

# BUTTONWOOD FINANCIAL GROUP, LLC

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March 31, 2021

This Brochure provides information about the qualifications and business practices of Buttonwood Financial Group, LLC. If you have any questions about the contents of this Brochure, you may contact us at (816) 285-9000 or [jon@buttonwoodfg.com](mailto:jon@buttonwoodfg.com) to obtain answers and additional information.

Buttonwood Financial Group, LLC is a registered investment adviser with the United States Securities and Exchange Commission (“SEC”). Registration as an investment adviser does not imply any level of skill or training. The information in this Brochure has not been approved or verified by the SEC or by any state securities authority.

Additional information about Buttonwood Financial Group, LLC is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2 Material Changes

This Brochure, dated March 31, 2021, represents the annual amendment to the previously published Brochure for Buttonwood Financial Group, LLC.

Since the filing of the firm's last annual update Brochure on March 30, 2020, we have added detail about model portfolio support services we now receive from BlackRock Fund Advisors and have added detail about various outside services and vendors we may use to assist us in providing services to our clients. We have also made various other minor updates to our Brochure, but the aforementioned changes are the only material changes that were made.

Pursuant to SEC rules, we will provide you with a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. We may further provide other ongoing disclosure information about material changes as necessary. All such information will be provided to you free of charge

Currently, our Brochure may be requested by contacting Jon McGraw, President and Chief Compliance Officer of Buttonwood Financial Group, LLC at (816) 285-9000 or [jon@buttonwoodfg.com](mailto:jon@buttonwoodfg.com).

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

Buttonwood Financial Group, LLC (“Buttonwood” “we” or “us”) is an independent SEC registered investment advisory firm located in Kansas City, Missouri. The firm has been in business since 2002 and has been registered with the SEC as an independent investment advisory firm since 2009. Jon McGraw is the primary owner and president of the firm.

#### **Buttonwood’s Services**

Buttonwood provides comprehensive Family CFO Services in order to assist our clients with organizing, formalizing, implementing and monitoring financial strategies in a manner consistent with their life goals. Since each client’s individual situation and needs can vary, we tailor each engagement to meet the needs of the individual client. The areas we can provide assistance (some of which we provide through partnerships with third party providers) can include any of the following as applicable:

- **Wealth Management** – The firm can provide various wealth management related services which can include discretionary investment management (where we make investment decisions and implement those decisions on your behalf), non-discretionary investment management (where we make investment recommendations and implement those decisions upon your approval) and non-management investment advisory/consulting (where we make recommendation which you or another party may implement at your discretion).
- **Business Strategy** – The firm can provide business strategy related general consulting in areas such as entity structure, startup funding, operations workflows, employee benefits, business valuation and sale, and retirement plans.
- **Lifestyle Enhancements** – The firm can provide lifestyle enhancement related services in areas such as personal bill paying, QuickBooks accounting coordination, private aircraft consulting, property management, and domestic help and payroll, among others.
- **Family Continuity** – The firm can provide family continuity related services in areas such as multigenerational planning, family governance, family meeting coordination, coaching and mentoring, and coordination with outside consultants.
- **Tax Strategy** – The firm can provide tax strategy related services which include tax return coordination, estimated taxes, tax loss harvesting, and general tax reduction tactics.
- **Insurance Planning** – The firm can provide insurance planning services related to life insurance, disability insurance, long term care insurance, health insurance, employer insurance coordination, and home/auto/business insurance coordination.
- **Lifecycle Roadmaps** – The firm can provide lifecycle consulting services related to education, generational planning, retirement, senior issues, and assisted living, among others.
- **Estate & Legacy** – The firm can provide estate and legacy consulting services related to plan creation and implementation, philanthropic and foundation management, multi-generational objectives, estate settlement and transfer, asset titling, beneficiaries, and corporate trustee services.

As mentioned above, all advice and services provided by us are tailored to each client's individual needs and stated objectives. At the beginning of an engagement, we discuss with each client in detail critically important information such as the client's risk tolerance, time horizon, and projected future liquidity needs, current holdings, tax considerations, personal market views and other factors in order to formulate a comprehensive multigenerational financial strategy. We then meet with a client as applicable to review financial issues, review portfolio performance, discuss current issues, and re-assess goals and plans. For accounts that we manage, clients may impose reasonable restrictions on investing in certain securities or types of securities. Clients may also request that we hold specific non-recommended securities on their behalf. We feel that client input and involvement are critical parts of not only the financial planning process, but also the implementation of investment decisions.

We view our clients as the family "CEO", and we serve in the role of Family "CFO". Our clients are encouraged to review their goals, situation, and plans regularly and to communicate with us regarding any changes in their circumstances, goals and objectives. We feel that communicating with our clients, and when necessary with third party advisors such as lawyers and accountants engaged by clients, is an important part of the development and coordination of a client's financial affairs.

We follow strict fiduciary standards, putting our Clients' interests before our own and seeking to avoid conflicts of interest with our clients.

### **Wrap Fee Programs**

#### ***Current Wrap Fee Program***

A contractual fee structure which includes both advisory services and the execution of transactions is generally characterized as a "wrap fee arrangement". For investment accounts managed by us at our primary custodian, Charles Schwab & Co., Inc., transaction fees (if any) are included in the fees we contractually charge to clients for the purposes of simplifying fees, so such accounts would generally be considered to be under a form of wrap fee arrangement.

Although custodial pricing structures are subject to change, under the firm's current pricing structure with Charles Schwab & Co., Inc., most equity, ETF and mutual fund transaction fees are waived for our clients, although some nominal costs are not waived, nor are costs related to fixed income transactions. Any transaction fees from our primary custodian that would apply would be paid by us. Under this pricing structure, the firm is able to use "TF" (transaction fee) mutual fund share classes which normally charge transaction fees but have a lower expense ratio than "NTF" (no transaction fee) share classes. Both classes represent the same underlying investments. In our prior arrangement, we had a financial interest in the choice of share classes that conflicted with the interest of clients, but we feel this has been eliminated under this current arrangement. However, we still have a financial interest in the choice of whether or not to trade that conflicts with the interest of clients when trading costs do apply.

Because our clients have little or no trading costs under our current custodial arrangement, we generally have very little if any incentive to forgo trading a client account in order to lower our own trading costs. This is a conflict of interest in that we have an incentive to not trade your account in order to lower our own trading costs where such trading costs do exist. With respect to those transaction fees that are not currently waived, we believe that such costs are nominal and would have no effect on our decisions related to trading client accounts. Nonetheless, to address this conflict of interest, we conduct periodic trading reviews and custodial platform assessments to help ensure that our overall cost structure is competitive. We also review share class cost and availability both at purchase (to assess what share class should be purchased) and periodically thereafter (to assess whether share class conversion may be appropriate). We feel that the importance of providing unbiased advice and the importance of maintaining our firm's reputation outweighs these nominal costs and we feel that our pricing structure is competitive and in the best interest of our clients.

For investment accounts managed by us at other custodians, and for assets for which we provide non-management advisory/consulting services, transaction fees may apply, so these would not be considered wrap fee arrangements.

All accounts, whether we pay trading fees or do not, are managed by us in a similar manner. The firm does not favor or prioritize accounts based on whether or not we would incur trading costs. The firm conducts periodic trading reviews and custodial platform assessments to ensure that no such favoritism exists.

#### ***Prior Wrap Fee Program (Pre August 2019)***

Prior to August of 2019, Buttonwood had a custodial arrangement with Charles Schwab whereby Buttonwood agreed to maintain a certain percentage of NTF category mutual funds in client accounts in exchange for lower overall transaction costs. NTF category mutual funds are mutual funds with share classes made available to investors with a higher expense ratio that allows for trading at no transaction cost. As mentioned above, TF mutual fund share classes charge transaction fees but have a lower expense ratio than NTF share classes, but both classes represent the same underlying investments. In this prior arrangement, we had a financial interest in the choice of share classes that conflicted with the interest of clients.

Buttonwood entered into this prior arrangement to allow for no cost strategic periodic rebalancing of client accounts, to simplify client fee structure under its Wrap Fee Program by providing trading and management for one packaged fee, to help control overall trading costs, and to allow Buttonwood to keep its advisory fees significantly lower than industry averages.

Although Buttonwood received no 12b-1 fee reimbursements or other direct payments from Schwab for using certain higher cost share classes in client accounts, the arrangement created a conflict of interest in that Buttonwood had an incentive to choose higher expense ratio NTF category mutual funds rather lower cost TF category mutual funds in order to save Buttonwood trading expenses since Buttonwood would be paying trading costs for those clients under its Wrap

Fee Program. Buttonwood also had an incentive to not trade accounts holding TF category mutual funds in order to save Buttonwood trading expenses.

To address these conflicts of interest, Buttonwood's practice was to equitably allocate NTF funds with higher expense ratios to all client accounts without favoritism and to offset the higher cost of NTF funds by keeping its advisory fees significantly lower than industry averages. Buttonwood also reviewed monthly allocation data reports in order to help assess whether allocations were equitable.

Buttonwood now has an arrangement with Charles Schwab which allows for all mutual fund trades to be made at no transaction fee regardless of share class and consequently has moved all client mutual funds holdings to lower expense ratio share classes.

For additional information regarding fees, see Item 5 -Fees and Compensation below. For additional information about the firm's Wrap Fee Program, see Appendix A1 – Wrap Fee Program Brochure.

### **Assets Under Management**

As of December 31, 2020, we managed approximately \$510,715,273 of client assets, \$396,411,761 of which was managed on a discretionary basis and \$114,303,512 of which was managed on a non-discretionary basis.

## Item 5 – Fees and Compensation

### **Buttonwood Fees**

As mentioned above, Buttonwood provides comprehensive Family CFO Services which include organizing, formalizing, implementing, and monitoring financial strategies as well as traditional wealth management. Fees generally consist of a Family CFO Services Fee and or an Investment Advisory Fee. Because the scope of our engagements vary, our fees are negotiable based on the scope and structure of each particular engagement.

#### ***Family CFO Services Fee***

Family CFO Services Fees relate to organizing, formalizing, implementing and monitoring financial strategies. Family CFO Services Fees are negotiable and are quoted as a fixed quarterly fee based on the scope and complexity of the engagement and generally range from \$750 to \$10,000 per quarter billed in advance.

Fees may be paid directly to us by the client or the client may direct us to deduct the fee from their account(s) upon our submission of an invoice to the applicable custodian. Payment of fees through fee deduction may result in the liquidation of a client's securities if there is insufficient cash in the account. In cases where fees are billed to and paid directly by the client, late payments may be subject to late payment fees.

#### ***Investment Advisory Fee***

Investment Advisory Fees relate to managing individual securities portfolios. Investment Advisory Fees are negotiable and are quoted as an annual percentage fee based on the scope and complexity of the engagement and the custodial platform holding the assets.

#### ***Assets Held at Charles Schwab***

For investment accounts managed by us at our primary custodian, Charles Schwab & Co., Inc., transaction fees (if any) are included in the fees we contractually charge to clients, so such accounts could be considered to be under a wrap fee arrangement. See Appendix A 1 – Wrap Fee Program Brochure for additional information about the firm's Wrap Fee Program.

Although custodial pricing structures are subject to change, under the firm's current pricing structure with Charles Schwab & Co., Inc., most equity, ETF and mutual fund transaction fees are waived for our clients, although some nominal costs are not waived, nor are costs related to fixed income transactions. Any transaction fees from our primary custodian that would apply would be paid by us.

Our standard AUM (Assets Under Management) fee schedule for investment advisory services is as follows:

Buttonwood Financial Group, LLC

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Assets Under Management	Annual Fee
\$0 - \$500,000	0.65%
\$500,001 - \$5,000,000	0.50%
Over \$5,000,000	0.40%

The fee schedule is graduated, which means that the first \$500,000 in assets are billed at 0.65%, the next \$4,500,000 are billed at 0.50%, and so on.

Our prior AUM (Assets Under Management) fee schedule which included both Family CFO and investment advisory services was as follows:

Assets Under Management	Annual Fee
\$0 - \$500,000	1.25%
\$500,001 - \$1,000,000	1.10%
\$1,000,001 - \$2,500,000	0.95%
\$2,500,001 - \$5,000,000	0.80%
\$5,000,001 - \$10,000,000	0.65%
Over \$10,000,000	Priced on a case by case basis

The fee schedule is graduated, which means that the first \$500,000 in assets are billed at 1.25%, the next \$500,000 are billed at 1.10%, and so on.

*Assets Held Outside of Charles Schwab*

For investment accounts managed by us at other custodians, transaction fees may apply, so these would not be considered wrap fee arrangements.

Our standard AUM (Assets Under Management) fee schedule for investment advisory services is as follows:

Assets Under Management	Annual Fee
\$0 - \$500,000	0.65%
\$500,001 - \$5,000,000	0.50%
Over \$5,000,000	0.40%

The fee schedule is graduated, which means that the first \$500,000 in assets are billed at 0.65%, the next \$4,500,000 are billed at 0.50%, and so on.

Our prior AUM (Assets Under Management) fee schedule which included both Family CFO and for investment advisory services is as follows:

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Assets Under Management	Annual Fee
\$0 - \$500,000	1.25%
\$500,001 - \$1,000,000	1.10%
\$1,000,001 - \$2,500,000	0.95%
\$2,500,001 - \$5,000,000	0.80%
\$5,000,001 - \$10,000,000	0.65%
Over \$10,000,000	Priced on a case by case basis

The fee schedule is graduated, which means that the first \$500,000 in assets are billed at 1.25%, the next \$500,000 are billed at 1.10%, and so on.

Regardless of custodian, Investment Advisory Fees are generally charged quarterly in advance based upon the market value of a client's accounts at the end of the prior quarter. Market value means the value of all assets in the accounts as reported by the applicable custodian(s) including cash (not adjusted by any margin debit, outstanding checks, etc.). Assets not reported by the custodian, if any, are valued at fair value by us on a best efforts basis.

Where we manage portfolios of one or more immediate family members of the same household, we will aggregate the portfolio as a single account for fee breakpoint calculations. If an account moves upward or downward during a quarter to a different tier, the account will be billed at the new tier level at the start of the next quarter of service.

New accounts starting during a quarter are pro-rated from the date we begin servicing the account based on the beginning balance of the account. Accounts terminated during a quarter are pro-rated up to the date we discontinue servicing the account (subject to the termination notice provisions of the client agreement), and any unearned fees paid in advance will be promptly refunded.

Our client agreements generally allow us to modify the terms of the fee agreement by giving a client notice in advance of the change.

Fees are generally deducted directly from the client's account and paid to us by the custodian upon our submission of an invoice to custodian. Payment of fees may result in the liquidation of a client's securities if there is insufficient cash in the account. In some cases and at our discretion however, fees may be billed to and paid directly to us by the client. Late payments may be subject to late payment fees.

### **Consulting and Financial Planning Fees**

We also offer stand alone investment consultation and financial planning services either at an hourly rate or for a fixed fee. Our maximum hourly fee is \$250.00 per hour. Fixed fee pricing is developed on a project-by-project basis for each client, depending on the scope of work performed.

Payment of fees shall be made as agreed by the parties. Hourly fees are generally billed to the client monthly based on services provided during the preceding month. Fixed fee projects are paid as

agreed, but generally clients are required to pay half of a fixed fee project in advance, with the balance billed in equal monthly installments on a monthly basis until the project is completed. Asset based fees are generally quoted and billed quarterly in advance. Regardless of fee structure, clients will not be required to prepay fees for more than six months in advance. Late payments however may be subject to late payment fees.

In the event of termination, any prepaid but unearned fees will be promptly refunded to the client. Any fees that have been earned by us but not yet paid by the client will be immediately due and payable. We may modify the terms of the fee agreement by giving clients 30 days written notice in advance.

### **Other Fees and Expenses**

In addition to our fees referenced above, our clients may incur other charges imposed by custodians, brokers, and other third parties (such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes). Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Item 12 describes the factors that we consider in recommending broker-dealers for client transactions and determining the reasonableness of their compensation.

While our Family CFO Fees include our time and activities necessary for the firm to coordinate and communicate with third party advisors (such as lawyers, accountants, insurance specialist and similar professionals), we may charge administrative fees in addition to the third party advisor's fees which are separate from our fees.

### **Other Financial Industry Activities**

Buttonwood may contract directly with and receive payments from broker/dealers, insurance companies, investment companies, and other registered investment advisers to provide investment advisory consulting services to these financial institutions or to the clients of these financial institutions. Such contractual engagements do not include assuming discretionary authority over brokerage accounts or the ongoing monitoring of securities positions. Services offered to financial institution clients may include a general review of client investments holdings, which may or may not result in a Buttonwood investment adviser representative making specific securities recommendations or offering general investment advice.

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

We do not charge any performance-based fees (fees based on a share of capital gains on, or on capital appreciation of, the assets of a client) and consequently do not simultaneously manage performance based and non performance based accounts.

### **Item 7 – Types of Clients**

We provide services to individuals, families, businesses, corporate pension and profit-sharing plans, charitable institutions, foundations, endowments and trust programs.

Because each client is unique, we generally require that they be involved in the initial planning and ongoing review processes. Such involvement does not need to be time consuming, but we want our clients to remain informed and have a sense of security about their investments.

Although we do not have a minimum account size, we may impose a minimum Family CFO fee. We also reserve the right to decline accepting an account or to waive a fee depending on the circumstances.

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

We provide analysis, advice, and management on most types of securities depending on the type of engagement and level of service provided. In certain circumstances, we may also provide research on investments that were not recommended by us, and/or are not part of a client’s recommended portfolio.

Our methods of analysis, sources of information and investment strategies vary substantially by security or product type, asset class, investment risk, and other factors. In addition to traditional methods such as fundamental and technical analysis, our analysis and sourcing may be supported by phone calls, correspondence or other means of direct and indirect communication with investment managers, third party opinions, investment conference materials and continuing education courses.

Other sources of information may include traditional research materials such as financial newspapers and magazines, annual reports, prospectuses, filings with the SEC, research materials prepared by others, and company press releases. We also subscribe to various professional publications.

The primary investment strategies used to implement investment advice given to clients include long-term (held at least one year) and short-term (sold within a year) securities purchases. Investment securities and strategies are implemented in consideration of the client’s risk management and risk reduction objectives, rather than for speculation. The investment management process is administered by the firm’s investment policy committee which meets regularly to conduct structured and ongoing evaluation, implementation, monitoring, and adjusting of investment models and strategies.

We often allocate client accounts according to Buttonwood “model” portfolios. The development and maintenance of our model portfolios is materially supported by BlackRock Fund Advisors and/or its affiliates, including BlackRock Investments, LLC (collectively, “BlackRock”), which provides us with investment research, model recommendations and marketing support at no cost. Research and recommendations provided by BlackRock to us, however, predominantly favor the use of iShares ETFs, which are distributed by BlackRock. While we are under no obligation to utilize iShares ETFs in the management of our model portfolios, such model portfolios will predominantly and sometimes exclusively utilize iShares ETFs in their construction. This creates a material conflict of interest for us as the receipt of such services from BlackRock reduces our operating costs, which creates an incentive for us to recommend and utilize products sponsored or distributed by BlackRock in the management of all client accounts. Please see the “Item 10 – Other Financial Industry Activities and Affiliations” section for additional information regarding BlackRock.

Securities and strategies have varying degrees of risk and will only be recommended when suitable and appropriate for a particular client’s situation.

As fiduciaries to our clients, we use our best judgment and good faith efforts in rendering services. However, any investment in securities involves a risk of loss that clients should be prepared to bear. Not every investment decision or recommendation made by us will be profitable. We cannot warrant or guarantee any particular level of account performance, or that an account will be profitable over time.

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Clients assume all market risk involved in the investment of account assets. Investments are subject to various market, currency, economic, political and business risks.

Investing in securities involves risk of loss that clients should be prepared to bear.

### **Item 9 – Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary event that would be material to your evaluation of our firm or the integrity of our management. No principal or person associated with Buttonwood is subject to, nor has ever been subject to, any material legal or disciplinary events.

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

### **Insurance Activities**

Buttonwood is also licensed in Missouri as an insurance agency and insurance related business may be transacted with other insurance providers through Buttonwood on behalf of Buttonwood advisory Clients and other non-Clients. Consequently, we or our representatives receive commissions from some insurance products sold to Clients, although non-commission insurance and annuity products may also be provided at times. Fees paid to Buttonwood for investment advisory services are separate and distinct from the commissions earned by Buttonwood or any individual Buttonwood representative for selling Clients insurance products.

As fiduciaries we are required to act in the best interest of, and for the benefit of our Clients. As such, it is our practice to only transact insurance related business with Clients when the products are fully disclosed, suitable, and appropriate to fit their needs. Further, we are required to determine in good faith that any commissions paid to our representatives are appropriate as the receipt of commissions by individuals associated with our firm presents a conflict of interest. However, Clients are under no obligation to use Buttonwood or any individual associated with Buttonwood for insurance products or services. Clients may use any insurance firm or agent they choose. We provide insurance services in order to simplify the implementation of various wealth management strategies.

### **Other Financial Industry Activities - Arrangement with Mutual Securities, Inc.**

Our firm has entered into an agreement with, Mutual Securities Inc., member FINRA/SIPC, whereby Mutual Securities will provide operational support services as a platform provider of clients directly held investments. These holdings might include mutual funds, 529 plans, and variable annuities, among others. This contractual engagement does not include exercising discretionary authority over Mutual Securities, Inc. brokerage accounts although we do provide limited monitoring of securities positions. Clients will be solicited to utilize Mutual Securities but are under no obligation to move their variable annuities or other securities. For clients of Mutual Securities who provide Mutual Securities with written consent requesting ongoing investment advisory services, our firm will be engaged to provide ongoing investment-related advisory services on a non-discretionary basis to Mutual Securities which may include a general review of client investment holdings, general investment advice, and specific securities recommendations on client's investment holdings. Buttonwood will however consider client directly held investments as part of its Family CFO Services regardless of whether or not client contracts with Mutual Securities. For our advisory services provided to Mutual Securities, our firm is compensated by Mutual Securities through a percentage of the overall assets under advisement not to exceed 0.70%.

### **Other Financial Industry Activities - Arrangement with BlackRock Fund Advisors**

Our firm has entered into an arrangement with BlackRock Fund Advisors (“BlackRock”, CRD No. 105247) whereby Blackrock has granted us access to its Aladdin® Platform, a portfolio management

and risk analytics operating system, as well as marketing support at no cost to us. Investment models generated by the Aladdin® Platform are used by us in the development and maintenance of the Models and their related series. The investment models generated by the Aladdin® Platform predominantly and sometimes exclusively utilize iShares ETFs, which are sponsored, distributed and/or advised by BlackRock. Buttonwood's receipt of investment research, models and/or technology from BlackRock creates a conflict of interest for us because the receipt of these benefits reduces our operating costs, which, in turn, creates an incentive for us to recommend and/or use iShares ETFs and/or other BlackRock products in the investment management of client accounts. BlackRock does not provide and is not responsible for providing investment advice to clients of Buttonwood, does not participate in or make any investment decisions on behalf of Buttonwood or clients of Buttonwood, does not endorse any investment decision or recommendation made by Buttonwood or its representatives, and has no obligation to continue to provide us with its investment models and/or access to the Aladdin® Platform. In addition to investment research, models and/or technology, BlackRock provides or may provide discounted or free attendance to conferences, meetings and other educational or social events, which may include full coverage of travel expenses to such events. Clients should be aware that the receipt of these benefits creates a conflict of interest for us as it creates another incentive for us to recommend the use of iShares ETFs and/or other BlackRock products in the investment management of client accounts. Buttonwood addresses these conflicts of interest by (1) providing disclosure of the relationship and the associated conflicts of interest to clients in this Form ADV Part 2A Brochure and in our Form ADV Part 2A Appendix (Wrap Fee Program Brochure), and (2) reminding clients that they have the ability to impose reasonable restrictions on the securities or types of securities to be held in their portfolios, including a restriction on the purchase and/or use of investment products associated with BlackRock.

## **Item 11 – Code of Ethics, Participation or Interest in Client Transaction & Personal Trading**

### **Code of Ethics**

Buttonwood has a Code of Ethics which all employees are required to follow. The Code of Ethics outlines our high standard of business conduct and fiduciary duty to Clients. The Code of Ethics includes provisions relating to the confidentiality of Client information, a prohibition on insider trading, and personal securities trading procedures, among other things. A copy of the Code of Ethics is available to any Client or prospective Client upon request by contacting Jon McGraw at (816) 285-9000 or jon@buttonwoodfg.com.

### **Personal Trading and Conflicts of Interest**

We do not have any interest in, own, or manage companies that we advise our Clients to buy.

Buttonwood or individuals associated with our firm may buy and sell many of the same securities for their own account that we buy and sell for our Clients. When individuals associated with Buttonwood do own the same securities as our Clients, we will purchase or sell securities for Clients before purchasing the same for our account or allowing representatives to purchase or sell the same for their own account. In some cases Buttonwood or representatives may buy or sell securities for their own account for reasons not related to the strategies adopted for our Clients. Our employees are required to follow the Code of Ethics when making trades for their own accounts in securities which are recommended to and/or purchased for Clients. The Code of Ethics is designed to help assure that the personal securities transactions will not interfere with decisions made in the best interest of advisory Clients while at the same time, allowing employees to invest their own accounts.

Buttonwood will disclose to advisory Clients any material personal trading conflict of interest relating to us, our representatives, or any of our employees which could reasonably be expected to impair the rendering of unbiased and objective advice.

As various advisory situations could present a personal trading conflict of interest, we have established the following restrictions to ensure our fiduciary responsibilities:

1. A director, officer, associated person, or employee of Buttonwood shall not buy or sell securities for his personal portfolio where his decision is substantially derived, in whole or in part, by reason of his employment unless the information is also available to the investing public on reasonable inquiry. No person of Buttonwood shall prefer his or her own interest to that of the advisory Client.
2. Buttonwood maintains a list of all securities holdings for itself and for anyone associated with its advisory practice who has access to advisory recommendations. An officer of Buttonwood reviews these holdings on a regular basis.
3. Any individual not in observance of the above may be subject to termination.

## **Item 12 – Brokerage Practices**

### **The Custodians and Brokers We Use**

Buttonwood does not maintain custody of client assets. Instead, we require all client assets be maintained in an account at a non affiliated “qualified custodian,” generally a broker-dealer or bank. The qualified custodian we generally use for managed accounts is Charles Schwab & Co., Inc., a registered broker-dealer and member of the Financial Services Regulatory Authority (FINRA), but clients may use other custodians as well.

Not all advisers require their clients to use a particular custodian or broker, and although we do not either, we generally do make a custodian recommendation. However, you will ultimately decide what custodian(s) to use and will open your account by entering into an account agreement directly with them. We do not actually open accounts for you, although we can assist you in doing so.

### **How We Select Custodians and Brokers**

In determining whether to associate with a custodian or broker for our advisory client accounts, we consider many different factors including quality of service, types of services offered, overall capability, execution quality, competitiveness of transaction costs, availability of investment research, reputation and stability of the firm, and their financial resources, and stability, among other things. In determining the reasonableness of a broker’s compensation, we consider the overall cost to you relative to the benefits you receive, both directly and indirectly, from the broker. Although you may direct us to use another broker or custodian, this may result in less favorable execution quality and or may result in greater transaction and other costs.

### **Your Brokerage and Custody Costs**

Our clients receive various services directly from our custodians and our brokers. For our clients’ accounts that they maintain, our primary custodian and our brokers generally do not charge separately for custody services.

Our primary custodian is compensated by platform fees, mutual fund and money market fees, and other fees generated from our client accounts. Fees applicable to our client accounts were negotiated based on the condition that our clients collectively maintain a certain level of assets at our custodian. We feel this commitment benefits you because the overall rates you pay may be lower than they might be otherwise.

Since our primary custodian charges a fee for each trade that we have executed by a different broker-dealer, we have them execute all trades for your account in order to minimize trading costs.

We feel that having our custodians or broker execute most trades is consistent with our duty to seek “best execution” of your trades. Best execution means seeking the most favorable terms for a transaction based on all relevant factors, including those listed above.

### **Products and Services Available to Us From Brokers/Custodians**

Our custodians and our brokers provide us and our clients with access to institutional brokerage services like trading, custody, reporting, and related services, many of which may not be typically available to retail customers. Our custodians and brokers may also make available various support services, some of which may help us manage or administer our clients' accounts, while others may help us manage and grow our business.

Our custodians' and brokers' institutional brokerage services which benefit you directly may include access to a broad range of investment products, execution of securities transactions, and asset custody. The investment products available through them include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients.

Our primary custodian also makes available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts. They include investment research, both our custodian's own and that of third parties. We may use this research to service all or a substantial number of our clients' accounts, including accounts not maintained at our primary custodian. In addition to investment research, our custodian also makes available software and other technology that provide access to client account data, facilitates trade execution for multiple client accounts, provides pricing and other market data, facilitates payment of our fees from our clients' accounts, and assists with back-office functions, recordkeeping, and client reporting.

Our primary custodian and brokers also offer other services intended to help us manage and further develop our business. These services include educational conferences and events, consulting on technology, compliance, legal, and business needs, publications and conferences on practice management and business succession, and access to employee benefits providers, human capital consultants, and insurance providers.

The availability of these services from our custodians and brokers benefits us because we do not have to produce or purchase them. Of course, this may give us an incentive to recommend that you maintain your account with one of them based on our interests rather than yours, which is a potential conflict of interest. We believe, however, that our selection of our custodians and our brokers is in the best interests of our clients, and is primarily supported by the scope, quality, and price of their services that benefit you and not the services that benefit only us.

### **Aggregation of Transactions**

We may aggregate trades for clients in managed accounts. The allocations of a particular security will be determined by us before the trade is placed with the broker. When practical, client trades in the same security will be bunched in a single order (a "block") in an effort to obtain best execution at the best security price available. In some cases however, client trades may be bunched into multiple blocks. When employing block trades:

- We will make reasonable efforts to attempt to fill client orders by day-end.
- If the block order is not filled by day-end, we will allocate shares executed to underlying accounts on a pro rata basis, adjusted as necessary to keep client transaction costs to a minimum.
- If a block order is (or multiple block orders are) filled (full or partial fill) at several prices through multiple trades, an average price and commission will generally be used for all trades executed within the same block, but when trades are made in multiple blocks, clients may receive different prices for transactions made in the same security on the same day due to market volatility.
- Only trades executed within the same day will be combined for purposes of calculating the average price.

It is expected that this trade aggregation and allocation policy will be applied consistently. However, if application of this policy is impractical or results in unfair or inequitable treatment to some or all of our clients, we may deviate from this policy.

## Item 13 – Review of Accounts

### **Review of Clients Accounts**

While the underlying securities within managed accounts are continually monitored, managed accounts are reviewed on a regular basis, but no less than annually. Account reviews are performed by registered investment advisory representatives of the firm. Accounts are reviewed in the context of each client's stated investment objectives and guidelines. In some instances however, we may hold certain securities in managed accounts which are held at a client's direction and are not subject to Buttonwood's review. (See our "Part 2A Appendix 1 of Form ADV - Wrap Fee Program Brochure" for details about reviews of Wrap Fee Program accounts.)

The type and frequency of review for a consulting or financial planning account will vary depending on the type of relationship. However, additional review of financial plans will not typically be provided unless otherwise provided for under the terms of the engagement.

More frequent reviews may be triggered by a change in client's investment objectives; tax considerations; large deposits or withdrawals; large sales or purchases; loss of confidence in corporate management; management of an investment holding; or changes in the economic climate.

### **Reports Provided to Clients**

Investment advisory accounts clients receive standard account statements from the custodian of their accounts on a monthly or quarterly basis. We may also provide clients with periodic written reports summarizing the account activity and performance.

Family CFO clients will not typically receive written reports or formal reviews due to the nature of the service and the fact that financial plans are available online.

Financial Planning clients will generally receive some form of written financial plan. However additional reports will not typically be provided unless otherwise provided for under the terms of the engagement.

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

The vast majority of our new clients come from introductions made by existing clients. We do not compensate third parties for client referrals.

Buttonwood receives economic benefits from our custodians in the form of the support products and services that are made available to us and to other independent investment advisors. These products and services, how they benefit us, and the related conflicts of interest are described in Item 12 above. The availability to us of our custodian's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

Although Buttonwood generally does not refer clients to third party investment managers, we may do so upon client request. In such a situation, Buttonwood may receive compensation from third party investment managers in the form of referral fees. The receipt of these fees may give us an incentive to make recommendations based on our interests rather than yours, which is a potential conflict of interest. If a client is introduced to a third-party investment adviser by us acting as a solicitor, we shall disclose the nature of the solicitor relationship and shall provide each prospective client with a copy of our written disclosure statement and a copy of a written solicitor's disclosure statement disclosing the terms and conditions of the arrangement between us (the solicitor) and the third party investment manager.

Buttonwood also utilizes the services of various outside service providers and vendors to assist us in managing investment accounts for Clients and providing Family CFO Services to Clients. In determining whether to use an outside service provider or vendor, we consider many different factors including quality of service, types of services offered, overall capability, cost, reputation, stability, etc. In some cases, we bear the full cost of such outsourcing, but in some cases, clients may have fees and costs. Although such service providers and vendors may earn compensation in addition to what we pay, we do not share in such additional compensation. We may however receive cost discounts related to volume commitments which would be a conflict of interest in that we could save incremental cost by making larger volume commitments. We feel though that these commitments benefit not just us but also our Clients in that they allow us to provide various services at a lower overall cost. Furthermore, we believe that our selection of our outside service providers and vendors is in the best interests of our clients, and is primarily supported by the scope, quality, and price of their services that benefit both our clients and us.

## **Item 15 – Custody**

As mentioned in Item 12 above, we do not hold client assets but instead require that they be held by a third party "qualified custodian." We may, however have limited control in some instances to trade on your behalf, to deduct our advisory fees from your account with your authorization, or to request disbursements at your direction (although various types of written authorizations are required depending on the type of disbursements).

You will receive account statements directly from your custodian, which will be sent to the email or postal mailing address you provide. We strongly recommend that you to carefully review these custodial

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statements when you receive them and to compare them to reports you receive from us. Our reports may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

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

Buttonwood does not accept discretionary authority to manage securities in “stand alone” consulting or financial planning relationships.

However, in managed accounts and in comprehensive Family CFO relationships, clients generally grant us ongoing and continuous discretionary authority to execute investment recommendations in accordance with an Investment Policy Statement, without the client’s prior approval of each specific transaction. Under this discretionary authority, clients allow us to purchase and sell securities and instruments in their account(s), arrange for delivery and payment in connection with the foregoing, select and retain sub-advisors, and act on behalf of the client in matters necessary or incidental to the handling of the account, including monitoring certain assets. Client will also provide written instructions regarding our trading authority as required by each custodian.

We make it a practice to question clients to determine if there are any limitations to our discretionary authority. Clients may impose reasonable restrictions on investing in certain securities or types of securities and may request that non-recommended securities be held at the client’s direction in their account.

See our “Part 2A Appendix 1 of Form ADV - Wrap Fee Program Brochure” for details about investment discretion accepted in Wrap Fee Program accounts.

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

Buttonwood does not vote proxies on behalf of clients. Additionally, we do not provide advice to clients on how the Client should vote.

Clients will receive proxies and other solicitations directly from their custodian or transfer agent. If any proxy materials are received on behalf of a client, they will be sent directly to the client or a designated representative of the client, who is responsible for voting the proxy.

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

Registered investment advisers are required in some cases to provide certain financial information and or disclosures about their financial condition. For example, if the firm requires prepayment of fees for six months in advance, has custody of client funds, or has a condition that is reasonably likely to impair its ability to meet its contractual commitments to its clients, it must provide financial information and make disclosures.

Buttonwood has no financial or operating conditions which trigger such additional reporting requirements.

Although the firm believes that it does not currently have a condition that is reasonably likely to impair its ability to meet its contractual commitments to its clients, the firm has taken preemptive financial measures in response to the COVID-19 pandemic and its possible economic consequences. Such measures include temporary expense reductions and participation in the Paycheck Protection Program (PPP) under the Coronavirus Aid, Relief and Economic Security (CARES) Act. The firm is a small business and has used the proceeds of the Paycheck Protection Program to pay the salaries of all full time employees. These employees are responsible for performing the core operational and advisory duties in connection with our advisory services. The firm will continue to use the proceeds of the Paycheck Protection Program appropriately and intends to continue to reevaluate as conditions change.