

Darwood Associates (or “Darwood”) is registered as a broker-dealer with the U.S. Securities and Exchange Commission (SEC). *We are not an Investment Advisor. Brokerage and Investment Advisory Services and Fees differ, and it is important for you to understand these differences. A discussion of those differences can be found at <https://www.investor.gov/CRS>, a free and simple tool available to research firms and financial professionals, which also provides educational materials about broker dealers, investment advisors, and investing.* This disclosure includes information about our services, fees and costs, and conflicts of interest that we are required to provide to you when we recommend that you open and fund a brokerage account, or when we recommend that you roll over or transfer assets to a brokerage account with us. You can find additional information about us and our financial professionals on the Financial Industry Regulatory Authority’s (FINRA) website located at [www.finra.org/brokercheck](http://www.finra.org/brokercheck). Additional information is available on our website at [www.darwoodassociates.com](http://www.darwoodassociates.com). Investment and insurance products offered through Darwood Associates are not insured by the FDIC or any other federal government agency, are not deposits or other obligations of, or guaranteed by, a bank or any bank affiliate, and are subject to investment risks, including possible loss of the principal amount invested. Darwood Associates, Inc. Member FINRA/SIPC. All rights reserved. Doc# (06/20) PLEASE RETAIN A COPY OF THIS DOCUMENT FOR YOUR RECORDS

#### **WHAT INVESTMENT SERVICES AND ADVICE CAN WE PROVIDE YOU?**

Depending on your needs and your investment objectives, Darwood Associates may assist you with various brokerage services. We offer and recommend a wide range of investments including but not limited to: mutual funds, stocks, bonds, exchange traded funds (ETFs), options, fixed income securities, certificates of deposit (CDs), unit investment trusts (UITs), structured notes, variable annuities, and variable life insurance. We do not offer any proprietary products. We do offer investments from unaffiliated third-parties. We do not limit our investment offerings or recommendations to specific asset classes, or to those with third-party compensation arrangements, though we expect to receive compensation from third-parties in connection with some of the investments we offer, including, in particular, mutual funds, variable annuities, and cash sweep options.

**Brokerage Services** Our brokerage services include buying and selling securities (e.g., mutual funds, stocks, and bonds) at your direction. From time to time, or when you request, we also provide you with investment recommendations, research, financial tools, and investor education. When we make investment recommendations, including recommendations to open or transfer assets to a brokerage account, we will be acting in our capacity as a broker-dealer.

When making such a recommendation to you, we do not have a fiduciary obligation to you but we must act in your best interests at the time we make the recommendation without placing our financial or other interests ahead of yours.

**Limits on Monitoring and Investment Discretion** We do not exercise discretionary investment authority in your brokerage account (i.e., make decisions to buy or sell your investments without your direction) or monitor your brokerage account investments for you. This means that you are responsible for reviewing your account and investments to make sure your investment mix is appropriate for you and for deciding whether to follow our investment recommendations.

**No Account Minimums** You do not need to have a minimum amount to invest to open a brokerage account with us, but some of the investments you may purchase through us have minimum investment requirements. For more information regarding minimum investment requirements, please refer to the prospectus or offering documents for your investment.

*Additional Information: For more information, please refer to our website [www.darwoodassociates.com](http://www.darwoodassociates.com)*

#### **Conversation Starters: Questions you may want to ask your financial professionals**

- How will you choose investments to recommend to me?
- What is your relevant experience, including your licenses, education and other qualifications? What do these qualifications mean?

**WHAT FEES WILL YOU PAY?** For our brokerage services, the primary fees you pay are “transaction-based” fees. These fees are typically called “commissions,” “sales charges,” “loads,” “selling concessions,” or “trails”. These fees vary depending on the investment product you select, the capacity in which we act, and the size of your transaction, and can be charged up-front when you purchase or sell the investment, or on an ongoing basis for as long as you hold the investment (“trails”).

If we purchase a security from you or sell a security to you from our own account (as “principal”), rather than acting as your agent to purchase or sell a security from a third party, we are paid by marking the price up or down and retain that difference, which is a benefit to us. Because we are compensated for these transactions, we have a conflict of interest to encourage you to invest in products that pay us greater compensation than those that pay us less, to trade more frequently and in greater volume, and trade with us as principal because we generally receive more revenue when you do so.

**Description of Other Fees and Costs:** In addition to the foregoing fees, our clearing and custody partner, RBC Capital Markets, LLC may assess certain fees associated with your

brokerage account, such as account termination fees, and account transfer fees. For a schedule of fees charged by RBC CS and your brokerage firm, you may visit Investor Connect through our website or directly at [www.investor-connect.com](http://www.investor-connect.com) where a list of fees is included in the most recent electronic statement insert section for the periods ending March, June, September or December. The fees and costs you pay for specific securities transactions are disclosed to you on the confirmation statement you receive after your transaction is executed. The total costs you incur (and compensation we earn) in connection with your brokerage accounts will primarily depend on your investment mix and how frequently you trade.

You will incur costs whether you make or lose money on your investments. Fees and costs will reduce any amount of money you make on your investments over time. Please make sure you understand what fees and costs you are paying. Certain investments, such as mutual funds, ETFs, UITs, annuities, and 529 College Savings Plans ("529 Plans"), bear ongoing costs that you pay indirectly because they are factored into the cost of the investment and are in addition to our brokerage fees. In addition, these types of investments may charge surrender or early termination fees if you sell your investments early. For more information regarding these expenses, please refer to the prospectus or offering documents for your investment.

Conversation Starter: Question you may want to ask your financial professional

Help me understand how these fees and costs might affect my investments. If I give you \$10,000 to invest, how much will go to fees and costs, and how much will be invested for me?

**WHAT ARE YOUR LEGAL OBLIGATIONS TO ME WHEN PROVIDING RECOMMENDATIONS AS MY BROKER-DEALER? HOW ELSE DOES YOUR FIRM MAKE MONEY AND WHAT CONFLICTS OF INTEREST DO YOU HAVE?**

When we provide you with a recommendation as your broker-dealer we have to act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests. You should understand and ask us about these conflicts because they can affect the recommendations and investment advice we provide to you. Here are some examples to help you understand what this means.

**Examples of Ways We Make Money and Conflicts of Interest**

Third-Party Payments: Darwood Associates receives payments from third-parties (or their affiliates) when we sell certain products. As such, Darwood Associates has an incentive to recommend (or to invest your assets in) products

of third-parties that pay us over products of third-parties that do not pay us or pay us less.

Revenue Sharing: Certain managers and sponsors (or their affiliates) share the revenue they earn when you invest in certain of their investment products (primarily mutual funds and variable annuities) with Darwood Associates. As such, Darwood Associates has an incentive to recommend (or to invest your assets in) products of sponsors and fund managers that share their revenue with us, over other products of sponsors or fund managers that do not or who share less.

**Additional Information**

*For more information, please refer to our website [www.darwoodassociates.com](http://www.darwoodassociates.com)*

Conversation Starter: Question you may want to ask your financial professional

How might your conflicts of interest affect me and how will you address them?

**HOW DO YOUR FINANCIAL PROFESSIONALS MAKE MONEY?**

Darwood Associates financial professionals receive salary based compensation. They are also principals of the firm. Therefore, they have a financial interest in the amount of commissions the firm generates.

**DO YOU OR YOUR FINANCIAL PROFESSIONALS HAVE LEGAL OR DISCIPLINARY HISTORY?** No. Neither the firm or any of our financial professionals have legal or disciplinary histories. Please visit [Investor.gov/CRS](http://Investor.gov/CRS) for a free and simple search tool to research us and our financial Professionals. You may research your financial advisor's experience and licenses on FINRA's Broker Check website at [brokercheck.finra.org/](http://brokercheck.finra.org/).

Conversation Starter: Question you may want to ask your financial professional

As a financial professional, do you have any disciplinary history? For what type of conduct?

**ADDITIONAL INFORMATION**

For additional information about our brokerage services, our investment advisory services, or to obtain an updated copy of this Client Relationship Summary, please visit our website at [darwoodassociates.com](http://darwoodassociates.com). You may also request up-to-date information and request a copy of this Client Relationship Summary by calling us at (908) 874-3600 or by contacting us in writing at Darwood Associates, Inc. 284 US Highway 206, Hillsborough, NJ 08844

Conversation Starter: Question you may want to ask your financial professional: Who is my primary contact person? Financial Professional or the broker-dealer? Who can I talk to if I have concerns about this person?

(Revised December 16, 2021)