

GWYNN MANAGEMENT COMPANY

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FORM ADV PART 2 BROCHURE

This brochure provides information about the qualifications and business practices of Gwynn Management Company. If you have any questions about the contents of this brochure, please contact us at (404)233-9014. 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 Gwynn Management Company is also available on the SEC's website at www.adviserinfo.sec.gov. The searchable IARD/CRD number for Gwynn Management Company is 105295.

Gwynn Management Company is a Registered Investment Adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

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Advisory Business

Form ADV Part 2A, Item 4

Gwynn Management Company was incorporated on January 3, 1990 and is a sub-chapter S Georgia corporation. Philip H. Gwynn, Sr. owns all of the firm's capital stock. Gwynn Management Company does not have any subsidiaries and the firm is registered with the United States Securities and Exchange Commission.

Gwynn Management is a fee-only investment advisory firm that constructs equity, bond or balanced (a blend of equity and bond) portfolios. Regarding equities, we place a heavy emphasis on the inclusion of index and managed no-load mutual funds as well as exchange-traded funds in our portfolios. Of the equity mutual fund commitment, roughly one-half will be indexed to various domestic equity styles as measured by market capitalization –large, mid and small cap, as well as a fund that tracks a broad based foreign index. At times, index funds that track a specific style, such as large-cap growth or value, are included. The remaining one-half of the mutual fund portfolio is placed in a blend of managed funds that complement the index component. The managed blend is more extensive and generally will include managed growth and value funds from the small-, mid- and large-cap arenas. Managed foreign funds are included which are representative not only of different styles (large or small capitalization) but also of different areas of the world such as China or the emerging markets. It should be noted that sector funds, such as science and technology and healthcare, are usually part of the mix. Regarding exchange-traded funds (ETFs), they are often thematic, such as biotechnology or alternative energy, or used to increase a sector weighting such as technology or healthcare.

On the equity front, we generally, though not always, have the latitude to incorporate individual stocks into the equity mix. These are generally large-capitalization issues that we perceive as being victims of needless selling pressure brought on by market circumstance such as an analyst downgrade or an earnings shortfall. We feel that such an occurrence can present a long-term opportunity that can be capitalized upon. It should be noted that sometimes the selection criteria emphasizes the generation of dividend income. In such cases, we attempt to invest in companies with a stable and potentially increasing payout.

Regarding bonds, with some exception, we advocate laddering investment-grade bonds generally in the one- to fifteen-year range. The initial step is to ascertain a client's tax status which dictates taxable or tax-exempt securities. Often, this is a given in the case of a foundation or a pension plan but in some cases with individuals, the client's tax advisor must be consulted. We feel that the ladder approach somewhat mitigates interest rate risk as bonds are maturing periodically, with the proceeds being reinvested at prevailing rates. It should be noted that we feel that bonds serve the purpose of generating income and adding stability to the overall portfolio. Thus, our bond portfolios tend to have a low level of turnover other than to improve yield to maturity, capture a tax loss or take a profit.

In some circumstances, usually in pension plans, the bond representation will be in the form of an index bond fund that tracks the Barclays Aggregate Bond Index. This path is chosen because liquidations are often of such a small size that bidding out individual securities would be impractical. The Barclays Aggregate Index is a diversified index that is representative of the broader investment grade taxable bond market and is suitable for taxable fixed income portfolios. At times, though rare, we have placed client funds in other taxable or tax-exempt bond funds that generally have a short duration. This is usually attributable to client circumstance such as the need to withdraw money over time for college tuition.

An Investment Policy Statement is generated for all clients of Gwynn Management Company that outlines the entire investment process. This is customized to suit the client's individual needs and the document includes, but is not necessarily limited to, the following:

- Determination of an appropriate asset mix;
- Criteria for the selection of no-load mutual funds as equity vehicles and their level of participation in the equity portfolio;
- Criteria for the purchase of exchange traded funds (ETFs) and individual stocks and their level of participation in the portfolio;

- Criteria for the purchase of appropriate taxable or tax-exempt bonds based on an agreed upon staggered maturity schedule,
- The inclusion of a bond fund if appropriate;
- Rendering of quarterly reports with appropriate performance data;
- Interim quarterly communications and telephone discussions as appropriate.

The Investment Policy Statement is prepared in draft form based on consultation between us and the client. The draft is then reviewed, any necessary changes are made and then the finalized version is signed by both parties. Gwynn Management regards the Investment Policy Statement as a blueprint for the management of the portfolio.

In an administrative vein, it should be noted that Gwynn Management Company does not participate in wrap-fee programs, which are programs that bundle brokerage and advisory services under a single comprehensive fee. Thus, securities recommended by our firm may include additional transaction charges by the client's broker/dealer custodian which are separate from our firm's advisory fees.

Gwynn Management Company only manages accounts on a discretionary basis. As of December 31, 2011, the firm had \$116,443,000 of assets under management.

Fees and Compensation

Form ADV Part 2A, Item 5

Gwynn Management Company charges clients a management fee, in arrears, based upon the market value of assets under management. The fee is assessed after the conclusion of each calendar quarter ending March, June, September, and December. The annualized fee as stated in the Investment Advisory Agreement is divided by four and applied to the quarter-end valuations to arrive at the amount charged for each quarter. Gwynn Management Company's standard fee schedule is as follows:

<u>Portfolio Value</u>	<u>Annual Fee Amount</u>
First \$1,000,000	0.75%
Next \$1,000,000	0.65%
Next \$3,000,000	0.55%
Amounts above \$5,000,000	0.45%

Gwynn Management Company reserves the right to institute a minimum and/or flat dollar fee instead of the asset-based fee schedule above. Management fees are negotiable.

Clients can elect to either have management fees deducted from their brokerage account(s) or be billed directly. Fees are assessed on a quarterly basis – January, April, July, and October.

Other costs clients of Gwynn Management Company may incur are transaction fees assessed by Charles Schwab and internal expenses charged by mutual funds. Please refer to **Section 11** for a more detailed description of brokerage services and fees.

Gwynn Management Company does not accept fee payments in advance.

Per the terms of the Investment Advisory Agreement (the contract), either party may terminate the advisory relationship in writing 30 days prior to actual termination. Management fees will be assessed through the end of the 30-day period.

None of the employees or principals of Gwynn Management Company accept compensation of any form for the sale of securities or other investment products.

Performance-Based Fees and Side-By-Side Management

Form ADV Part 2A, Item 6

Gwynn Management Company does not charge performance-based fees (based on gains), so none of its clients will ever be managed side-by-side any performance-based accounts.

Types of Clients

Form ADV Part 2A, Item 7

Gwynn Management Company's services are offered to, but not limited to: individuals, trusts, CRUTs, foundations, pension plans and corporate investment funds. Gwynn Management Company does not have a minimum account size but does require discretionary authority over its accounts. Excepting discretionary authority, there are no other requirements to become a client of the firm.

Methods of Analysis, Investment Strategies and Risk of Loss

Form ADV Part 2A, Item 8

Gwynn Management Company constructs and manages portfolios fully customized to the needs and objectives of each client. In the majority of cases portfolios will consist of a mix of equity and fixed-income investments, resulting in a balanced stance. The ratio of equities to fixed income will vary from client to client depending upon clients' tolerance for risk and need for current income.

Our equity approach relies heavily upon the use of no-load mutual funds, which we allocate in a roughly 50%/50% ratio between indexed and actively managed funds. In addition to mutual funds, we will often include common stocks and exchange-traded funds (ETFs) in equity portfolios. Common stock selection is typically centered upon large capitalization domestic companies. ETFs are usually included in thematic fashion in order to increase participation in a specific industry sector. The end result is typically an equity portfolio that is invested in both domestic and international markets. Allocations are made to both developed and emerging markets around the world, capturing a wide array of industry sectors and style categories.

In terms of the fixed-income portion of portfolios, we prefer investing in individual bonds over the use of mutual funds. In taxable portfolios, tax-exempt municipal bonds are most often used for the fixed income allocation. In tax-exempt or tax-deferred accounts, corporate and government bonds are preferred. Bond portfolios are constructed by staggering maturities over a period of time not to exceed fifteen years. This is referred to as a "laddered" bond portfolio.

Readjusting the ratio of equities to fixed income (rebalancing) occurs at least on an annual basis. Changes in the price levels of markets can trigger a rebalancing exercise more frequently than that. Similarly, within the equity portion of portfolios, geographic and industry sector allocations are monitored on at least a quarterly basis and rebalanced if necessary relative to targeted weightings.

Investing in securities and mutual funds containing securities involves the risk of losing the principal invested. Clients should be prepared to bear that risk.

Material risks involved with Gwynn Management Company's investment strategy are largely tied to the behavior of the markets – particularly the stock market, which can exhibit a great deal of volatility. Individual common stock holdings are subject to additional, company-specific, risk. The price of a given common stock can drop dramatically should that company disclose disappointing information related to its operating condition. The bond market can be volatile as well, with a rising interest rate environment likely reducing the value of bond holdings. Bonds also involve the risk of default by the issuer. Absent the existence of insurance being attached, a default by the issuer can render a bond worthless.

As a result of constructing well diversified portfolios, Gwynn Management Company does not recommend primarily a particular type of security.

Disciplinary Information

Form ADV Part 2A, Item 9

Neither Gwynn Management Company nor any of its employees have been subject to any criminal or civil action in a domestic, foreign or military court of competent jurisdiction. Neither Gwynn Management Company nor any of its employees have been subject to any administrative proceedings before the SEC, any other federal regulatory agency, any state regulatory agency, any foreign financial regulatory authority, or any self-regulatory organization (SRO). Neither Gwynn Management nor any of its employees have had any professional attainment, designation, or license revoked due to violation of rules relating to professional conduct.

Other Financial Industry Activities and Affiliations

Form ADV Part 2A, Item 10

No one at Gwynn Management Company is registered, or has an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

No one at Gwynn Management Company is registered, or has an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

There are no relationships or arrangements material to Gwynn Management Company's advisory business or to our clients that anyone at our firm has with the following groups of people and/or entities:

1. broker-dealer, municipal securities dealer, or government securities dealer or broker
2. investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund)
3. other investment adviser or financial planner
4. futures commission merchant, commodity pool operator, or commodity trading advisor
5. banking or thrift institution
6. accountant or accounting firm
7. lawyer or law firm
8. insurance company or agency
9. pension consultant
10. real estate broker or dealer

11. sponsor or syndicator of limited partnerships.

Gwynn Management Company does not recommend or select other investment advisers for clients.

Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Form ADV Part 2A, Item 11

Gwynn Management Company has in place a strict Code of Ethics. Every employee/principal of the firm is regarded as an access person and must sign a copy upon obtaining employment. As well, in January of every year, every employee/principal must sign an affidavit certifying compliance with the Code. A copy of Gwynn Management Company's Code of Ethics is available upon request for any existing or prospective client.

The focal point of Gwynn Management Company's Code of Ethics is the fiduciary nature of an investment advisory firm. Trust between the client and the firm lays the foundation for and is paramount to a successful, professional relationship. Our Code of Ethics lays out policies and procedures to ensure that the interest of our clients comes first and above all else. The Code requires adherence on the part of all employees/principals to applicable securities and related laws and regulations. Adherence to best practices regarding client confidentiality, insider knowledge, personal trading and gift acceptance are part of the Code. Concerning personal trading, strict procedures are in place when an employee/principal trades in his/her personal account.

At times, employees of Gwynn Management Company may invest in individual common stocks or exchange traded funds that are recommended to clients of the firm. In such a circumstance, the following procedures are followed. Pre-clearance for the transaction must be obtained in accordance with the firm's personal securities transaction policy. A block trade is executed for said security in accordance with the firm's compliance manual and the employee's participation is included in the transaction. In the event of a different custodian for the employee/principal, then the employee/principal's trade may not be executed at a price more favorable to the employee/principal than of the client. If the market has moved to make such a trade more favorable to the employee/principal, then the employee/principal must wait until the following trading day to execute the transaction in question.

Brokerage Practices

Form ADV Part 2A, Item 12

Gwynn Management Company recommends Charles Schwab & Co., Inc. to all clients. Gwynn Management Company recommends Charles Schwab & Co., Inc. primarily for its relatively low transaction costs and its extensive trading access to no-load mutual funds, which we rely upon as a core element to our investment strategies. Schwab is a leading brokerage firm serving independent investment advisors. As such, it offers leading edge trading platforms as well as comprehensive back-office services.

Gwynn Management Company will also conduct certain bond transactions with brokerage firms other than Schwab under a client-approved arrangement known as Prime Brokerage. This arrangement increases the number of offerings and prices that we can review when searching for bonds to purchase. Pricing on sale transactions can also benefit as bids are sought from additional dealers. The Prime Brokerage arrangement allows trades to settle at Schwab and allocated to appropriate client accounts. Schwab charges a modest fee of \$25 per trade, per account, for this service.

Clients have no obligation to use Charles Schwab & Co., Inc. for broker-dealer and custodian services, but if clients seek to have Gwynn Management Company manage their accounts on a discretionary basis, the client's chosen broker-dealer and custodian must allow Gwynn Management Company to have trading authority within the account. Directed brokerage arrangements must be conveyed in writing by clients.

Research and Other Soft Dollar Benefits

While not a factor in Gwynn Management Company's recommendation of Charles Schwab & Company, Inc., Schwab does offer proprietary research tools and publications created by Schwab to their account holders. Additionally, Schwab makes available research material from third parties. Gwynn Management Company also has access to these research tools and publications, which may be considered "soft dollar benefits" and constitute a conflict of interest. Given that employees of Gwynn Management Company maintain brokerage accounts at Schwab, the benefits of the research are already available to them regardless of clients' decision to use Schwab for custodial services. Gwynn Management will use Schwab's proprietary research and available third-party research to service all clients regardless of the custodian they choose to use, but clients who use Schwab will also have their own access to the research as Schwab account holders. Again, clients have no obligation to use Schwab as the custodian of their assets.

Directed Brokerage and Aggregated Orders

Any benefits – research or otherwise - received from Schwab are not paid for by Gwynn Management Company, but are funded through the generation of client brokerage commissions (or markups and markdowns). Examples of non-research related benefits include our ability to attend periodic local conferences and workshops sponsored by Schwab in which educational and topical industry issues are presented and discussed.

Gwynn Management Company does not and has not recommended broker-dealers as a function of receiving client referrals.

Clients are permitted to direct brokerage arrangements with firms other than Charles Schwab. Under such circumstances, it is understood that those clients may incur higher brokerage commissions and that clients may receive less favorable prices on transactions. Directed brokerage arrangements must be submitted in writing by clients.

On occasion, Gwynn Management Company may make the same investment decision for similarly-situated clients. In such cases, efforts are made to aggregate the purchase or sale of securities.

Review of Accounts

Form ADV Part 2A, Item 13

Client accounts are reviewed on a periodic basis by the three portfolio managers of the firm, Philip H. Gwynn, Nowland B. Gwynn II and David B. Fields. The reviewers share joint responsibility for account review. Our firm's portfolio management software allows for easy electronic generation of client statements. As well, a composite list of firm wide holdings by individual security is readily accessible. Each reviewer is familiar with client objectives and with the portfolio holdings of each account. This approach to account review is facilitated by maintaining a manageable number of accounts. Action taken with respect to client portfolios can be taken based on a client's change in circumstance, such as retirement, personal outlook, or risk tolerance. In a broader sense, action taken with respect to accounts upon review reflects the reviewer's judgment regarding economic trends, investment values of individual securities and the availability of products compatible with the client's needs and objectives.

At the end of a calendar quarter, each client is sent a statement in Gwynn Management Company's format and a letter that provides performance for the entire portfolio and its main components, common stock, equity mutual funds, bonds etc. The statement includes a summary page with the subsequent pages providing all relevant detail by asset class to include, but not limited to, cost basis, market value and estimated annual income. As well, we meet with every client periodically, sometimes quarterly, sometimes less often depending on the client's preference, where a portfolio package is reviewed. This package is very thorough and goes into abundant detail regarding performance and other matters salient to the management of the portfolio.

Client Referrals and Other Compensation

Form ADV Part 2A, Item 14

Gwynn Management Company does not receive any economic benefits from non-client individuals or entities in return for providing investment advice to our clients.

Gwynn Management Company does not compensate directly or indirectly any person for client referrals.

Custody

Form ADV Part 2A, Item 15

Gwynn Management Company does not take custody of assets. Clients must engage an independent broker-dealer/custodian to maintain their accounts. Clients will receive a monthly statement from their broker dealer/custodian which should be carefully reviewed by the client. In addition, Gwynn Management Company sends an internally generated statement to clients at the end of every calendar quarter, March 31, June 30, September 30 and December 31. Clients should compare their broker/dealer/custodial statement to the statement generated by our firm for accuracy.

Investment Discretion

Form ADV Part 2A, Item 16

Gwynn Management Company requires discretionary authority on all brokerage accounts under management. Clients can place restrictions on the advisor, such as a prohibition on investing in specific securities, industries, or markets that the client chooses.

Voting Client Securities

Form ADV Part 2A, Item 17

For any security that entails a voting right in the underlying company, Gwynn Management Company will not have or accept authority to vote client securities.

All voting issues, proxies, and solicitations will be communicated to clients through the client's broker-dealer/custodian. Upon request, however, Gwynn Management Company may help explain or answer questions regarding a given voting issue.

Financial Information

Form ADV Part 2A, Item 18

Gwynn Management Company would be required to disclose additional financial information if it were to charge fees in advance. However, it is clearly stated in the "Fees and Compensation" section of this brochure that we do not charge fees in advance. It is further stated that Gwynn Management only charges fees in arrears at the end of every calendar quarter, March 31, June 30, September 30 and December 31. It should be noted that neither the firm nor its employees/principals have material financial information, bankruptcies, liens or judgments, in their backgrounds.