

Berwyn Financial Services Corp

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This brochure provides information about the qualifications and business practices of Berwyn Financial Services Corp (BFS). If you have any questions about the contents of this brochure, please contact us at 610-408-9850. 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.

BFS 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 Berwyn Financial Services Corp. also is available on the SEC'S website at www.adviserinfo.sec.gov

Item 2 – Material Changes

There have been no material changes since the last amendment dated April 14, 2011.

The date of this Brochure is March 8, 2012. It contains updated information on Berwyn Financial Services Corporation. The items that have been updated are the assets under management in Item 4 and disciplinary information in Item 9.

Under SEC rules, we are required to send you this Brochure within 120 days of the close of our fiscal year. You may obtain additional copies of this Brochure free of charge by contacting Kevin Ryan, President and Chief Compliance Officer at 610-408-9850 or kryan@berwynfinancial.com.

Additional information about Berwyn Financial Services Corporation (“BFS”) is available via the SEC’s web site at www.adviserinfo.sec.gov.

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Item 4 - Advisory Business

Berwyn Financial Services Corp. ("BFS") is a Pennsylvania corporation founded in 1991. The company has been registered with the US Securities and Exchange Commission as a broker-dealer since 1993 and as an investment adviser since 1999. The principal owners of the company are Edward A. Killen, Robert E. Killen, and Kevin M. Ryan.

This Brochure is offered to potential and existing clients to provide an understanding of the services the company provides, potential conflicts of interest and the experience and education of certain personnel.

The company offers an advisory service that invests in no-load mutual funds called Berwyn Select Mutual Fund Series ("BSMFS"). The company has contracted with The Killen Group, Inc., an affiliated registered investment adviser with the US Securities and Exchange Commission, to act as the sub-advisor to the service. To use this service, an investor signs an advisory agreement with the company and opens a brokerage account with a brokerage firm of his or her choosing. An investor is not required to open a brokerage account at BFS to use the service but the brokerage firm selected must permit accounts to hold and trade no-load mutual funds.

The advisory agreement lists a number of investment objectives from which the investor may choose. A representative of the sub-advisor, The Killen Group, Inc., will meet with the investor, provide information about the advisory service and answer any questions the investor may have about the program. The representative will describe the typical investment objectives and risk tolerance levels associated with each objective offered and will assist the investor in selecting the appropriate objective based on the investor's goals and risk tolerance.

The investment objectives listed in the advisory agreement are Growth (100% of the account invested in mutual funds investing primarily in equity securities), Growth & Income (75-100% of the account invested in mutual funds investing primarily in equity securities), Balanced (50-75% of the account invested in mutual funds investing primarily in equity securities), Income & Growth (25-50% of the account invested in mutual funds investing primarily in equity securities), and Income (0-25% of the account invested in mutual funds investing primarily in equity securities).

Reasonable restrictions on the management of the account may be requested by the investor. The restrictions however must be in writing and accepted by the company to be in force.

As of December 31, 2011, the company was managing \$9,100,248 in assets.

Item 5 - Fees and Compensation

The company charges an annual fee of 5/8 of 1% of the value of the assets under management which is described in the client's advisory agreement. The fee is standard for all clients and is not negotiable. The fee is charged in arrears on a quarterly basis and the amount of the fee is determined by the value of the assets under management as of the last business day of the quarter. Accounts initiated or terminated during a quarter are charged a prorated fee based upon the number of days the account has been under management. Upon termination of an account any earned, unpaid fees will be due and payable.

Clients may elect to be billed for the advisory fee or authorize the company to directly debit fees from their account. The manner in which the fee is paid is the client's decision.

The advisory fees are exclusive of transaction fees and other related costs and expenses that may be incurred by the investor. Mutual funds charge management and administrative fees which are disclosed in a fund's prospectus. Such fees are exclusive of, and in addition to, BFS' fees.

BSMFS invests in no-load mutual funds selected by the sub-advisor, The Killen Group, Inc. ("TKG") (See "Other Financial Industry Activities and Affiliations" for more information on TKG). Certain mutual funds may charge transaction fees. Whether or not a fee is charged depends upon the arrangement between the particular fund and the brokerage firm providing the mutual fund marketplace. Some mutual funds pay the brokers' transaction costs for investors and others do not. Although the sub- adviser attempts to minimize transaction fees when selecting and trading mutual funds for BSMFS, a fund's transaction fee is not the primary criterion in the selection process. (See Methods of Analysis, Investment Strategies and Risk of Loss).

For investors who select BFS as their broker, purchases and sales of mutual funds are made through a mutual fund network maintained by National Financial Services ("NFS"), a Fidelity Investments company and the clearing broker for BFS. Through its mutual fund network, NFS offers no-load mutual funds, some with transaction fees and others with no transaction fees. For mutual funds with transaction fees, BFS charges \$25 or \$35 per trade depending upon the fund being traded.

Investors may use brokers other than BFS for BSMFS and the transaction fees that those brokers charge may be higher or lower than fees charged at BFS.

In addition, BFS is affiliated with The Berwyn Funds, a family of no-load mutual funds. If a portfolio series of The Berwyn Funds is purchased for a BSMFS account, no advisory fee is charged on those assets.

Item 6 - Performance Based Fees and Side-by-Side Management

The company does not have any accounts for which it charges performance based fees (fees based on a share of capital gains on or capital appreciation of the assets of the client).

Item 7 - Types of Clients

BFS provides portfolio management services to individuals, including high net worth individuals, and pension and profit sharing plans. The minimum account size is \$50,000.

Item 8 - Methods of Analysis Investment Strategies and Risk of Loss

There are five investment objectives available to clients under BSMFS. The objectives are Growth, Growth & Income, Balanced, Income and Growth, and Income. The sub-advisor explains to the clients the investment implications of the various objectives and their associated risks. The client then chooses an objective and their choice is then noted in the investment advisory agreement.

For a client with a Growth objective, the investment goal is to construct a broadly diversified portfolio of mutual funds that will outperform the Standard & Poor's 500 Index ("S&P 500") over the long term after taking into account all fees and expenses. For the other four objectives, the goal is to construct a broadly diversified portfolio that will outperform over the long term a benchmark comprised of the S&P 500 and the Citigroup Broad Investment Grade Bond Index ("BIG") in a similar stock/bond ratio to that of the client's portfolio. For a portfolio with a Growth & Income objective, the benchmark is 85% S&P 500 and 15% BIG, for a Balanced objective the benchmark is 65% S&P 500 and 35% BIG, for an Income & Growth objective the benchmark is 40% S&P 500 and 60% BIG, and for a portfolio with an Income objective the benchmark is 15% S&P 500 and 85% BIG.

To achieve these goals, the sub-advisor has established minimum and maximum ranges for seven identified sectors of the stock market. The sectors are small cap value, mid cap value, large cap value, small cap growth, mid cap growth, large cap growth and foreign. To ensure diversification, there is a minimum investment in each of the seven equity sectors. Similarly, seven different sectors have been identified in the fixed income market for potential exposure. The fixed income sectors have a maximum

percentage exposure but no minimum. An all equity account could hold as many as 21 different mutual funds and an account with equity and fixed income mutual funds could hold over 30 mutual funds.

The sub-advisor attempts to outperform the S&P 500 or the applicable S&P/BIG benchmark by adjusting the portfolio's allocation to the identified market sectors and by selecting individual mutual funds it believes will outperform within its sector. Portfolio turnover averages approximately 30% per year, ranging from 20% to 45% in any individual year.

Allocations to individual market sectors are based on the past relative performance of the sectors and their perceived current relative value. In addition to adjusting sector allocations, the sub-advisor chooses and, from time to time, changes the approved mutual funds in BSMFS based upon such criteria as past performance, fund size, fund investments, management turnover, fund ownership changes, continuity of management style and the complementary nature of the fund to others in a portfolio. Different accounts, even those with the same investment objective, may own a different mix of mutual funds depending upon when the account was opened, the size of the account and the availability of certain mutual funds. Each account with the same objective will, however, have approximately the same percentage of exposure to equity and fixed income funds and to the identified sectors within each market.

The analysis of the mutual funds that are purchased for a client is conducted by the investment research department of the sub-advisor primarily using Morningstar data bases and the individual funds' websites.

There is no guarantee that the sub-advisor will be successful and a client could lose money. Investing in securities, including mutual funds, involves risk of loss that investors should be prepared to bear.

Mutual funds that invest in equity securities face the risk that the equity securities they invest in could drop in value and suffer periods of lackluster performance. Mutual funds that invest in fixed income securities also face risks. These are interest rate risk, call risk, default risk, high yield (junk bond) risk, and unrated bond risks. For mutual funds investing in foreign equity securities there are additional risks, such as currency fluctuations and political unrest.

To deal with these risks the sub-advisor reviews sector allocations and mutual fund performances at least quarterly.

Item 9 - Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that may be material to your evaluation of the adviser or of the integrity of the adviser's management.

There have been three actions by Self Regulatory Organizations against Berwyn Financial Services Corporation and Kevin Ryan. Two actions were brought by the National Association of Securities Dealers ("NASD") and one was brought by NASD's successor, the Financial Industry Regulatory Authority ("FINRA")

The first action was instituted in May 2002. It was alleged that Kevin Ryan failed to complete the regulatory element of the NASD Continuing Education rule and as a result, his NASD registration became inactive. BFS, however, permitted him to perform duties and activities that required active registration. The matter was settled in July 2002 and BFS paid a fine.

The second was brought in December 2004. It was alleged that BFS, acting through Mr. Ryan, effected four transactions in municipal securities without having a municipal securities principal at the firm. The matter was settled in January 2005. BFS paid a fine and disgorged commissions received in the transaction.

The FINRA action was brought on February 9, 2012. It was alleged that BFS acting through Mr. Ryan, permitted an unregistered individual to accept unsolicited customer orders and other activities for which the individual should have been registered as an assistant rep- order processing. The action was settled on February 10, 2012. BFS paid a fine.

Item 10 - Other Financial Industry Activities and Affiliations

Berwyn Financial Services Corp is registered as both a broker dealer and an investment adviser with the Securities and Exchange Commission

BFS has an agreement with National Financial Services, LLC ("NFS") under which BFS introduces accounts to NFS and NFS executes and clears customers' trades and has custody of customers' funds and securities. BFS offers retail brokerage services independent of the advisory services it performs for some clients.

BFS is also affiliated with The Killen Group Inc., an SEC registered investment adviser. The two companies are under common control. The common control arises from the following circumstances: Robert Killen is Chairman and CEO of TKG and its principal owner. He is also an Officer, Director, and Principal Owner of BFS. Kevin Ryan is an

officer of TKG and BFS. He is also a Director and Principal Owner of BFS and Chief Compliance Officer for BFS.

There is an arrangement between BFS and TKG that is material to BFS. BFS has a sub-advisory agreement with TKG for its advisory service in relation to BSMFS.

Under the agreement, TKG provides BFS with research on candidates for investment and determines the appropriate purchases and sales for each client. TKG also places transactions, reviews investment selections, and the performance of clients' accounts on a quarterly basis, and meets with clients as requested. Finally, TKG provides BFS with administrative support.

BFS is also affiliated with The Berwyn Funds, a family of mutual funds ("TBF"). TKG serves as the investment advisor for TBF and BFS is the introducing broker for some of its transactions. Kevin Ryan is the Chief Compliance Officer for The Berwyn Funds.

Item 11 - Code of Ethics

The company has adopted a Code of Ethics for all supervised persons of the firm that is based upon the principle that its employees owe a fiduciary duty to its clients and have a duty to comply with federal and state securities laws and all other applicable rules and regulations. The Code includes provisions relating to the confidentiality of client information, a prohibition on insider trading, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and regulates the personal securities transactions of employees. All supervised persons at BFS must acknowledge the terms of the Code of Ethics annually or as amended. Under the Code, personal securities transactions in open-end management investment companies (mutual funds) are not restricted. Employees may buy or sell funds that have been bought or sold for clients based upon a determination that these transactions would not materially interfere with the best interest of BFS clients.

A copy of the Code of Ethics will be provided to any client or prospective client upon request to BFS.

Item 12 - Brokerage Practices

To use the investment advisory service (BSFMS), clients must establish an account with a broker who will provide custodial and trade execution services for their assets. Once the brokerage account is established, clients must give the sub-advisor (TKG) discretionary authority to buy and sell mutual funds in their account. Although BFS is a

broker-dealer, clients may establish accounts at any broker that permits accounts to hold and trade no-load mutual funds.

Although client accounts are invested in no-load mutual funds and there are no sales charges on transactions, there may be transaction fees on certain mutual fund trades. Whether or not a fee is imposed will depend upon agreements in place between a fund and the brokerage firm processing the trade. Transaction fees for BSMFS accounts typically range from \$25 to \$50 per trade depending on the broker's fee arrangement with the fund.

The transaction fee, if charged, will increase the cost of a purchase of shares and reduce the proceeds received on a sale of shares. When a transaction fee is charged on trades in a BSMFS account maintained at BFS, BFS receives the fee.

Item 13 - Review of Accounts

Accounts are reviewed quarterly by the mutual fund committee of TKG, sub-advisor for the advisory service. All portfolios are reviewed for the appropriateness of the individual mutual funds and their respective allocations relative to the clients' investment objective.

A client receives a monthly statement from their broker listing the transactions that occurred in the month and the current portfolio holdings. If there were no transactions, a quarterly report would be sent. A client also receives quarterly reports from the sub-advisor reviewing trends in the economy, any major allocation shifts in the portfolios, and factors affecting investment strategy going forward.

Item 14 - Client Referrals and Other Compensation

The company does not compensate anyone for client referrals nor does it receive any economic benefit from anyone who is not a client.

Item 15 - Custody

The company does not have custody of clients' funds or securities. Clients' assets are maintained in brokerage accounts in their names. Clients should receive at least quarterly statements from the broker dealer that holds and maintains the client's investment assets. National Financial Services LLC, BFS's clearing broker, has custody of the assets in the BFS accounts and will send account statements directly to clients. BFS urges its clients to carefully review the account statements they receive to

ensure that the statements only reflect transactions in mutual funds in the BSMFS program. Clients are encouraged to contact BFS with any questions regarding the accuracy of transactions in their accounts.

Item 16 - Investment Discretion

Investment discretion is the authority to determine what securities or other assets to purchase or sell on behalf of an account.

In the advisory agreement between a client and BFS, the client grants BFS authority to manage the securities in their brokerage account. This authority allows BFS to buy, sell and trade securities in a client's account without first consulting the client. A client may put reasonable restrictions on the investments that will be made in an account.

Item 17 - Voting Client Securities

In the BSMFS program proxies may be voted by the client or the sub-advisor, TKG. The client makes the election to have proxies voted in the advisory agreement. If a client chooses to vote the proxies on their securities, they will receive their proxies or other solicitations directly from their broker.

Proxies are voted in favor of proposals that in the opinion of TKG, maintain or strengthen the shared interests of shareholders and management, increase shareholder value, and maintain or increase the rights of shareholders. Proxy votes will be cast against proposals that, in the opinion of TKG, have the opposite effect. If a conflict of interest should arise between TKG and the issuer of the proxy, TKG will provide the client with sufficient information on the vote and the conflict and obtain the client's consent before voting or request the client engage another party to vote the proxy.

Clients may obtain information on how proxies were voted or obtain copies of the proxy voting policies and procedures by contacting TKG. A client may also contact TKG and give instruction on how a specific proxy should be voted.

Item 18 - Financial Information

BFS does not require or solicit prepayment of fees and there is no financial condition that is reasonably likely to impair its ability to meet its contractual obligation to clients.

