

Regulation Best Interest Disclosure Supplement

About Us

Cherry Tree & Associates, LLC (“Cherry Tree” or “the Firm”) is registered with the Securities and Exchange Commission (“SEC”) as a Broker-Dealer and is a member of the Financial Industry Regulatory Authority (“FINRA”). You can check Cherry Tree at www.brokercheck.finra.org.

About this Document

This document is meant to provide additional information and disclosures regarding our Firm pursuant to Regulation Best Interest.

Capacity in which your Financial Professional is Acting

Your financial professional may be a Registered Representative of our Firm. You can check for your financial professional at www.brokercheck.finra.org which will allow you to search for your financial professional by name. Their respective profile will provide you with information about him/her and about our Firm.

Material Limitations

You should understand there are material limitations to the recommendations your financial professional provides. We are an investment banking firm providing M&A advisory and private placement services. As a result, our Firm approves and offers only certain securities. There are many securities that are not offered by our Firm, which may benefit you and your portfolio.

Additionally, the financial professionals associated with our Firm are licensed to offer certain types of securities. There may be material limitations to the recommendations your financial professional provides. You can check to see the licenses your financial professional holds, by visiting www.brokercheck.finra.org.

Commissions and Sales Compensation

The Firm receives selling compensation when it buys or sells a security as a result of an M&A or private placement engagement. This selling compensation is also referred to as a commission or

a placement fee. Typically, the Firm receives selling compensation and shares a certain percentage of the selling compensation with your financial professional.

Financial Professional Specific Compensation

Financial Professional compensation packages typically include a percentage of the selling compensation described herein but may also include salaries and other cash or non-cash compensation and benefits that may or may not be tied to their performance.

Additional Conflicts of Interests

- **Gifts and Entertainment:** A conflict of interest may arise when a financial professional receives or offers a gift, entertainment, or anything of value that creates an incentive for an employee, third party service provider, or a client to act in a certain way.
- **Outside Business Activities:** If approved, registered representatives may engage in certain outside business activities. As a result, financial professionals may be incentivized to recommend certain products or services outside the scope of their relationship with the Firm and they may benefit financially from these recommendations. In addition, financial professionals may engage in personal trading or outside business activities (including board memberships/directorships) that could conflict with a client or with the Firm.
- **Confidentiality:** The Firm and its financial professionals are periodically exposed to confidential information which may benefit us or a client.
- **Supervision Conflicts:** When a manager is also a producing financial professional, he/she may be incentivized to spend more time on revenue generating activities than supervision activities.
- **Recommendations to Other Financial Professionals:** Other professionals (e.g., lawyers, accountants, bankers, etc.) may be recommended to clients or engaged directly by the client on an as-needed basis. Although not directly compensated for these referrals to outside entities, your financial professional may receive referrals from these professionals, which might incentivize them to recommend a particular professional over another.
- **Affiliated Entities:** The Firm is affiliated with Cherry Tree Wealth Management LLC, an SEC Registered Investment Adviser. Financial professionals of the Firm may be incentivized to refer you to its affiliate as it generates additional compensation for the Firm's financial professionals.

Understanding Risk

Our Firm does not provide tax, legal or accounting advice. Accordingly, we encourage each customer to consult their own personal tax, legal and/or accounting advisers in order to understand the potential consequences associated with a particular investment and/or strategy.

Investing in securities involves risk of loss that customers should be prepared to bear. Different types of investments involve varying degrees of risk and there can be no assurance that any specific investment or investment strategy will be profitable for a customer's investment portfolio. Past performance is not indicative of future results. A customer should not assume that the future performance of any specific investment, investment strategy, or product will be profitable or equal to past or current performance levels. We cannot assure that the investment objectives of any client will be realized.

The following is a non-exhaustive list of risks associated with investing. For additional product-specific risks, customers should review the investment offering memorandum, or other disclosure documents and consider them carefully prior to making an investment decision.

- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- **Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.

- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- **Financial/Credit Risk:** Excessive borrowing to finance a business' operations increases the risk of achieving profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value of securities.
- **Concentration Risk:** Concentration risk is the potential for a loss in value of an investment portfolio by having a large portion of the portfolio in a particular investment, asset class or market segment relative to the overall portfolio.

If you require any additional information regarding this document or any other matter, please visit our website at www.cherrytree.com or contact us at info@cherrytree.com.