counterparty in an investment, transaction or your account will result in a partial or complete loss of value.

Counterparty risks are present in all our investment strategies.

**6. Extraordinary Events.** Extraordinary events are a part of the risks taken when investing. The risk of war, natural disaster, pandemic, riots, strikes, cyber attack, economic crisis, infrastructure failure, government failure and other unpredictable events are all present when investing. We cannot eliminate Extraordinary Risks and the occurrence of such an event may make historically safe assets or trading strategies suddenly riskier. The occurrence of an extraordinary event could result in a partial or complete loss of value of your account.

Extraordinary event risks are present in all our investment strategies.

## **Item 9            Disciplinary Information**

Neither Redwood nor its management persons have any reportable legal or disciplinary history.

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

**A.** Neither Redwood nor its representatives are registered or have an application pending to

register as a broker-dealer or a registered representative of a broker-dealer.

**B. Neither Redwood, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trader or a representative of the foregoing.**

**C. Affiliations**

Redwood and/or its management persons may have relationships or arrangements that are material to its advisory business. You should also be aware that your Redwood Advisor may be engaged in other business activities which are disclosed in your Redwood Advisor's Part 2B: Brochure Supplement. Some activities may be deemed a conflict of interest. Your Redwood Advisor is prohibited from engaging in any practice that could jeopardize or disadvantage a client or a client account(s). Accordingly, each representative is further required to acknowledge and adhere to the policies and procedures mandated within the firm's Code of Ethics (**please see Item 11 for further information regarding the Code of Ethics**).

**1. Broker Dealer:** No.

**2. Investment Company:** No.

**3. Another Investment Advisor:** Pursuant to rule 203A-2(b) Redwood has control over Brookwood Investment Group, LLC (CRD No. 316544. Brookwood has contracted Redwood to assist with certain aspects of the firm, including, compliance, investment programs, trading and back office. Kimberley Raimondo serves as the firm's Chief Compliance Officer.

**4. Futures Commission, merchant, commodity pool operator, or commodity trader:** No

**5. Bank of Thrift:** No

**6. Accountant or accounting firm:** Fedyshyn CPA Group PLLC is owned by Michael Scott Fedyshyn. Since Michael Scott Fedyshyn has a financial interest in both Redwood and Fedyshyn CPA Group, there is a financial incentive for Mr. Fedyshyn or Redwood to recommend Fedyshyn CPA for accounting and tax services. You are free to select a firm other than Fedyshyn CPA. Redwood does not receive compensation from Fedyshyn CPA for referring clients.

**7. Lawyer or law firm:** No

**8. Insurance Company:** Redwood Tax Specialists, LLC is owned indirectly by Michael Scott Fedyshyn and William Hall. Fedyshyn Financial Group Inc. is owned by Michael Scott Fedyshyn. Atlantic Pacific Consulting LLC is owned by William Hall. Brookwood Insurance Group is owned by Kimberley Raimondo. Clients of Redwood may be offered fixed insurance products through one of our affiliated Insurance Companies. Redwood and its owners have a

financial incentive to recommend such agencies. Redwood and your Redwood Advisor must endeavor at all times to act as fiduciaries and put the interests of the clients first, however, clients should be aware that this material conflict of interest exists. Clients are under no obligation, contractually or otherwise, to purchase insurance products through any affiliated companies.

**9. Pension Consultant:** No

**10. Real Estate Broker:** No

**11. Sponsor or syndicator of limited partnerships:** No

**12. Mortgage Broker:** No

**D. Recommendation or Selection of Other Investment Advisers**

Redwood may recommend or select other investment advisors for clients. When Redwood recommends an investment adviser, Redwood will receive compensation in the form of a solicitor fee directly from the investment advisor for its recommendation. This will not increase the fee you pay as a client to Redwood. Prior to any such recommendation or selection, Redwood verifies that such other investment advisors are properly licensed and registered as an investment adviser.

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

Redwood has adopted a Code of Ethics (“Code”) that establishes rules of conduct for all supervised persons based upon the principle that Redwood and its investment advisor representatives owe a fiduciary duty to Redwood clients. The Code of Ethics is based upon fundamental principles of openness, integrity, honesty and trust and includes among other things, provisions relating to the confidentiality of client information, a prohibition on insider trading, acceptance of gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures. All supervised persons must acknowledge the terms of the Code of Ethics annually or as amended. A copy of our Code of Ethics is available upon request.

In accordance with Section 204A of the Investment Advisers Act of 1940 and similar state statutes and rules, Redwood also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by Redwood or any person associated with Redwood.

Neither Redwood nor any related person of Redwood recommends, buys, or sells for client accounts, securities in which Redwood or any related person of Redwood has a material financial

interest.

Redwood and/or representatives of Redwood *may* buy or sell securities, at or around the same time as those securities are recommended to clients. This practice creates a situation where Redwood and/or representatives of Redwood are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a conflict of interest. Redwood has a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each of Redwood's Access Persons and are not permitted to front run or disadvantage trading for client accounts.

## **Item 12      Brokerage Practices**

Redwood's list of recommended custodians ("Custodians") includes: Charles Schwab & Co., Inc. ("Schwab"), and Interactive Brokers, LLC.

Prior to engaging Redwood to provide investment management services, the client will be required to enter into a formal Investment Agreement with Redwood setting forth the terms and conditions under which Redwood shall manage the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Factors that Redwood considered when recommending a custodian include historical relationship with Redwood, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by Redwood's clients shall comply with Redwood'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 Redwood 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's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although Redwood 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, Redwood's investment management fee. Redwood'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.

### **1. Research and Soft Dollars**

"Soft dollars" are defined as a form of payment that investment advisers can use to pay for goods and services such as news subscriptions or research. When an investment adviser gives its business to a particular brokerage firm, the brokerage firm in return can agree to use some of its revenue to

pay for these types of services. Redwood receives some economic benefits from its recommended custodians that are typically not available to retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving our participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to us by third party vendors. Clients do not pay more for investment transactions affected and/or assets maintained at the recommended custodian as a result of this arrangement; and there is no corresponding commitment made by Redwood to any recommended custodian or and other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products. However, the receipt of such benefits represent an incentive for Redwood to recommend our preferred custodians for brokerage services. We believe our recommendation to a preferred custodian is appropriate for clients based on the services they provide and the fees they charge.

2. Redwood does not receive referrals from broker-dealers.

3. Redwood 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 Redwood 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 Redwood. 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.

**Please Note:** In the event that the client directs Redwood 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 another custodian.

To the extent that Redwood provides investment management services to its clients, the transactions for each client account generally will be effected independently, unless Redwood decides to purchase or sell the same securities for several clients at approximately the same time. Redwood may (but is not obligated to) combine or "bunch" such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among Redwood's clients differences in prices and commissions or other transaction costs that might have been obtained had

such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. Redwood shall not receive any additional compensation or remuneration as a result of such aggregation.

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

For those clients to whom Redwood provides investment supervisory services, account reviews are conducted on an ongoing basis. All investment supervisory clients are advised that it remains their responsibility to advise Redwood of any changes in their investment objectives and/or financial situation. All clients (in person or via telephone) are requested to review financial planning issues (to the extent applicable), investment objectives and account performance with Redwood on an annual basis.

Redwood may conduct account reviews on an other than periodic basis upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and client request.

Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian for the client accounts.

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

As referenced in Item 12.A.1 above, Redwood receives an indirect economic benefit from its recommended custodians. Redwood, without cost (and/or at a discount), may receive support services and/or products.

Redwood's clients do not pay more for investment transactions effected and/or assets maintained at its recommended custodians as a result of this arrangement. There is no corresponding commitment made by Redwood to any preferred custodian 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.

Redwood may enter into relationships with solicitors to refer clients to Redwood. If a client is introduced to Redwood by a solicitor, Redwood pays that solicitor a referral fee in accordance with the requirements of the Investment Advisers Act and any corresponding state securities law requirements. All such referral activities will be conducted in accordance with Rule 206(4)-1 under the Advisers Act, where applicable.

Redwood may recommend clients to certain unaffiliated investment advisers. In such instances, Redwood acts as a solicitor and receives a portion of the fee paid to the unaffiliated adviser. This

does not raise the fee paid by the client and the client receives all required disclosure forms disclosing the terms of the solicitor relationship at the time the solicitation is made.

## **Item 15        Custody**

We do not have custody of your assets. A qualified custodian will have custody of your investments and they will send you monthly statements and trade confirmations independently from our reports. The SEC deems us to have custody, but only for the purpose of deducting fees.

We typically recommend that you custody your assets at a recommended custodian. We may work with clients who custody assets at other locations in some circumstances.

Statements from custodians report at least quarterly.

Our recommended custodians are members of the Securities Investor Protection Corporation (SIPC), and brokerage accounts maintained with them are protected by SIPC, which protects brokerage accounts of each customer when a brokerage firm is closed due to bankruptcy or other financial difficulties and customer assets are missing from accounts. SIPC protects brokerage accounts of each customer up to \$500,000 in securities, including a limit of \$250,000 on claims for cash. Money market funds held in a brokerage account are considered securities. For more information on SIPC coverage, please review the brochure “How SIPC Protects You” available for free download at [www.sipc.org](http://www.sipc.org).

Certain assets are not eligible for SIPC protection. Among the assets typically not eligible for SIPC protection are commodity futures contracts, precious metals, as well as investment contracts (such as limited partnerships) and fixed annuity contracts that are not registered with the U.S. Securities and Exchange Commission under the Securities Act of 1933

In accordance with the SEC rule 15c3-3, often known as the “Customer Protection Rule”, a custodian must protect client securities that are fully paid for by segregating them and ensuring that they are not used for any other purpose, such as for loans to investors or institutions, corporate investment purposes, and spending. This practice helps ensure that customers have access to these securities at all times. Customer assets may still be subject to market risk and volatility.

## **Item 16        Investment Discretion**

Yes. You provide us with limited-powers and authority to manage your accounts using our own discretion. We act as your agent, with respect to your account(s):

1. To make all investment decisions; and
2. To buy, sell and otherwise trade in securities or other related investments.



Discretion and authority includes the following: Asset Allocation Discretion; Security Selection Discretion; Brokerage Discretion; and Commission Rate Discretion.

You may place reasonable restrictions on your account(s) through the use of written instructions to us ("Client Instructions"). This includes which individual securities to buy or sell. You may place these restrictions in the form of limitations on a specific security or broad categories of securities.

Investment Discretion does not authorize the following and therefore we must receive your written approval before: investing in privately offered securities, purchasing insurance contracts, investing in non-registered investments, and opening or closing custodial accounts.

We do not direct trades to brokerage firms in exchange for research or products.

Yes, you may have your account managed on a non-discretionary basis. However, we are not a broker dealer and management of non-discretionary accounts may be different from what you understand them to be or are accustomed to.

Therefore, it is important to understand the following:

Non-discretionary basis means we will not buy or sell a security without first communicating our investment advice to you and receiving verbal authority to implement our recommendations. Once we have received authority to implement a strategy we may exercise the following discretion:

1. Power to exercise discretion in the selection of the security to be purchased or sold;
2. Power to exercise discretion on time and price;
3. Power to exercise discretion on the quantity of shares/amount of a security to be bought or sold;
4. Power to refuse an order from you to buy or sell a security because it violates our commitment to act in your best interest at all times;
5. Power to exercise discretion on the broker to be used and brokerage commission rates to be paid.

Some disadvantages to having your account managed on a non-discretionary basis are:

1. It is Redwood's policy to execute trades for discretionary clients before the trades of non-discretionary clients;

2. The price you receive for securities purchased or sold will be different from the price you would have received as a discretionary client; and
3. The advice you receive may be delayed because we cannot reach you, are communicating with other non-discretionary clients, and/or taking action first with our discretionary clients.

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

Redwood does not vote client proxies. Clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted; and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets.

Clients will receive their proxies or other solicitations directly from their custodian. Clients should direct all proxy questions to the issuer of the security.

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

Redwood does not solicit fees of more than \$1,200 per client, six months or more in advance. Therefore, Redwood is not required to include a balance sheet with this disclosure brochure.

Redwood does not have any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary authority over certain client accounts.

Redwood has not been the subject of a bankruptcy petition.

#### **Item 19        Requirements for State Registered Advisors**

This Section does not apply to Redwood.