

Firm Brochure
(Part 2A of Form ADV)

BRODE MANAGEMENT GROUP, LTD

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This brochure provides information about the qualifications and business practices of BRODE MANAGEMENT GROUP, LTD. If you have any questions about the contents of this brochure, please contact us at: (847) 242-0494. 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 BRODE MANAGEMENT GROUP, LTD. is available on the SEC's website at www.adviserinfo.sec.gov

June 18, 2012

Item 2 – Material Changes.....

Material Changes

The U.S. Securities and Exchange Commission issued a final rule in July 2010 requiring advisers to provide a Firm Brochure in narrative “plain English” format. The new final rule specifies mandatory sections and organization.

This brochure dated June 18, 2012 is an update to our last brochure dated March 24, 2011. Brode Management Group is transitioning from federal registration to registration with the state of Illinois and the purpose of this amendment is to reflect the state requirements.

The Material Changes section of this brochure will be updated annually when material changes occur since the previous release of the Firm Brochure. In the future this Item will only discuss specific material changes and provide clients with a summary of such changes. We will also reference the date of our last annual update of our brochure.

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

Whenever you would like to receive a complete copy of our Firm Brochure, please contact us by telephone (847) 242-0494.

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BRODE MANAGEMENT GROUP, LTD. was founded in 1984 to provide personalized confidential investment management to individuals, pension and profit sharing plans, trusts, estates, charitable organizations and small businesses and offers its services on a fee-only basis. There is one office located at 49 Estate Drive in Glencoe, Illinois. The principal owner is David B. Brode.

BRODE MANAGEMENT GROUP, LTD. allocates its client's investment management assets on a discretionary basis in accordance with the individual investment objectives of the client. The goals and objectives for each client are documented in our client questionnaire and clients may impose restrictions on investing in certain securities or types of securities.

As of December 31, 2011, BRODE MANAGEMENT GROUP manages approximately \$38,946,475 in assets for approximately 81 clients. All of the assets are managed on a discretionary basis; none are managed on a non-discretionary basis.

The firm does not sell annuities, insurance, stocks, bonds, mutual funds, limited partnerships, or other commissioned products. No finder's fees are accepted. BRODE MANAGEMENT GROUP, LTD. does not act as a custodian of client assets. The client always maintains asset control. BRODE MANAGEMENT GROUP, LTD. places trades for clients under a limited power of attorney. Assets are invested primarily in stocks, bonds and cash instruments and may include equities (stocks), ETF's, warrants, corporate debt securities, commercial paper, certificates of deposit, municipal securities, closed-end mutual funds shares, and U. S. government securities. Stocks and bonds may be purchased or sold through a brokerage account when appropriate. The brokerage firm charges a fee for stock and bond trades.

An initial meeting, which may be by telephone (847) 242-0494, is free of charge and is considered an exploratory interview to determine the extent to which investment management may be beneficial to the client.

Our clients choose to have BRODE MANAGEMENT GROUP, LTD. manage their assets in order to obtain ongoing supervision of and choice of assets. The scope of work and fee for an Investment Advisory Agreement is provided in our Investment Advisory Contract. By execution of this agreement, BRODE MANAGEMENT GROUP, LTD accepts the appointment of investment adviser and agrees to provide investment supervision of the funds and securities designated by the client. The services will include a review of the client's investment portfolio, preparation of an investment portfolio(s) specific to the requirements and needs of the client, the placing of orders for the purchase and sale of securities as and when BRODE MANAGEMENT GROUP, LTD deems such transactions to be advisable in its sole discretion, the forwarding of periodic reports at least quarterly reflecting the status of the Account, and

consulting with the client on investments. BRODE MANAGEMENT GROUP, LTD makes no guarantees as to the return on client's investments, and our clients acknowledge that they are aware of the risks inherent in securities investments and that market fluctuations and other events affect such return.

A client may terminate the investment advisory relationship at any time by giving written notice of termination. Upon such termination, any unearned portion of advisory fees paid will be refunded, pro rata to the date of termination. Agreements may not be assigned without client consent.

Item 5 – Fees and Compensation.....

BRODE MANAGEMENT GROUP, LTD. bases its fees on a percentage of assets under management.

Following is the schedule of the annual Advisory Service Agreement fee:

- _3.00%_ per annum on the first \$250,000
- _1.50%_ per annum on the next \$250,000
- _1.00%_ per annum on the next \$1,500,000
- _0.75%_ per annum on the assets in excess of \$2,000,000

BRODE MANAGEMENT GROUP, LTD., in its sole discretion, may waive or change its minimum fee and/or charge a lesser investment advisory fee based upon certain criteria (e.g., historical relationship, type of assets, anticipated future earning capacity, anticipated future additional assets, dollar amounts of assets to be managed, related accounts, account composition, negotiations with clients, etc.).

The minimum quarterly fee is \$4,000. Brode Management Group reserves the right to negotiate fees depending on the individual circumstances of each client.

Investment management fees are billed quarterly, in advance, meaning that we invoice you at the beginning of each three month fee period. Payment will be debited from the client's designated custodial account. The client must consent in advance to direct debiting of their investment account.

Our fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Custodians may charge transaction fees on purchases or sales of certain mutual funds and exchange-traded funds. These transaction charges are usually small and incidental to the purchase or sale of a security. The selection of the security is more important than the nominal fee that the custodian charges to buy or sell the security. They may also charge administrative fees per custodial contract agreement with each client.

Mutual funds generally charge a management fee for their services as investment managers. The management fee is called an expense ratio. For example, an expense ratio of 0.50 means that the mutual fund company charges 0.5% for their services. These fees are in addition to the fees paid by you to BRODE MANAGEMENT GROUP, LTD. Performance figures quoted by mutual fund companies in various publications are after their fees have been deducted.

In Illinois, unless a client has received the firm's disclosure brochure at least 48 hours prior to signing the investment advisory contract, the investment advisory contract may be terminated by the client within five (5) business days of signing the contract without incurring any advisory fees.

Item 6 – Performance-Based Fees and Side-By-Side Management.....

Fees are not based on a share of the capital gains or capital appreciation of managed securities.

BRODE MANAGEMENT GROUP, LTD. does not use a performance-based fee structure because of the potential conflict of interest. Performance-based compensation may create an incentive for the adviser to recommend an investment that may carry a higher degree of risk to the client.

Item 7- Types of Clients.....

BRODE MANAGEMENT GROUP, LTD. generally provides investment advisory services to individuals, pension and profit sharing plans, trusts, estates, and charitable organizations.

Client relationships vary in scope and length of service and are often multigenerational.

The minimum account size is \$1,000,000 of assets under management, and the minimum quarterly fee is \$4,000. When an account falls below the minimum account size in value, the minimum quarterly fee may be charged.

BRODE MANAGEMENT GROUP, LTD. has the discretion to waive the account minimum and the minimum quarterly fee. In such cases, the fees will be calculated per the fee schedule that is part of each client's Investment Advisory Contract.

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

Security analysis methods may include charting, fundamental analysis, technical analysis, and cyclical analysis.

The main sources of information include financial newspapers and newsletters, inspections of corporate activities, research materials prepared by others, corporate rating services, timing services, annual reports, prospectuses, filings with the Securities and Exchange Commission, and company press releases.

Other sources of information that BRODE MANAGEMENT GROUP, LTD. may use include Morningstar and the World Wide Web.

Each of our client portfolios is individually designed and managed. This means that we may design a portfolio with core stock and bond positions and from time to time add some sector specific investments and/or timely trading opportunities. Portfolios are globally diversified to control the risk associated with traditional markets when appropriate.

The investment strategy for a specific client is based upon the objectives stated by the client. The client may change these objectives at any time. Each client executes a Client Questionnaire that documents their objectives, their desired investment strategy and client appropriate investments.

Other strategies may include long-term purchases, short-term purchases, trading, margin transactions, and option writing (including covered options, uncovered options or spreading strategies).

All investment programs have certain risks that are borne by the investor. Our investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks:

- 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 Risk:** Excessive borrowing to finance a business' operations increases the risk of 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.

Item 9 -Disciplinary Information.....

BRODE MANAGEMENT GROUP, LTD and its employees have not been involved in legal or disciplinary events related to past or present investment clients.

Item 10 - Other Financial Industry Activities and Affiliations.....

BRODE MANAGEMENT GROUP, LTD. has an arrangement that is material to its advisory or its clients with a related person who is a broker-dealer. David B. Brode, President of BRODE MANAGEMENT GROUP, LTD is currently a non-owning Registered Principal and Registered Representative (on an independent contractor basis) of Abacus Investments, Inc., a broker/dealer. Mr. Brode maintains his "non-managed" brokerage business with Abacus Investments, and a significant portion of BRODE MANAGEMENT GROUP, LTD. clients' brokerage business is placed through that firm. However, unless expressly provided for by the client, neither BRODE MANAGEMENT GROUP, LTD nor Mr. Brode receives commissions for transactions effected through Abacus Investments, Inc. on behalf of our managed accounts.

Item 11 - Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....

Pursuant to Rule 204A-1 and the rules of the state of Illinois, the employees of BRODE MANAGEMENT GROUP, LTD. have committed to a Code of Ethics that is available for review by clients and prospective clients upon request. The policies within the Code reflect the firm's high standard of business conduct and fiduciary duty to its clients. Included are provisions relating to the confidentiality of client information, a prohibition on insider trading, restrictions on the acceptance of gifts, cash and entertainment items, and personal securities trading procedures. Supervised persons must acknowledge the Code of Ethics annually, or as amended, and all employees must adhere to it.

BRODE MANAGEMENT GROUP, LTD. and its employees may buy or sell securities that are also held by clients. Employees may not trade their own securities ahead of client trades. All employees comply with the provisions of the BRODE MANAGEMENT GROUP, LTD. *Compliance Manual* and Code of Ethics in order to assure that their transactions, activities, and interests will not interfere with making decisions in the best interest of advisory clients, thus avoiding any conflict of interest.

The Chief Compliance Officer of BRODE MANAGEMENT GROUP, LTD. is Christine B. Brode. She reviews all employee trades each week. Her trades are reviewed by David B. Brode. The personal trading reviews ensure that the personal trading of employees does not affect the markets, and that clients of the firm receive preferential treatment.

Item 12 - Brokerage Practices.....

BRODE MANAGEMENT GROUP, LTD. recommends custodians based on the proven integrity and financial responsibility of the firm and the best execution of orders at reasonable commission rates. Each client of BRODE MANAGEMENT GROUP, LTD. reserves the right to direct his brokerage business to any firm he chooses. BRODE MANAGEMENT GROUP, LTD.'s selection of brokers or dealers (including those affiliated with BRODE MANAGEMENT GROUP, LTD or related persons) is based on the following criteria: commission rates; executions capabilities; and, to a lesser extent, general research. We believe that our advisory clients as a group are the beneficiaries of such research.

BRODE MANAGEMENT GROUP, LTD will usually recommend Abacus Investment, Inc as a broker. Because of the volume of commissions we provide to Abacus, we are able to transact business for our clients at highly competitive rates, resulting in greater economy and efficiency for our clients.

As previously noted, if Brode Management Group executes transactions through an affiliated broker, related persons (including David B Brode) may share in the commissions generated by trades in the client's account if the client has granted such authority by written agreement with Brode Management Group, Ltd.

BRODE MANAGEMENT GROUP, LTD. reviews the execution of trades each week for all of our clients. Trading fees charged are also reviewed on a weekly basis.

BRODE MANAGEMENT GROUP, LTD does not have any soft dollar arrangements or relationships.

Item 13 - Review of Accounts.....

All accounts are reviewed on a continuing basis by David B. Brode, President of Brode Management Group. We know our clients and the securities they hold. If we are reacting to or anticipating pertinent macro/micro events, we will determine whether these events dictate portfolio changes, and if so, when such changes should be made. Notwithstanding the discretionary nature of our accounts, if we determine that substantial changes are needed in a client's portfolio, i.e. changes with respect to very large holdings or aggregate values exceeding 40% of our client's total assets, we will endeavor to consult with the client prior to initiating the appropriate transactions.

Other conditions that may trigger a review are changes in the tax laws, new investment information, new monies added to accounts, and changes in a client's own situation.

Account reviews are conducted by David B. Brode. He will consider the client's current security positions and the likelihood that the performance of each security will contribute to the investment objectives of the client.

Every client of BRODE MANAGEMENT GROUP, LTD. is provided with a quarterly appraisal of each of his managed portfolios which includes a detailed listing of all securities in the portfolio, the client's cost basis, asset acquisition date and current market evaluations. Each appraisal also includes a schedule of unrealized gains and losses, a schedule of year-to-date realized gains and losses and a summary of projected annual income. Every effort is made to provide clients with quarterly appraisals on a timely basis. In addition to quarterly investment appraisals from BRODE MANAGEMENT GROUP, LTD., each client receives monthly statements from their custodian which recaps all transactions. They can also elect to receive written confirmation of each individual trade transaction from their custodian.

Item 14 - Client Referrals and Other Compensation.....

BRODE MANAGEMENT GROUP, LTD. has been fortunate to receive many client referrals over the years. The referrals came from current clients, estate planning attorneys, accountants, employees, personal friends of employees

and other similar sources. The firm does not compensate referring parties for these referrals.

BRODE MANAGEMENT GROUP, LTD. does not accept referral fees or any form of remuneration from other professionals when a prospect or client is referred to them.

Item 15 – Custody.....

All assets are held at a qualified custodian, which means the custodian provides account statements directly to clients at their address of record each month there is a transaction in the account or at least quarterly.

Clients are urged to compare the account statements received directly from their custodians to the performance report statements provided by BRODE MANAGEMENT GROUP, LTD.

Item 16 - Investment Discretion.....

BRODE MANAGEMENT GROUP, LTD. accepts discretionary authority to manage securities accounts on behalf of clients. BRODE MANAGEMENT GROUP, LTD. has the authority to determine, without obtaining specific client consent, the securities to be bought or sold, and the amount of the securities to be bought or sold.

Discretionary trading authority facilitates placing trades in client accounts on their behalf so that we may promptly implement the investment policy that they have approved in writing.

A limited power of attorney is a trading authorization for this purpose. Our clients sign a limited power of attorney so that we may execute the trades that best serve your stated goals.

Item 17 - Voting Client Securities

BRODE MANAGEMENT GROUP, LTD. does not vote proxies on securities. Clients will receive their proxies or other solicitations from their custodians and are expected to vote their own proxies.

When assistance on voting proxies is requested, BRODE MANAGEMENT GROUP, LTD. will provide recommendations to the client. If a conflict of interest exists, it will be disclosed to the client.

Item 18 - Financial Information.....

BRODE MANAGEMENT GROUP, LTD. does not have any financial impairment that will preclude the firm from meeting contractual commitments to clients.

A balance sheet is not required to be provided because BRODE MANAGEMENT GROUP, LTD. does not serve as a custodian for client funds or securities, and does not require prepayment of fees of more than \$500 per client, six months or more in advance.

Item 19 – Requirements for State-Registered Advisors.....

A. As discussed in our Part 2B Brochure Supplement that follows, David B. Brode is the sole principal executive officer and manager; his formal education and business background can be found in the Brochure Supplement that begins on page 11.

B. The business of BRODE MANAGEMENT GROUP, LTD is investment management.

C. There are no principals, employees or supervised persons at BRODE MANAGEMENT GROUP, LTD who are compensated for advisory services with performance-based fees. (See Item 6)

D. BRODE MANAGEMENT GROUP, LTD, its principal, management, and employees have *never* been involved in any of the events listed below:

1. An award or otherwise being found liable in an arbitration claim alleging damages in excess of \$2,500, involving any of the following:
 - (a) an investment or an investment-related business activity;
 - (b) fraud, false statement(s) or omissions;
 - (c) theft, embezzlement, or other wrongful taking of property;
 - (d) bribery, forgery, counterfeiting, or extortion; or
 - (e) dishonest, unfair, or unethical practices.

2. An award or otherwise being found liable in a civil, self-regulatory organization, or administrative proceeding involving any of the following:

- (a) an investment or an investment-related business or activity;
- (b) fraud, false statement(s), or omissions;
- (c) theft, embezzlement, or other wrongful taking of property;
- (d) bribery, forgery, counterfeiting, or extortion; or
- (e) dishonest, unfair, or unethical practices.

E. There are no relationships or arrangements between BRODE MANAGEMENT GROUP, LTD, its principal, management, and employees with any issuer or securities.

Brochure Supplement
(Part 2B of Form ADV)

BRODE MANAGEMENT GROUP, LTD
DAVID B. BRODE, SUPERVISED PERSON

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This brochure supplement provides information about David B. Brode that supplements the Brode Management Group, Ltd. firm brochure. You should have received a copy of that brochure. Please contact Christine B. Brode if you did not receive a copy of the Brode Management Group, Ltd.'s. brochure or if you have any questions about the contents of this supplement.

Additional information about David B. Brode is available on the SEC's website at www.adviserinfo.sec.gov

June 18, 2012

Item 2 - Educational Background and Business Experience.....

Education and Business Standards

BRODE MANAGEMENT GROUP, LTD. requires that advisors in its employ have a bachelor's degree and an MBA; we consider the combination of these credentials to be our general standard of education. Additionally, advisors must have work experience that demonstrates their aptitude for investment management along with the successful completion and passing of all required examinations.

David B. Brode, President

Educational Background and Business Experience:

David B. Brode was born in 1946. He received his B.A from Colgate University in 1968 and his MBA from the University of Chicago in 1971. He has been the president, sole investment manager, and owner of Brode Management Group since 1984. From 1976 thru 1983, he was employed as a Senior Vice President at Rothschild Securities in Chicago where he established and ran their asset management department until he left to start his own firm.

Item 3 – Disciplinary Information.....

There is no Disciplinary Information of any kind to disclose about David B. Brode.

Item 4 – Other Business Activities.....

From November 1987 to February 1998, Mr. Brode was a Registered Principal and Registered Representative (on an independent contractor basis) of Howe Barnes Investments, Inc., a broker/dealer. Since February 1998, Mr. Brode has been a Registered Principal and Registered Representative (on an independent contractor basis) of Abacus Investments, Inc., a broker/dealer. In fulfilling his duties to his clients, David B. Brode at all times endeavors to put the interest of his clients first. He is not influenced by the potential commission of a trade or product, but rather by making certain that each investment is best-suited to each client and that they are executed at the best possible price. Being a registered representative allows him to control and closely monitor bid/offer prices and commissions paid, whether the trades are placed through Abacus Investments or another

Broker. There are no soft-dollar arrangements that would influence his choice of product or brokers with which to do business, nor are there any other business activities.

Item 5 – Additional Compensation.....

David B. Brode is not engaged in any other business or occupation for compensation.

Item 6- Supervision.....

Christine B. Brode is responsible in her capacity as Compliance Officer for supervising David B. Brode, and can be reached at 847-242-0494. Advice to clients is discussed and reviewed regularly; outside counsel specializing in securities law may also be consulted and included in these discussions. Strict adherence to the provisions of the BRODE MANAGEMENT GROUP, LTD. *Compliance Manual* and Code of Ethics is required at all times.

Item 7- Requirements for State-Registered Advisers.....

A. David B. Brode has never been involved in any of the events listed below:

1. An award or otherwise being found liable in an arbitration claim alleging damages in excess of \$2,500, involving any of the following:
 - a. an investment or an investment-related business activity;
 - b. fraud, false statement(s) or omissions;
 - c. theft, embezzlement, or other wrongful taking of property;
 - d. bribery, forgery, counterfeiting, or extortion; or
 - e. dishonest, unfair, or unethical practices.

2. An award or otherwise being found liable in a civil, self-regulatory organization, or administrative proceeding involving any of the following:
 - a. an investment or an investment-related business activity;
 - b. fraud, false statement(s) or omissions;
 - c. theft, embezzlement, or other wrongful taking of property;
 - d. bribery, forgery, counterfeiting, or extortion; or
 - e. dishonest, unfair, or unethical practices.

B. David B. Brode has never been the subject of a bankruptcy petition.