

## Item 1: Cover Page



# Birch Investment Management

Birch Investment Management, L.L.C.

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605-250-3644

[www.BirchInvestment.com](http://www.BirchInvestment.com)

Form ADV Part 2A – Firm Brochure

Dated: August 10, 2020

This Brochure provides information about the qualifications and business practices of Birch Investment Management, L.L.C., “Birch”. If you have any questions about the contents of this Brochure, please contact us at 605-250-3644. 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.

Birch Investment Management, L.L.C. is registered as an Investment Adviser with the State of South Dakota. Registration of an Investment Adviser does not imply any level of skill or training.

Additional information about Birch is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov), which can be found using the firm’s identification number, 158735.

## Item 2: Material Changes

### Material Changes

The last update of this brochure was filed on January 2, 2020. The following changes have been made to this version of the Disclosure Brochure:

- Item 4: The Advisor has added project based and ongoing financial planning services. Please see Item 4 for additional information.
- Item 5: The Advisor has added project based and ongoing financial planning services. The Advisor has modified the breakpoints for Investment Management and modified their fee schedule. Please see Item 5 for additional information.

### Future Changes

From time to time, we may amend this Disclosure Brochure to reflect changes in our business practices, changes in regulations, and routine annual updates as required by the securities regulators. Either this complete Disclosure Brochure or a Summary of Material Changes shall be provided to each Client annually and if a material change occurs in the business practices of Birch Investment Management, L.L.C.

At any time, you may view the current Disclosure Brochure online at the SEC's Investment Adviser Public Disclosure website at <http://www.adviserinfo.sec.gov> by searching for our firm name or by our CRD number 158735. You may also request a copy of this Disclosure Brochure at any time, by contacting us at 605-250-3644.

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## Item 4: Advisory Business

### Description of Advisory Firm

Birch Investment Management, L.L.C. is registered as an Investment Adviser with the State of South Dakota. We were founded in 2011. Brian Berkenhoff owns 100% of Birch. As of December 31, 2019, Birch manages \$10,713,625 on a discretionary basis and \$0 on a non-discretionary basis.

### Types of Advisory Services

We are in the business of managing individually tailored investment portfolios. Our firm provides continuous advice to a Client regarding the investment of Client funds based on the individual needs of the Client. Through personal discussions in which goals and objectives based on a Client's particular circumstances are established, we develop a Client's personal investment policy or an investment plan with an asset allocation target and create and manage a portfolio based on that policy and allocation targets. We will also review and discuss a Client's prior investment history, as well as family composition and background.

Account supervision is guided by the stated objectives of the Client (e.g., growth, growth & income, or income), the risk tolerance of the Client (e.g., aggressive, moderate, or conservative) as well as tax considerations. Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors. Fees pertaining to this service are outlined in Item 5 of this brochure.

### Project Based Financial Planning Services

We provide project based financial planning services on topics such as retirement planning, risk management, college savings, cash flow, debt management, work benefits, and estate and incapacity planning.

Financial planning involves an evaluation of a Client's current and future financial state by using currently known variables to predict future cash flows, asset values, and withdrawal plans. The key defining aspect of financial planning is that through the financial planning process, all questions, information, and analysis will be considered as they affect and are affected by the entire financial and life situation of the Client. Clients purchasing this service will receive a written or an electronic report, providing the Client with a detailed financial plan designed to achieve his or her stated financial goals and objectives.

In general, the financial plan will address any or all of the following areas of concern. The Client and advisor will work together to select specific areas to cover. These areas may include, but are not limited to, the following:

- **Business Planning:** We provide consulting services for Clients who currently operate their own business, are considering starting a business, or are planning for an exit from their current business. Under this type of engagement, we work with you to assess your current situation, identify your objectives, and develop a plan aimed at achieving your goals.
- **Cash Flow and Debt Management:** We will conduct a review of your income and expenses to determine your current surplus or deficit along with advice on prioritizing how any surplus should be used or how to reduce expenses if they exceed your income. Advice may also be provided on which debts to pay off first based on factors such as the interest rate of the debt and any income tax ramifications. We may also recommend what we believe to be an appropriate cash reserve that should be considered for emergencies and other financial goals, along with a review of accounts (such as money market funds) for such reserves, plus strategies to save desired amounts.

- College Savings: Includes projecting the amount that will be needed to achieve college or other post-secondary education funding goals, along with advice on ways for you to save the desired amount. Recommendations as to savings strategies are included, and, if needed, we will review your financial picture as it relates to eligibility for financial aid or the best way to contribute to grandchildren (if appropriate).
- Employee Benefits Optimization: We will provide review and analysis as to whether you, as an employee, are taking the maximum advantage possible of your employee benefits. If you are a business owner, we will consider and/or recommend the various benefit programs that can be structured to meet both business and personal retirement goals.
- Estate Planning: This usually includes an analysis of your exposure to estate taxes and your current estate plan, which may include whether you have a will, powers of attorney, trusts, and other related documents. Our advice also typically includes ways for you to minimize or avoid future estate taxes by implementing appropriate estate planning strategies such as the use of applicable trusts. We always recommend that you consult with a qualified attorney when you initiate, update, or complete estate planning activities. We may provide you with contact information for attorneys who specialize in estate planning when you wish to hire an attorney for such purposes. From time-to-time, we will participate in meetings or phone calls between you and your attorney with your approval or request.
- Financial Goals: We will help Clients identify financial goals and develop a plan to reach them. We will identify what you plan to accomplish, what resources you will need to make it happen, how much time you will need to reach the goal, and how much you should budget for your goal.
- Insurance: Review of existing policies to ensure proper coverage for life, health, disability, long-term care, liability, home, and automobile.
- Investment Analysis: This may involve developing an asset allocation strategy to meet Clients' financial goals and risk tolerance, providing information on investment vehicles and strategies, reviewing employee stock options, as well as assisting you in establishing your own investment account at a selected broker/dealer or custodian. The strategies and types of investments we may recommend are further discussed in Item 8 of this brochure.
- Retirement Planning: Our retirement planning services typically include projections of your likelihood of achieving your financial goals, typically focusing on financial independence as the primary objective. For situations where projections show less than the desired results, we may make recommendations, including those that may impact the original projections by adjusting certain variables (e.g., working longer, saving more, spending less, taking more risk with investments).

If you are near retirement or already retired, advice may be given on appropriate distribution strategies to minimize the likelihood of running out of money or having to adversely alter spending during your retirement years.

- Risk Management: A risk management review includes an analysis of your exposure to major risks that could have a significant adverse impact on your financial picture, such as premature death, disability, property and casualty losses, or the need for long-term care planning. Advice may be provided on ways to minimize such risks and about weighing the costs of purchasing insurance versus the benefits of doing so and, likewise, the potential cost of not purchasing insurance (“self-insuring”).
- Tax Planning Strategies: Advice may include ways to minimize current and future income taxes as a part of your overall financial planning picture. For example, we may make recommendations on which type of account(s) or specific investments should be owned based in part on their “tax efficiency,” with the consideration that there is always a possibility of future changes to federal, state or local tax laws and rates that may impact your situation.

We recommend that you consult with a qualified tax professional before initiating any tax planning strategy, and we may provide you with contact information for accountants or attorneys who specialize in this area if you wish to hire someone for such purposes. We will participate in meetings or phone calls between you and your tax professional with your approval.

### Ongoing Financial Planning

This service involves working one-on-one with a planner over an extended period of time. By paying a fixed monthly fee, Clients get to work with a planner who will work with them to develop and implement their plan. The planner will monitor the plan, recommend any changes and ensure the plan is up to date.

Upon desiring a comprehensive plan, a Client will be taken through establishing their goals and values around money. They will be required to provide information to help complete the following areas of analysis: net worth, cash flow, insurance, credit scores/reports, employee benefit, retirement planning, insurance, investments, college planning, and estate planning. Once the Client's information is reviewed, their plan will be built and analyzed, and then the findings, analysis and potential changes to their current situation will be reviewed with the Client. Clients subscribing to this service will receive a written or an electronic report, providing the Client with a detailed financial plan designed to achieve his or her stated financial goals and objectives. If a follow-up meeting is required, we will meet at the Client's convenience. The plan and the Client's financial situation and goals will be monitored throughout the year and follow-up phone calls and emails will be made to the Client to confirm that any agreed upon action steps have been carried out. On an annual basis, there will be a full review of this plan to ensure its accuracy and ongoing appropriateness. Any needed updates will be implemented at that time.

### Wrap Fee Programs

We do not participate in wrap fee programs.

## Item 5: Fees and Compensation

Please note, unless a Client has received the firm's Disclosure Brochure at least 48 hours prior to signing the client agreement, the contract may be terminated by the Client within five (5) business days of signing the contract without incurring any fees. How we are paid depends on the type of advisory service we are performing. Please review the fee and compensation information below.

## Investment Management Services

Our standard advisory fee is based on the market value of the assets under management and is calculated as follows:

Assets Under Management	Annual Fee
\$0 - \$1,000,000	1.00%
\$1,000,001 - \$3,000,000	0.50%
\$3,000,001 and above	0.25%

The annual fees are negotiable, prorated and paid in arrears on a quarterly basis. The advisory fee is a blended fee and is calculated by assessing the percentage rates using the predefined levels of assets as shown in the above chart and applying the fee to the average daily balance of the previous quarter, resulting in a combined weighted fee. For example, an account valued at \$2,500,000 would pay an effective fee of 0.70% with the annual fee of \$17,500.00. The quarterly fee is determined by the following calculation:  $((\$1,000,000 \times 1.00\%) + (\$1,500,000 \times 0.50\%)) \div (90/365) = \$4,315.06$ . The minimum annual fee is \$3,000 which may be waived in some instances. No increase in the annual fee shall be effective without agreement from the Client by signing a new agreement or amendment to their current advisory agreement.

Advisory fees are directly debited from Client accounts, or the Client may choose to pay by electronic funds transfer or check. Accounts initiated or terminated during a calendar quarter will be charged a prorated fee based on the amount of time remaining in the billing period. An account may be terminated with written notice at least 30 calendar days in advance. Upon termination of the account, any unearned fee will be refunded to the Client. Since fees are paid in arrears, no refund will be needed upon termination of the account.

### Ongoing Financial Planning

Ongoing Financial Planning consists of an upfront charge of \$1,000 and an ongoing fee that is paid monthly, in arrears, at the rate of \$250 per month. The fee may be negotiable in certain cases. Fees for this service may be paid by electronic funds transfer. This service may be terminated with 30 days' notice. Upon termination of any agreement, the fee will be prorated, and any unearned fee will be refunded to the Client.

The upfront portion of the Comprehensive Financial Planning fee is for Client onboarding, data gathering, and setting the basis for the financial plan. This work will commence immediately after the fee is paid and will be completed within the first 30 days of the date the fee is paid. Therefore, the upfront portion of the fee will not be paid more than 6 months in advance.

### Project Based Financial Planning Fixed Fee

Financial Planning will generally be offered on a fixed fee basis. The fixed fee will be agreed upon before the start of any work. The fixed fee can range between \$2,500 and \$5,000. The fee is negotiable. If a fixed fee program is chosen, half of the fee is due at the beginning of the process and the remainder is due at completion of work, however, Birch Investments will not bill an amount above \$500.00 more than 6 months in advance. Fees for this service may be paid by electronic funds transfer or check. In the event of early termination any prepaid but unearned fees will be refunded to the Client and any completed deliverables of the project will be provided to the Client and no further fees will be charged.

### Other Types of Fees and Expenses



Our fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which may be incurred by the Client. Clients may incur certain charges imposed by custodians, brokers, and other third parties such as custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer, and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual fund and exchange-traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees, and commissions are exclusive of and in addition to our fee, and we shall not receive any portion of these commissions, fees, and costs.

Item 12 further describes the factors that we consider in selecting or recommending broker-dealers for Client's transactions and determining the reasonableness of their compensation (e.g., commissions).

We do not accept compensation for the sale of securities or other investment products including asset-based sales charges or service fees from the sale of mutual funds.

Adviser will not be compensated on the basis of a share of capital gains upon or capital appreciation of the funds or any portion of the funds of the Portfolio.

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

We do not offer performance-based fees and do not engage in side-by-side management.

## Item 7: Types of Clients

We provide investment management services to individuals, high net-worth individuals, corporations and other businesses.

We do not have a minimum account size requirement.

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

### Methods of Analysis

Our primary methods of investment analysis are fundamental. Fundamental analysis involves analyzing individual companies and their industry groups, such as a company's financial statements, details regarding the company's product line, the experience, and expertise of the company's management, and the outlook for the company's industry. The resulting data is used to measure the true value of the company's stock compared to the current market value. The risk of fundamental analysis is that the information obtained may be incorrect and the analysis may not provide an accurate estimate of earnings, which may be the basis for a stock's value. If securities prices adjust rapidly to new information, utilizing fundamental analysis may not result in favorable performance.

### Investment Strategies

We primarily practice passive investment management. Passive investing involves building portfolios for long-term goals using various distinct asset classes. The asset classes are weighted in a manner to achieve the desired relationship between correlation, risk, and return. Securities that capture the returns of the desired asset classes are placed in the portfolio. The funds that are used to build passive portfolios are typically individual stocks and bonds or low-cost mutual funds and exchange-traded funds.

Passive investment management is characterized by low portfolio expenses (i.e. the funds inside the portfolio have low internal costs), minimal trading costs (due to infrequent trading activity), and relative tax efficiency (because the funds inside the portfolio are tax efficient and turnover inside the portfolio is minimal).

#### Material Risks Involved

All investing strategies we offer involve risk and may result in a loss of your original investment which you should be prepared to bear. Many of these risks apply equally to stocks, bonds, commodities, and any other investment or security. Material risks associated with our investment strategies are listed below.

Market Risk involves the possibility that an investment's current market value will fall because of a general market decline, reducing the value of the investment regardless of the operational success of the issuer's operations or its financial condition.

Interest Rate Risk Bond (fixed income) prices generally fall when interest rates rise, and the value may fall below par value or the principal investment. The opposite is also generally true: bond prices generally rise when interest rates fall. In general, fixed income securities with longer maturities are more sensitive to these price changes. Most other investments are also sensitive to the level and direction of interest rates.

Inflation may erode the buying power of your investment portfolio, even if the dollar value of your investments remains the same.

#### Risks Associated with Securities

Apart from the general risks outlined above which apply to all types of investments, specific securities may have other risks.

Common stocks may go up and down in price quite dramatically, and in the event of an issuer's bankruptcy or restructuring could lose all value. A slower-growth or recessionary economic environment could have an adverse effect on the price of all stocks.

Corporate Bonds are debt securities to borrow money. Generally, issuers pay investors periodic interest and repay the amount borrowed either periodically during the life of the security and/or at maturity. Alternatively, investors can purchase other debt securities, such as zero-coupon bonds, which do not pay current interest, but rather are priced at a discount from their face values and their values accrete over time to face value at maturity. The market prices of debt securities fluctuate depending on factors such as interest rates, credit quality, and maturity. In general, market prices of debt securities decline when interest rates rise and increase when interest rates fall. The longer the time to a bond's maturity, the greater its interest rate risk.

Municipal Bonds are debt obligations generally issued to obtain funds for various public purposes, including the construction of public facilities. Municipal bonds pay a lower rate of return than most other types of bonds. However, because of a municipal bond's tax-favored status, investors should compare the relative after-tax return to the after-tax return of other bonds, depending on the investor's tax bracket. Investing in municipal bonds carries the same general risks as investing in bonds in general. Those risks include interest rate risk, reinvestment risk, inflation risk, market risk, call or redemption risk, credit risk, and liquidity and valuation risk.

Exchange Traded Funds prices may vary significantly from the Net Asset Value due to market conditions. Certain Exchange Traded Funds may not track underlying benchmarks as expected. ETFs are also subject to the following risks:

- ETF shares may trade at a market price that is above or below their net asset value;
- the ETF may employ an investment strategy that utilizes high leverage ratios;
- trading of an ETF's shares may be halted if the listing exchange's officials deem such action appropriate, the shares are de-listed from the exchange, or the activation of market-wide "circuit breakers" (which are tied to large decreases in stock prices) halts stock trading generally. The Adviser has no control over the risks taken by the underlying funds in which the Clients invest.

Investment Companies Risk. When a Client invests in open-end mutual funds or ETFs, the Client indirectly bears its proportionate share of any fees and expenses payable directly by those funds. Therefore, the Client will incur higher expenses, many of which may be duplicative. In addition, the Client's overall portfolio may be affected by losses of an underlying fund and the level of risk arising from the investment practices of an underlying fund (such as the use of derivatives).

## Item 9: Disciplinary Information

### Criminal or Civil Actions

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

### Administrative Enforcement Proceedings

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

### Self-Regulatory Organization Enforcement Proceedings

Birch and its management have not been involved in legal or disciplinary events that are material to a Client's or prospective Client's evaluation of Birch or the integrity of its management.

## Item 10: Other Financial Industry Activities and Affiliations

No Birch employee is registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

No Birch employee is registered, or have an application pending to register, as a futures commission merchant, commodity pool operator or a commodity trading advisor.

Birch does not have any related parties. As a result, we do not have a relationship with any related parties.

Birch only receives compensation directly from Clients. We do not receive compensation from any outside source. We do not have any conflicts of interest with any outside party.

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

As a fiduciary, our firm and its associates have a duty of utmost good faith to act solely in the best interests of each Client. Our Clients entrust us with their funds and personal information, which in turn places a high standard on our conduct and integrity. Our fiduciary duty is a core aspect of our Code of Ethics and represents the expected basis of all of our dealings. The firm also accepts the obligation not only to comply with the mandates and requirements of all applicable laws and regulations but also to take responsibility to act in an ethical and professionally responsible manner in all professional services and activities. Additionally, Birch requires adherence to its Insider Trading Policy, and the CFA Institute's Asset Manager Code of Professional Conduct and Code of Ethics and Standards of Professional Conduct.

### Code of Ethics Description

This code does not attempt to identify all possible conflicts of interest, and literal compliance with each of its specific provisions will not shield associated persons from liability for personal trading or other conduct that violates a fiduciary duty to management Clients. A summary of the Code of Ethics' Principles is outlined below.

- Integrity - Associated persons shall offer and provide professional services with integrity.

- Objectivity - Associated persons shall be objective in providing professional services to Clients.
- Competence - Associated persons shall provide services to Clients competently and maintain the necessary knowledge and skill to continue to do so in those areas in which they are engaged.
- Fairness - Associated persons shall perform professional services in a manner that is fair and reasonable to Clients, principals, partners, and employers, and shall disclose conflict(s) of interest in providing such services.
- Confidentiality - Associated persons shall not disclose confidential Client information without the specific consent of the Client unless in response to proper legal process, or as required by law.
- Professionalism - Associated persons' conduct in all matter shall reflect the credit of the profession.
- Diligence - Associated persons shall act diligently in providing professional services.

We periodically review and amend our Code of Ethics to ensure that it remains current, and we require all firm access persons to attest to their understanding of and adherence to the Code of Ethics at least annually. Our firm will provide a copy of its Code of Ethics to any Client or prospective Client upon request.

#### Investment Recommendations Involving a Material Financial Interest and Conflicts of Interest

Neither our firm, its associates or any related person is authorized to recommend to a Client or effect a transaction for a Client, involving any security in which our firm or a related person has a material financial interest, such as in the capacity as an underwriter, adviser to the issuer, etc.

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

Our firm and its “related persons” may buy or sell securities similar to, or different from, those we recommend to Clients for their accounts. In an effort to reduce or eliminate certain conflicts of interest involving the firm or personal trading, our policy may require that we restrict or prohibit associates’ transactions in specific reportable securities transactions. Any exceptions or trading pre-clearance must be approved by the firm principal in advance of the transaction in an account, and we maintain the required personal securities transaction records per regulation.

#### Trading Securities At/Around the Same Time as Client’s Securities

While Birch and its “related persons” purchase or sell the same securities that may be recommended to and purchased on behalf of Clients, such trades are typically aggregated with Client orders or traded afterwards. At no time will Birch, or any “related persons” of Birch, transact in any security to the detriment of any Client.

## Item 12: Brokerage Practices

#### Factors Used to Select Custodians and/or Broker-Dealers

Birch Investment Management, L.L.C. does not have any affiliation with Broker-Dealers. Specific custodian recommendations are made to the Client based on their need for such services. We recommend custodians based on the reputation and services provided by the firm.

Research and Other Soft-Dollar Benefits - Birch does not participate in soft dollar programs sponsored or offered by any broker-dealer. However, as noted above, Birch does receive certain economic benefits from TD Ameritrade as detailed in Item 14 below.

Brokerage for Client Referrals - We receive no referrals from a broker-dealer or third party in exchange for using that broker-dealer or third party.

#### Clients Directing Which Broker/Dealer/Custodian to Use

We do recommend a specific custodian for Clients to use, however, Clients may custody their assets at a custodian of their choice. Clients may also direct us to use a specific broker-dealer to execute transactions. By allowing Clients to

choose a specific custodian, we may be unable to achieve the most favorable execution of Client transaction and this may cost Clients money over using a lower-cost custodian.

#### The Custodian and Brokers We Use (TD Ameritrade)

Advisor participates in the TD Ameritrade Institutional program. TD Ameritrade Institutional is a division of TD Ameritrade, Inc. ("TD Ameritrade"), member FINRA/SIPC. TD Ameritrade is an independent [and unaffiliated] SEC-registered broker-dealer. TD Ameritrade offers to independent investment Advisors services which include custody of securities, trade execution, clearance, and settlement of transactions. Advisor receives some benefits from TD Ameritrade through its participation in the program. (Please see the disclosure under Item 14 below.)

#### Aggregating (Block) Trading for Multiple Client Accounts

Generally, we combine multiple orders for shares of the same securities purchased for advisory accounts we manage (this practice is commonly referred to as "block trading"). We will then distribute a portion of the shares to participating accounts in a fair and equitable manner. The distribution of the shares purchased is typically proportionate to the size of the account, but it is not based on account performance or the amount or structure of management fees. Subject to our discretion, regarding particular circumstances and market conditions, when we combine orders, each participating account pays an average price per share for all transactions and pays a proportionate share of all transaction costs. Accounts owned by our firm or persons associated with our firm may participate in block trading with your accounts; however, they will not be given preferential treatment.

## Item 13: Review of Accounts

Client accounts with the Investment Management Service will be reviewed at least annually by Brian Berkenhoff, Principal and CCO. The account is reviewed with regards to the Client's investment policies and risk tolerance levels. Events that may trigger a special review would be unusual performance, addition or deletions of Client imposed restrictions, excessive draw-down, volatility in performance, or buy and sell decisions from the firm or per Client's needs.

Clients will receive trade confirmations from the broker(s) for each transaction in their accounts as well as monthly or quarterly statements and annual tax reporting statements from their custodian showing all activity in the accounts, such as receipt of dividends and interest.

Birch will provide written reports to Investment Management Clients on a quarterly basis. We urge Clients to compare these reports against the account statements they receive from their custodian.

## Item 14: Client Referrals and Other Compensation

Birch does not engage paid solicitors for Client referrals.

As disclosed under Item 12, above, Advisor participates in TD Ameritrade's institutional customer program and Advisor may recommend TD Ameritrade to Clients for custody and brokerage services. There is no direct link between Advisor's participation in the program and the investment advice it gives to its Clients, although Advisor receives economic benefits through its participation in the program that are typically not available to TD Ameritrade 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 Advisor 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 management 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 Advisor by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by Advisor's related persons. Some of the products and services made available by TD Ameritrade through the program may benefit Advisor but may not benefit its Client accounts. These products or services may assist Advisor in managing and administering Client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help Advisor manage and further develop its business enterprise. The benefits received by Advisor or its personnel through participation in the program do not depend on the number of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to Clients, Advisor endeavors at all times to put the interests of its Clients first. Clients should be aware, however, that the receipt of economic benefits by Advisor or its related persons in and of itself creates a potential conflict of interest and may indirectly influence the Advisor's choice of TD Ameritrade for custody and brokerage services.

## Item 15: Custody

Birch does not accept custody of Client funds except in the instance of withdrawing Client fees.

For Client accounts in which Birch directly debits their management fee:

- Birch will send a copy of its invoice to the custodian at the same time that it sends the Client a copy.
- The custodian will send at least quarterly statements to the Client showing all disbursements for the account, including the amount of the management fee.
- The Client will provide written authorization to Birch, permitting them to be paid directly for their accounts held by the custodian.

Clients should receive at least quarterly statements from the broker-dealer, bank or other qualified custodian that holds and maintains Client's investment assets. We urge you to carefully review such statements and compare such official custodial records to the account statements or reports that we may provide to you. Our statements or reports may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

## Item 16: Investment Discretion

For those Client accounts where we provide Investment Management Services, we maintain discretion over Client accounts with respect to securities to be bought and sold and the amount of securities to be bought and sold. Investment discretion is explained to Clients in detail when an advisory relationship has commenced. At the start of the advisory relationship, the Client will execute a Limited Power of Attorney, which will grant our firm discretion over the account. Additionally, the discretionary relationship will be outlined in the management contract and signed by the Client.

## Item 17: Voting Client Securities

Birch, as a matter of policy and as a fiduciary to our clients, has responsibility for voting proxies for portfolio securities consistent with the best economic interests of the Clients. Our firm maintains policies and procedures as to the handling, research, voting and reporting of proxy voting and makes appropriate disclosures about our firm's proxy policies and practices. Our policy and practice include the responsibility to monitor corporate actions, receive and vote client proxies and disclose any potential conflicts of interest as well as making information available to clients about the voting of proxies for their portfolio securities and maintaining relevant and required records. Clients may request information regarding how Birch voted a Client's proxies, and Clients may request a copy of the firm's proxy policies and procedures by emailing [Brian@BirchInvestment.com](mailto:Brian@BirchInvestment.com).

## Item 18: Financial Information

Registered Investment Advisers are required in this Item to provide you with certain financial information or disclosures about our financial condition. We have no financial commitment that impairs our ability to meet contractual and fiduciary commitments to Clients, and we have not been the subject of a bankruptcy proceeding.

We do not have custody of Client funds or securities or require or solicit prepayment of more than \$500 in fees per Client six months in advance.

## Item 19: Requirements for State-Registered Advisers

### Educational Background and Business Experience of Principal Officer

The Principal of Birch is Brian Berkenhoff. Information regarding the formal education and background of Brian Berkenhoff is included in Item 2 of the Form ADV Part 2B – Brochure Supplement below.

### Other Business Activities

Brian Berkenhoff is not involved with outside business activities.

### Performance-Based Fees

Birch is not compensated by performance-based fees. Please refer to Item 6 of this brochure.

### Material Disciplinary Disclosures

No management person at Birch Investment Management, L.L.C. has ever been involved in an arbitration claim of any kind or been found liable in a civil, self-regulatory organization, or administrative proceeding.

### Material Relationships That Management Persons Have with Issuers of Securities

Birch Investment Management, L.L.C., nor Brian Berkenhoff, have any relationship or arrangement with issuers of securities.

### Additional Compensation

Brian Berkenhoff does not receive any economic benefit from any person, company, or organization, in exchange for providing Clients advisory services through Birch.

### Supervision

Brian Berkenhoff, as Principal and Chief Compliance Officer of Birch, is responsible for supervision. He may be contacted at the phone number on this brochure supplement.

### Requirements for State Registered Advisers

Brian Berkenhoff has NOT been involved in an arbitration, civil proceeding, self-regulatory proceeding, administrative proceeding, or a bankruptcy petition.



# Birch Investment Management

Birch Investment Management, L.L.C.

118 Main Ave. S.

Brookings, SD 57006

605-250-3644

Dated: January 2, 2020

## Form ADV Part 2B – Brochure Supplement

For

Brian Berkenhoff

Principal, and Chief Compliance Officer

This brochure supplement provides information about Brian Berkenhoff that supplements the Birch Investment Management, L.L.C. (“Birch”) brochure. A copy of that brochure precedes this supplement. Please contact Brian Berkenhoff if the Birch brochure is not included with this supplement or if you have any questions about the contents of this supplement.



Additional information about Brian Berkenhoff is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) which can be found using the identification number 4542497.

## Item 2: Educational Background and Business Experience

Brian Berkenhoff

- Born: 1976

### Educational Background

- 1998 – Bachelor of Arts Degree in Economics & Political Science, Pacific Lutheran University

### Business Experience

- 07/2011 – Present, Birch Investment Management, L.L.C., Principal and CCO
- 10/2010 – 04/2011, Fishback Financial Corporation, Employee Benefits Trust Accountant
- 02/2001 – 12/2008, Harbour Investment Management, L.L.C., Principal
- 07/1998 – 02/2001, PlanMember Services, Trust Department Manager

### Professional Designations, Licensing & Exams

- Chartered Financial Analyst (CFA): The CFA Program is a graduate-level self-study program that combines a broad-based curriculum of investment principles with professional conduct requirements. It is designed to prepare charter holders for a wide range of investment specialties that apply in every market all over the world. To earn a CFA charter, applicants' study for three exams (Levels I, II, III) using an assigned curriculum. Upon passing all three exams and meeting the professional and ethical requirements, they are awarded a charter. In addition, CFA charter holders must have at least four years of acceptable professional experience in the investment decision-making process and must commit to abide by, and annually reaffirm, their adherence to the CFA Institute Code of Ethics and Standards of Professional Conduct. Chartered Financial Analyst and CFA are trademarks owned by CFA Institute.

## Item 3: Disciplinary Information

No management person at Birch Investment Management, L.L.C. has ever been involved in an arbitration claim of any kind or been found liable in a civil, self-regulatory organization, or administrative proceeding.

## Item 4: Other Business Activities

Brian Berkenhoff is not involved with outside business activities.

## Item 5: Additional Compensation

Brian Berkenhoff does not receive any economic benefit from any person, company, or organization, in exchange for providing Clients advisory services through Birch.

## Item 6: Supervision

Brian Berkenhoff, as Principal and Chief Compliance Officer of Birch, is responsible for supervision. He may be contacted at the phone number on this brochure supplement.

## Item 7: Requirements for State Registered Advisers

Brian Berkenhoff has NOT been involved in an arbitration, civil proceeding, self-regulatory proceeding, administrative proceeding, or a bankruptcy petition.