



*Registered Investment Advisor*

4 Thornewood Ln SW \*Lakewood, WA 98498

O 253-582-6505

C 253-202-2207

Email: [jcnm@thornewoodadvisorsusa.com](mailto:jcnm@thornewoodadvisorsusa.com) \* Web Site: [www.thornewoodadvisorsusa.com](http://www.thornewoodadvisorsusa.com)

DISCLOSURE BROCHURE

FOR

Thornewood Advisors USA, LLC

4 Thornewood Lane SW

Lakewood, WA 98498

Web Address: [www.thornewoodadvisorsusa.com](http://www.thornewoodadvisorsusa.com)

Item 1 - Brochure

Date of Brochure: February 23, 2022

This Brochure provides information about the qualifications and business practices of Thornewood Advisors USA, LLC. If you have any questions about the contents of this Brochure, please contact us at 253-582-6505 or [www.thornewoodadvisorsusa.com](http://www.thornewoodadvisorsusa.com). The

information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Thornewood Advisors USA, LLC is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about Thornewood Advisors USA, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2 - Material Changes

There are no material changes.

On July 28, 2010, the United State Securities and Exchange Commission published "Amendments to Form ADV" which amends the disclosure document that we provide to clients as required by SEC Rules. This Brochure dated March 9<sup>th</sup> 2011 is a new document prepared according to the SEC's new requirements and rules. As such, this Document is materially different in structure and requires certain new information that our previous brochure did not require.

In the future, this Item will discuss only specific material changes that are made to the Brochure and provide clients with a summary of such changes. We will also reference the date of our last annual update of our brochure.

In the past we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to new SEC Rules, we will ensure that you receive a summary of any materials 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.

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting John T. Mason Managing Partner at 253-582-6505 or [jonnm@thornewoodadvisorsusa.com](mailto:jonnm@thornewoodadvisorsusa.com). Our Brochure is also available on our web site [www.thornewoodadvisorsusa.com](http://www.thornewoodadvisorsusa.com), also free of charge.

Additional information about Thornewood Advisors USA, LLC is also available via the SEC's web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's web site also provides information about any persons affiliated with Thornewood Advisors USA, LLC who are registered, or are required to be registered, as investment adviser representatives of Thornewood Advisors USA, LLC.

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Brochure Supplement(s)

There are no supplements.

Item 4 - Advisory Business

Applicant charges annual asset management fees based on a percentage of the assets under management. These fees are billed quarterly in advance. Clients having less than \$ 101,000.00 are charged 2.5% per year. Clients with \$101,000.00 or more under management are charged 1.25% to 1.5% per year.

Hourly or flat fees are charged for education, developing an asset management system, plan and for investment advice as well as any work related to these. Hourly fees are presently billed at \$290.00 hour. Flat fees are used when a client is more comfortable with a flat fee. Flat fees are negotiable.

Risk tolerance is determined by use of an investment objective and risk tolerance questionnaire.

Typically these are used to create or identify existing model asset allocation portfolios that attempt to provide the greatest return without exceeding the clients risk tolerance.

Thornewood Advisors' mission is to bring the very best financial services to its clients. With the client's best interest and this goal in mind Thornewood Advisors' focuses on overall asset management and in areas other than direct asset management. Therefore Thornewood Advisors' refers its clients to among the best asset management firms in the country with which it has formed strategic partnerships. These firms specifically focus on asset management and have long term successful track records.

John Thomas Mason, D.O.B. 1947, attended New Mexico State University and Texas Western University. He is a manager of Thornewood Advisor USA, LLC RIA and 1st Financial, LLC a Life & Health insurance agency.

John T. Mason is a Life and Health insurance agent and owns an insurance agency; 1st Financial, LLC of the 80% of his time listed, 20% of that is allocated to Life insurance agent activities.

Applicant also provides pension consulting.

## Item 5 - Fees and Compensation

Applicant charges annual asset management fees based on a percentage of the assets under management. These fees are billed quarterly in advance. Clients having less than \$101,000.00 are charged 2.5% per year. Clients with \$101,000.00 or more under management are charged 1.25% to 1.5% per year. In all instances, adviser will send the client a written invoice, including the fee, the formula used to calculate the fee, the fee calculation itself the time period covered by the fee and if applicable, the amount of assets under management on which the fee was based. Also, adviser will include the name of the custodian(s) on the fee invoice. Adviser will send these to the client concurrent with the request for payment or payment of adviser's advisory fees. We urge the client to compare this information with the fees listed in the account statement.

Hourly or flat fees are charged for education, developing an asset management system, plan and for investment advice as well as any work related to these. Hourly fees are presently billed at \$290.00 hour. Flat fees are used when a client is more comfortable with a flat fee. All fees are subject to negotiation.

The specific manner in which fees are charged by Thornewood Advisors USA, LLC is established in a client's written agreement with Thornewood Advisors USA, LLC.

Thornewood Advisors USA, LLC will generally bill its fees monthly in arrears. Clients may elect to be billed in advance or arrears each calendar quarter. Clients may also elect to be billed directly for fees or to authorize Thornewood Advisors USA, LLC to directly debit fees from client accounts. Management fees shall [or shall not] be prorated for each capital contribution and withdrawal made during the applicable calendar quarter (with the exception of de Minimis contributions and withdrawals). Accounts initiated or terminated during a calendar quarter will be charged a prorated fee. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable.

Thornewood Advisors USA, LLC's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment 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 on brokerage accounts and securities transactions. Mutual funds 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 Thornewood Advisors', LLC's fee, and Thornewood Advisors USA, LLC's fee, and Thornewood Advisors USA, LLC's shall not receive any portion of these commissions, fees, and costs.

Item 12 further describes the factors that Thornewood Advisors USA, LLC's considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (e.g., commissions).

#### Item 6 – Performance – Based Fees and Side – By – Side

Thornewood Advisors USA, LLC does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

#### Item 7- Types Of Clients

Thornewood Advisors USA, LLC, offers and or provides financial education and consulting on most investments and financial products, such as but limited to zero risk wealth accumulation systems, traditional and nontraditional investments, traditional and nontraditional retirement plans, real estate, real estate development, insurance, mortgages and risk management. Thornewood Advisors USA, LLC, provides pension consulting. Thornewood Advisors USA, LLC offers and or provides portfolio management services to individuals, high net worth individuals, corporate pension and profit-sharing plans, Taft-Hartley plans, charitable institutions, foundations, endowments, municipalities, registered mutual funds, private investment funds, trust programs, sovereign funds, foreign funds such as UCITs and SICAVs, and other U.S. and international institutions.

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

"Investing in securities involves risk of loss that clients should be prepared to bear." "Savings does not involve market risk."

Our firm does not have actual or constructive custody of client accounts.

Our firm provides portfolio management services to clients using model asset allocation portfolios. Each model portfolio is designed to meet a particular investment goal.

**Capital Preservation (CP) Model 1:** The intent of an investor using this portfolio is to preserve capital by favoring a balanced mix between equity and fixed income asset classes. Because entities we clear through own equity and bond ETFs, and because all of those allocations can go to cash if weakness is encountered, the objective is to capture some or a majority of the average market return over time while achieving a lower risk level than the S&P 500. There are 15 asset classes used, including cash. There are greater allocations to U.S. equities over international developed and emerging markets. There are also small allocations to real estate and commodities.

**Capital Preservation (CP) Model 2:** The intent of an investor using this portfolio is to preserve capital by favoring a balanced mix between equity and fixed income asset classes. Because we own equity and bond ETFs, and because all of those allocations can go to cash if weakness is encountered, the objective is to capture some or a majority of the average market returns over time while achieving a lower risk level than the S&P 500. There are 14 asset classes used, including cash. There are slightly higher allocations to U.S. equities over international developed and emerging markets. There is also a small allocation to real estate.

**Capital Preservation (CP) Model 3:** The intent of an investor using this portfolio is to preserve capital by favoring a balanced mix between equity and fixed income asset classes. Because we own equity and bond ETFs, and because all of those allocations can go to cash if weakness is encountered, the objective is to capture some or a majority of the average market returns over time while achieving a lower risk level than the S&P 500. There are 11 asset classes used, including cash. There are greater allocations to U.S. equities over international developed and emerging markets. There is also a small allocation to real estate.

**Capital Preservation Tactical (CPT) Model:** The intent of an investor using this portfolio is to preserve and grow capital by employing a tactical equity strategy similar to GML, but that can go partially or 100% to cash based on the same short-term trend indicators employed in all the other CP models. This model demonstrates that risk can be greatly reduced in an all equity portfolio (no bonds) if a short-term cash signal is employed as part of the

strategy. Unlike other CP Models, allocations are not fixed. The strong Styles, Sectors, Global Regions, etc. can be over-weighted (within bounds), and the weak ones can be avoided entirely.

**Growth Model (GM) 1:** The intent of an investor using this portfolio is to provide long-term capital appreciation and allocates 100% to equities, except during longer-term market downturns when it can aggressively raise cash. Because it is a 100% equity portfolio (except when it raises cash), investors are seeking to exceed S&P 500 index returns over any 3-year period. Up to 40% of this model may be allocated to international developed and emerging markets.

**Growth Model (GM) 2:** The intent of an investor using this portfolio is to provide long-term capital appreciation and allocates 100% to equities, except during longer-term market downturns when it can aggressively raise cash. Because it is a 100% equity portfolio (except when it raises cash), investors are seeking to exceed S&P 500 index returns over any 3-year period. Up to 60% of this model may be allocated to international developed and emerging markets.

**Growth Model (GM) 3:** The intent of an investor using this portfolio is to provide long-term capital appreciation and allocates 100% to equities, except during longer-term market downturns when it can aggressively raise cash. Because it is a 100% equity portfolio (except when it raises cash), investors are seeking to exceed S&P 500 index returns over any 3-year period. Up to 100% of this model may be allocated to international developed and emerging markets.

We manage these advisory accounts on a non-discretionary basis. Account supervision is guided by the client's stated objectives (i.e., maximum capital appreciation, growth, income, or growth and income), as well as tax considerations.

Through personal discussions with the client in which our risk tolerance questionnaire is completed, the client's goals and objectives are established and we determine if the model portfolio is suitable to the client's circumstances. Once we determine the suitability of the portfolio, the portfolio is managed based on the portfolio's goal, rather than on each client's individual needs. Clients, nevertheless, have the opportunity to place reasonable restrictions on the types of investments to be held in their account. Clients retain individual ownership of all securities. Our investment recommendations are not limited to any specific product or service offered by a broker dealer or insurance company and will generally include advice regarding the following securities:

~ Exchange-listed securities

~ Securities traded over-the-counter



- ~ Warrants
- ~ Corporate debt securities (other than commercial paper)
- ~ Commercial paper
  
- ~ Certificates of deposit
- ~ Municipal securities
- ~ Mutual fund shares
- ~ United States governmental securities
- ~ Options contracts on securities

Because some types of investments involve certain additional degrees of risk, they will only be implemented/recommended when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability.

To ensure that our initial determination of an appropriate portfolio remains suitable and that the account continues to be managed in a manner consistent with the client's financial circumstances, we will:

1. send quarterly written reminders to each Model Portfolio Management Services client requesting any updated information regarding changes in the client's financial situation and investment objectives;
2. at least annually, contact each participating client to determine whether there have been any changes in the client's financial situation or investment objectives, and whether the client wishes to impose investment restrictions or modify existing restrictions;
3. be reasonably available to consult with the client; and 4. maintain client suitability information in each client's file.

## Item 9 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Thornewood Advisors USA 1, LLC, or the integrity of Thornewood Advisors', LLC's management. Thornewood Advisors USA, LLC, has no information applicable to this Item.

## Item 10 – Other Financial Industry activities and Affiliations

John T Mason; the managing partner for Thornewood Advisors USA, LLC, is actively engaged in a business other than giving investment advice. John T. Mason is also the managing partner of 1st Financial USA, LLC; a life and health insurance agency and also the managing partner of Dominion Investment Group, LLC; a private investment company.

### Solicitor Arrangements

Thornewood Advisors USA, LLC acts as a solicitor for other investment advisers. In that capacity it will receive a referral fee in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, and any corresponding state securities law requirements. Therefore, Thornewood Advisors USA, LLC has a conflict of interest in that it will recommend particular investment advisers or money managers which agree to compensate our Firm for referrals of our clients. Compensation arrangement will vary with each solicitor arrangement. If the Client is introduced to another investment adviser or money manager by Thornewood Advisors USA, LLC, at the time of the solicitation, Thornewood Advisors USA, LLC shall disclose the nature of the solicitor relationship, and shall provide each prospective client with a copy of Brookstone Capital Management's (BCM) written disclosure statement as set forth in Brookstone Capital Management's (BCM) Form ADV, together with a copy of the written disclosure statement from Thornewood Advisors USA, LLC to the client disclosing the terms and conditions of the arrangement between Thornewood Advisors USA, LLC Thornewood Advisors USA, LLC as the solicitor, and the selected investment adviser or money manager including the compensation to be received by Thornewood Advisors USA, LLC as the solicitor. As the solicitor, Thornewood Advisors USA, LLC will disclose the nature of the relationship to prospective clients at the time of the solicitation and will provide all prospective clients with a copy of the investment adviser's written disclosure statement as set forth in the Form ADV.

## Item 11 – Code Of Ethics

Thornewood Advisors USA, LLC has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at Thornewood Advisors USA, LLC must acknowledge the terms of the Code of Ethics annually, or as amended.

Thornewood Advisors USA, LLC anticipates that, in appropriate circumstances, consistent with clients' investment objectives, it will cause accounts over which Thornewood Advisors