

Brainard Capital Management, LLC
Part 2A of Form ADV
The Brochure

Brainard Capital Management LLC
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Austin, TX 78746
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This brochure provides information about the qualifications and business practices of Brainard Capital Management, LLC. If you have any questions about the contents of this brochure, please contact us at toll free 877-375-6477. 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 Brainard Capital Management, LLC is also available on the SEC's website at www.adviserinfo.sec.gov.

Although the firm may use the term "registered investment advisor" or "registered" through this Form ADV Part 2A, the use of these terms is not intended to imply a certain level of skill or training.

Material Changes

Brainard Capital Management's most recent update to Part 2 of Form ADV was made in December 2011. Brainard Capital Management's business activities have not changed materially since the time of that update. However, in 2010 SEC regulations required significant changes to the content and format of Part 2 of Form ADV for Registered Investment Advisory firms. This brochure, which reflects those changes, is materially different from brochures used by Brainard Capital Management in prior years.

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Advisory Business

Brainard Capital Management, LLC provides investment advice to individuals, family groups, trusts, certain types of corporate entities, estates, and charitable organizations. Advice is provided through consultation with the client and may include determination of financial objectives, identification of financial goals, cash flow management, tax planning, insurance review, investment management, education funding, retirement planning, estate planning, and stock option management. Brainard Capital Management is a fee-only advisory firm, accepting no commissions for products or solutions utilized for client accounts.

An evaluation of each client's initial situation is provided to the client, often in the form of an extended consultation. Periodic reviews are also communicated to provide reminders of the specific courses of action that need to be taken. More frequent reviews occur but are not necessarily communicated to the client unless immediate changes are recommended. Other professionals (e.g. lawyers, accountants, insurance agents, etc.) are engaged directly by the client on an as-needed basis.

Brainard Capital Management provides investment supervisory services, manages investment advisory accounts, including the buying and selling of individual securities such as stocks, bonds, mutual funds, exchange traded funds and other securities, and furnishes investment advice through consultations. Brainard Capital Management does not provide any timing services. As of March 31, 2012, Brainard Capital Management has regulatory assets under management (AUM) of approximately \$150,000,000, providing continuous and regular supervisory or management services, and advises on approximately \$500,000,000 in illiquid, privately held company stock assets not included as AUM, for approximately 35 clients/families. Brainard Capital Management, LLC was founded in 2005, and is wholly owned by its founder, J. Owen Brainard, Jr., and related family entities, such as the J. Owen Brainard, Jr. Family Trust.

Fees and Compensation

Brainard Capital Management is compensated for advisory services in the form of a fee based upon assets under management. Fees are negotiable based on the size and nature of the client portfolio. The maximum fee Brainard Capital Management assesses for management of a client account is 150 basis points, although fees typically average 75 basis points for larger accounts in excess of \$5,000,000. As the custodian will not do so, it is the client's responsibility to verify that the fee is properly calculated. Fees are payable quarterly, in advance, based upon the market value of the account(s) managed at the end of the prior quarter. Brainard Capital Management may deduct fees directly from the client custodial account or bill clients directly for fees, depending upon client preference, with the primary method being fee deduction from client accounts.

Clients may terminate an advisory contract within five business days after execution without penalty; otherwise the contract may be terminated upon thirty days prior written notice. Fees paid in advance for the current quarter will be pro-rated on a daily basis and any unused portion returned to the client.

In addition to Brainard Capital Management's investment management fees, clients bear trading costs and custodial fees. To the extent that clients' accounts are invested in mutual funds or other pooled investment vehicles (e.g. ETFs), these funds pay a separate layer of management, trading, and administrative expenses.

Performance Based Fees and Side-by-Side Management

Brainard Capital Management does not charge performance fees. Some investment advisers experience conflicts of interest in connection with side-by-side management of accounts with different fee structures. However, these conflicts of interest are not applicable to Brainard Capital Management.

Types of Clients

Brainard Capital Management generally provides investment advice to individuals, family groups, trusts, estates, or charitable organizations, corporations, partnerships, and limited liability companies.

Methods of Analysis, Investment Strategies and Risk of Loss

Security analysis methods may include charting such as plotting historical security prices per share, fundamental analysis which includes the analysis of company financials and financial position, and technical analysis and cyclical analysis which includes monitoring of investment cycles and trends. The main sources of information include financial newspapers and magazines, inspections of corporate activities, research materials prepared by others, corporate rating services, annual reports, prospectuses, filings with the SEC and company press releases.

The primary investment strategy used by Brainard Capital Management for the management of client accounts is passive asset class investing and passive investing. The firm primarily utilizes Dimensional Fund Advisors for passive asset class investments. For passive indexing, the firm utilizes Vanguard Investments and exchange-traded funds.

Note that *investing in securities involves the risk of loss that clients should be prepared to bear*. The following are many, but not all, of the risks faced by investors:

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 tomorrow, 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 company within an industry. For example, oil companies may face business disruptions if an alternative to gas-powered auto's becomes a viable and widespread solution to the global energy crisis.

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 generally highly liquid, while real estate properties may not be.

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.

Disciplinary Information

Brainard Capital Management and its employees have not been involved in any legal or disciplinary events that would be material to a client's evaluation of the company or personnel.

Other Financial Industry Activities and Affiliations

Brainard Capital Management and its employees do not have any relationships or arrangements with other financial services companies that pose material conflicts of interest.

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

Code of Ethics

The employees of Brainard Capital Management have committed to a Code of Ethics that is available for review by clients and prospective clients upon request. The firm has adopted the following Code of Ethics:

Fiduciary Responsibility- Brainard Capital Management and its staff shall exercise the highest standard of care in protecting and promoting the interests of its clients, and will provide a written disclosure containing any conflicts of interest that may compromise their impartiality or independence. As fiduciary, the firm shall not accept any referral fees or compensation that is contingent upon the purchase or sale of any financial product.

Integrity- All professional services shall be rendered with the highest level of integrity.

Objectivity- Brainard Capital Management and its staff shall provide advice that is objective and in the best interest of the client and without conflicts of interest.

Competence- Brainard Capital Management and its staff shall maintain the necessary knowledge and skills to provide our clients with competent advice and services.

Fairness- All professional services shall be performed by Brainard Capital Management and its staff in a manner that is fair and reasonable to its clients.

Confidentiality- Brainard Capital Management and its staff shall maintain and safeguard all confidential client information in accordance with applicable laws.

Diligence- Brainard Capital Management and its staff shall ensure the accuracy and completeness of records, information, and data collected, used and managed, and will take necessary steps to correct any discrepancies.

Regulatory Compliance- Brainard Capital Management and its staff shall comply fully with appropriate laws and internal regulations.

Participation or Interest in Client Transactions

Brainard Capital Management and its employees may buy or sell securities that are also held by clients. Employees comply with the provisions of the Brainard Capital Management Compliance Manual as it relates to these trading practices.

Personal Trading

The Chief Compliance Officer of Brainard Capital Management is J. Owen Brainard, Jr. He reviews all trades on an ongoing basis. 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. Since most employee trades are small mutual fund trades or exchange traded fund trades, these trades do not affect the securities markets.

Brokerage Practices

Brainard Capital Management does not have any affiliation with product sales firms. Brainard Capital Management primarily uses Fidelity Institutional Wealth Services as a custodian for client assets based upon the proven integrity and financial responsibility of the firm and the best execution of orders at reasonable commission rates. Additionally, the firm uses Goldman Sachs & Co. for the custody of select family office clients; Brainard Capital Management does not receive fees or commissions from any of these arrangements.

Regarding research and other soft dollar benefits, Brainard Capital Management does not receive research or other products or services other than execution services from a broker/dealer or a third party in connection with client securities transactions. Brainard Capital Management does not have discretion over the type and amount of securities, the selection of brokers to be used or the commission rates to be paid. Brainard Capital Management does not recommend, request or require that clients direct Brainard Capital Management to execute transactions through a specified broker-dealer. In the event a client makes such a request, it will be handled in accordance with the firm's Compliance Manual.

Brainard Capital Management reviews the execution of trades each quarter. The review is documented in the firm's Compliance Manual. Trading fees charged by the custodians is also reviewed on a quarterly basis. Brainard Capital Management does not receive any portion of the trading fees.

In reviewing the execution quality of its designated brokerage trades, Brainard Capital Management may direct trades to brokers that charge commissions higher than those obtainable from other brokers. In selecting a broker for any transaction or series of transactions, Brainard Capital Management may consider a number of factors in addition to commission rates, including for example, net price, reputation, financial strength and stability, efficiency of execution and error resolution, block trading and block position capabilities, willing to execute related or unrelated difficult transactions in the future, order of call, on-line access to computerized data regarding client accounts, the availability of stocks to borrow for short trades, custody, record keeping or other similar services, as well as other matters involved in the receipt of general brokerage services.

Brainard Capital Management does not receive any soft dollar fees. The firm does utilize the back office software and support from Fidelity Investments via their trading software.

This software is provided without charge to Brainard Capital Management. The selection of Fidelity Investments as a custodian for clients is not affected by this trading software and support.

Brainard Capital Management generally does not aggregate the purchase or sale of securities for various client accounts. Because Brainard Capital Management does not aggregate the purchase or sale of securities for client accounts, fees may be higher than similar elsewhere.

Review of Accounts

Account reviews are performed quarterly by J. Owen Brainard, Jr., President of Brainard Capital Management. Account reviews are performed more frequently when market conditions dictate. Other conditions that may trigger a review are changes in tax laws, new investment information, and changes in a client's own situation.

Reports are individualized, thereby, the nature and frequency are determined by client need and the services offered. Monthly account reports are generated by, and sent directly by, the account Custodian, although Brainard Capital Management may send individualized reports on a monthly, quarterly, semi-annual or annual basis to clients.

Client Referrals and Other Compensation

Brainard Capital Management does not directly or indirectly compensate any person for client referrals.

Custody

Brainard Capital Management does not maintain custody of client funds and/or securities. Therefore, clients will receive their monthly and/or quarterly account statements directly from the designated broker/dealer, bank or other qualified custodian of record. Clients should carefully review those statements for accuracy. In the event that clients also receive account statements from Brainard Capital Management, we strongly encourage each client to compare the account statements they receive from the qualified custodian with those received from Brainard Capital Management.

Investment Discretion

Brainard Capital Management accepts discretionary authority to manage securities accounts on behalf of clients when the investment advisory agreement and/or custodian brokerage account applications are completed. Brainard Capital Management is granted authority to determine, without specific consent, the securities to be bought or sold, the amounts of those securities, and the broker-dealers utilized to effect those trades. Any limitations which might be placed on Brainard Capital Management are client specific and, to the extent that they exist, are detailed at the opening of the client's account.

Voting Client Securities

Brainard Capital Management does not vote client proxies and is therefore not required to take action or render advice with respect to voting of proxies solicited by or with respect to the issuers of securities in which assets of the client account(s) may be invested from time to time. Clients will receive their proxies or other solicitations directly from their custodian or transfer agent. Clients may contact Brainard Capital Management directly if they have any questions regarding a particular solicitation.

Financial Information

Brainard Capital Management has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage client accounts.

Brainard Capital Management, LLC
Part 2B of Form ADV
The Brochure Supplement

Brainard Capital Management LLC
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Updated: March 31, 2012

This brochure supplement provides information about J. Owen Brainard, Jr. that supplements Brainard Capital Management LLC's accompanying Part 2A of Form ADV brochure. You should have received a copy of that brochure. Please contact the firm's Chief Compliance Officer if you did not receive Brainard Capital Management's brochure or if you have any questions about the contents of this supplement.

Additional information about J. Owen Brainard, Jr. also is available on the SEC's website at www.adviserinfo.sec.gov.

J. Owen Brainard, Jr.'s Biographical Information

Educational Background and Business Experience

J. Owen Brainard, Jr. DOB: 02/03/1974

Educational Background:

Middlebury College 1996-B.A.
Middlebury, VT

Georgetown University Law Center 1999-J.D.
Washington, DC

Business Background for the Prior Five Years:

Brainard Capital Management, LLC 2005-Present
President

Disciplinary Information
None

Other Business Activities
None

Additional Compensation
None

Supervision

J. Owen Brainard, Jr. is the managing partner and principal advisor of Brainard Capital Management. Additionally, J. Owen Brainard, Jr. serves as the firm's Chief Compliance Officer. As such, Mr. Brainard manages all aspects of regulatory and ethical compliance at the firm, including supervision of all employees and advisors.

James T. Nadalini's Biographical Information

Educational Background and Business Experience

James T. Nadalini DOB: 10/11/1969

Educational Background:

United States Naval Academy 1992-B.A.
Annapolis, MD

University of Texas at Austin, McCombs School of Business, 2001, MBA
Austin, TX

Business Background for the Prior Five Years:

Brainard Capital Management 2011-Present

Burlington-Northern Railroad 2007-2011

Wallace Capital Management 2005-2007

Disciplinary Information

None

Other Business Activities

None

Additional Compensation

None

Supervision

James T. Nadalini is supervised by the firm's President and CCO, J. Owen Brainard, Jr.