

What is a custodian?

A custodian is a financial institution that holds customers' securities for safekeeping in electronic or physical form. In cases where investment advisors (such as Greenwood Capital) are responsible for advising on client funds, the advisor must follow custody rules set forth by the Securities and Exchange Commission (SEC). The person or entity must be considered a qualified custodian, often limiting the

options to banks, registered brokers, registered dealers, and certain other individuals or entities. Notices must be supplied to customers when certain activities are conducted on their behalf or using their assets. Further, account statements must be supplied to the customers to keep them abreast of the current holdings associated with their assets.

For additional information visit: investor.gov

Understanding the Advisor and Custodian roles.

Investment Advisor

- Registered annually with the SEC
- Provides discretionary investment management
- Communicates regularly with clients
- Helps clients determine investment objectives
- Establishes asset allocation parameters
- Evaluates and selects individual investments
- Instructs brokers to execute trading transactions
- Instructs custodian to record trading transactions
- May assist the client in facilitating account requests to custodian; cannot initiate transactions (e.g. withdrawal)

Qualified Custodian

- Provides safekeeping of assets
- Provides recordkeeping for tax reporting
- Executes trading instructions from adviser
- May send transaction confirmations
- Collects and records dividends and interest
- At a minimum, provides quarterly client statements
- In some cases, provides online access
- Distributes funds only as directed by the client
- Records client initiated transactions, such as account contributions and distributions

Why we believe independence is important.

As an independent registered investment adviser, we are able to offer just that – independence – to our clients. The investment advisory relationship enables our clients to bring together those professionals they deem to be in their best interest, providing a holistic solution via separate but interrelated professionals.

Investment Advisers are bound to a fiduciary standard that was established as part of the Investment Advisers Act of 1940. For federal registered investment advisers, such as Greenwood Capital, the SEC holds the adviser to a fiduciary standard that requires the adviser to put each client's interest above its own.

We believe that by engaging with Greenwood Capital for investment advice and trading execution; and, selecting your custodian to safe-keep your assets, clients receive transparency and independence in the investment advisory relationship.

As a direct client, this is demonstrated by:

- (1) Having a contractually agreed upon fee that is not determined by the investment advice, products or services recommended;
- (2) Receiving separate statements from us and your selected qualified custodian to ensure all transactions are independently recorded and securities are independently valued;

- (3) Knowing that as the Adviser of record, we do not have constructive custody of your assets and cannot initiate disbursements from your account; and,
- (4) Most importantly, being available and accessible to you specifically to discuss investment advice, while partnering with your other professionals to assist you with the complete investment relationship.

In providing these services our relationship is separate and distinct from that of the custodian. To ensure independence, while we cannot instruct your custodian of any transactions you may request; we are happy to assist you in facilitating transactions at your request.

Ultimately, as an investment advisor, we are obligated to put your interests first.

