

**Part 2A of Form ADV: Firm Brochure**

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**The Leonard Management Group**

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This brochure provides information about the qualifications and business practices of The Leonard Management Group. If you have any questions about the contents of this brochure, please contact us at 860-673-3237 and/or email at [leonardmgmt@comcast.net](mailto:leonardmgmt@comcast.net). 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.

Additional information about The Leonard Management Group also is available on the SEC's website at [www.advisorinfo.sec.gov](http://www.advisorinfo.sec.gov)

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### **Item 1 - Advisory Business**

**The Leonard Management Group (LMG)** has been in business since 1981. James P. Leonard is the President, Chief Investment Officer and Chief Compliance Officer. We provide investment advisory services to individuals, trusts and estates, corporations and pension and profit-sharing plans. Discretionary assets under management as of December 31, 2011 are \$28,899,136.

### **Item 2 – Fees and Compensation**

All fees are based on the assets under management and range from one to two percent of those assets, depending on the account size and the client's investment objectives. The fee arrangement is discussed with the client and agreed to prior to establishing the relationship and also set forth in the management agreement. Fees are paid quarterly, in advance, with the unearned fees returned to the client if the relationship is terminated prior to the end of the next quarter.

New clients are made aware of our minimum annual fee of \$3,000 prior to establishing a relationship. Fees are negotiable for new accounts in excess of \$10 million dollars. Some clients currently pay less than the minimum because their accounts were opened prior to the minimum fee requirement.

The client may choose to pay the management fees directly or have the fees deducted from their custody account. Client assets are held in custody by one of four national brokers which **LMG** has been working with for several years. Additional fees or expenses may include custodial fees and/or transaction costs and brokerage fees. Transaction commissions have been negotiated at the traditional lower institutional rates and are included with the broker commissions.

### **Item 3 – Performance Based Fees and Side-By-Side Management**

N/A

### **Item 4 – Types of Clients**

The majority of our clients are individuals; however, we manage the assets of a few pension plans. We suggest that prospective clients with less than \$150,000 to manage consider mutual funds as a more cost effective alternative.

#### **Item 5 – Methods of Analysis, Investment Strategies and Risk of Loss**

A client's portfolio will consist of equities and/or bonds. The mix of equity and bonds is dependent upon the client's investment objectives and tolerance for portfolio volatility. The appropriate mix is discussed prior to establishing a relationship. We also agree to an objective benchmark which is used to establish our value added.

Our research focuses on finding those securities that appear to be undervalued or overlooked by most investors. Occasionally an investment may experience a higher than normal level of volatility due to unexpected news events. This volatility is mitigated by optional portfolio diversification as holdings total from 20 to 25 securities from separate issuers.

#### **Item 6 – Disciplinary Information**

**The Leonard Management Group** has not been a party to any legal actions or disciplinary events.

#### **Item 7 – Other Financial Industry Activities and Affiliations**

No members of the firm have affiliations with a broker-dealer.

#### **Item 8 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

**The Leonard Management Group** maintains the highest standards of ethical conduct in all of our business practices. Our duty at all times is to place the interests of our clients first. All employees comply with federal and state securities laws and maintain high standards of personal and professional conduct as set forth in our Code of Ethics. A copy of the Code of Ethics will be provided upon request to our office.

**LMG** has the responsibility to originate and execute the timing of all investments. Investment ideas are identified by internal research which sometimes includes traditional institutional research from major broker-dealers. Input from related persons is discouraged and when available it is not seriously considered.

Employees of **LMG** often own the same securities held in client accounts. Transactions may be grouped with client orders to receive the same execution and commission rates as clients. Security transactions by firm members are reported on a quarterly basis.

### **Item 9 – Brokerage Practices**

The same four institutional broker-dealers functioning as our clients' custodian also execute all the client transactions. The commissions charged for these transactions are similar for all broker-dealers. One of these broker-dealers provides no institutional research but offers soft dollar services instead at no additional charge.

Soft dollar credits are used to purchase third party research and several other services that fall under the SEC soft dollar guidelines. The research and services benefit all clients. **LMG** does not direct transactions for client referrals, nor do we honor client requests for directed transactions. After large orders are executed, the broker-dealer will distribute the securities among designated clients but charge each client the negotiated institutional rate.

### **Item 10 – Review of Accounts**

The Chief Investment Officer reviews each portfolio on a quarterly basis prior to mailing to the client to assure the portfolio's composition is consistent with the investment objectives and compares the investment return to the benchmark index. The securities that make up the portfolio are under constant review and changes are made when objectives are met or when disappointments are experienced.

### **Item 11 – Client Referrals and Other Compensation**

The primary source of new clients is referrals from existing clients and those clients that assist us in expanding our customer base sometimes are awarded by a temporary fee reduction.

### **Item 12 – Custody**

The broker-dealer who also functions as custodian mails monthly statements to the client along with executed trade confirms upon completion of the transaction. **LMG** also provides more detailed quarterly reports showing the client's portfolio organized by industry, income by security and detailed capital gains and losses. The report also shows the portfolio's rate of return and compares that return with a mutually agreed to benchmark index.

### **Item 13 – Investment Discretion**

Prior to establishing a relationship, the client agrees that **LMG** will have the discretion to identify the appropriate securities and execute all transactions. However, all securities will remain in the client's name and will be custodied by the agreed upon broker-dealer.

**Item 14 – Voting Client Securities**

The client retains all responsibility for voting on company proxies and receives all corporate mailings.

**Item 15 – Financial Information**

The Leonard Management Group does not have any clients that pay fees six months in advance.

**Item 16 – Requirements for State Registered Advisors**

The Leonard Management Group is currently registered with the Securities and Exchange Commission and we also provide a Notice Filing to the State of Connecticut Banking Department.

James P. Leonard is the sole investment decision maker. He was born April 24, 1938. Upon graduation from Black Hills State University in 1965 he entered the investment profession at Continental Illinois National Bank Trust Department as an investment analyst. He was also employed at Cowen & Co. and Duff & Phelps before forming The Leonard Management Group in 1981.

There are no criminal or civil actions, administrative procedures, self-regulatory procedures or any other proceedings completed or in process.