

J.H. ELLWOOD & ASSOCIATES, INC.

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This brochure provides information about the qualifications and business practices of J.H. Ellwood & Associates, Inc. If you have any questions about the contents of this brochure, please contact us at (312) 782-5432. 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. Registration with the Securities and Exchange Commission does not imply any particular level of skill or training. Additional information about J.H. Ellwood & Associates, Inc. is available on the SEC's website at www.adviserinfo.sec.gov.

Material Changes

Our brochure was last updated on July 1, 2013 to reflect the addition of discretionary consulting services for institutional clients. We have updated our brochure to provide additional information regarding this service and certain risks, including risks of alternative investments. This information may be material to some clients, but not others.

We will ensure that you receive a summary of any material changes to this and subsequent brochures within 120 days of the close of our business' fiscal year end, December 31st.

We will also provide you with our current brochure at any time, without charge. Currently, our brochure may be requested by contacting Susan Toth, Chief Compliance Officer, at 312-782-5432 or it may be found on our web site www.ellwoodassociates.com.

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Advisory Business

J.H. Ellwood & Associates, Inc. (“Ellwood Associates” or “We”) provides comprehensive investment consulting services to its clients. Ellwood Associates was formed in 1977, and is wholly-owned by its employees through an Employee Stock Ownership Plan. As of July 2013, we provide consulting services on both a traditional (non-discretionary) and delegated (discretionary) basis. As of December 31, 2013, we provided consulting services to accounts with assets under advisement of \$52,846,700,000. Our consulting accounts practice is focused on serving five primary practice areas:

- Defined Contribution Plans
- Defined Benefit Pension Plans
- Endowments and foundations
- Healthcare systems and hospitals
- High net worth families

We provide a comprehensive array of investment consulting services to our clients, including:

- Defining overall investment objectives
- Conducting asset allocation analysis
- Determining appropriate investment strategies
- Conducting investment manager searches
- Implementing an ongoing portfolio monitoring program
- Providing quarterly written performance reports
- Providing ongoing support services

Our services are customized based on the individual needs and circumstances of our clients. Both our traditional and delegated consulting services are based on the same asset allocation, manager selection and performance reporting tools. We provide asset allocation and manager recommendations to our traditional consulting clients, who are responsible for determining whether to implement such recommendations. We offer two types of delegated consulting services – discretionary and advisory. Clients who select our discretionary delegated consulting services provide us with full investment discretion to make and implement asset allocation and investment manager and/or pooled investment vehicle recommendations. Clients who select our advisory delegated consulting services provide us with discretion to make asset allocation and investment manager and/or pooled investment vehicle decisions, but the client retains the authority to execute such decisions. Clients who select our discretionary delegated consulting services grant us discretionary authority to execute transactions in mutual funds or exchange-traded funds.

We also provide special analysis to our clients as needed on issues such as trustee education, white paper research on relevant investment topics, industry surveys and trends.

Fees and Compensation

Most of Ellwood Associates' clients are full service retainer relationships that cover all of the selected services (either traditional or delegated) and any out-of-pocket expenses, including travel costs. Retainer fees may be determined as a percentage of clients' assets under advisement and may be negotiated based on numerous factors such as the nature of services, level of reporting, and account size. Client fees may also be fixed fees that are negotiated.

We invoice at the end of the billing period in which services are rendered, generally quarterly. Fees do not apply to assets in a plan's self-directed brokerage option, mutual fund window, or similar option or in any fund consisting solely of employer securities or employer real property.

We may occasionally agree to complete specific project assignments for clients. Fees for project assignments are negotiated in advance with clients prior to the engagement, and may include retained, fixed or hourly charges. Project clients generally are billed upon completion of the project.

We only accept hard-dollar fee payments. Our fees do not include fees for investment managers or products recommended by us. Clients are directly responsible for fees charged by each investment manager and/or pooled investment in which the account is invested. Clients also will bear fees and expenses charged by mutual funds or private (hedge) funds that we recommend and fees for custody and brokerage.

Performance-Based Fees and Side by Side Management

We do not charge performance-based fees (fees based on a share of capital gain or capital appreciation).

Types of Clients

Our clients include retirement plans, endowment funds and foundations, healthcare systems and hospitals, and high net worth families and individuals and other institutional clients.

Methods of Analysis, Investment Strategies and Risk of Loss

Ellwood Associates conducts various forms of analysis on investment strategies for our clients, always focusing on both the investment return as well as the risk aspects. Our investment consulting process begins with a review of each client's specific investment objectives and constraints. Once we have an understanding of these issues, we focus our recommendations on developing an investment program that is expected to achieve the investor's return objectives while complying with their constraints (including risk tolerance, liquidity needs and time horizon).

We then work with our clients to identify a target asset allocation that pursues the return objective while complying with the investment constraints. Our analysis contemplates the expected returns of various asset mixes in the context of the risk of loss for each. We use a variety of asset allocation analyses to develop expectations with respect to the volatility risk (standard deviation) as well as the downside, or "left tail", risk associated with each asset allocation under consideration. Specific downside risk analyses include a worst case scenario analysis that projects the worst 1% outcome over a single year for each potential asset mix, as well as monte carlo simulation which shows the investor the downside risk associated with portfolio outcomes below the breakpoint of the second standard deviation. These pieces of analysis are designed to inform the investor of the levels of risk being taken across the various asset allocation targets being considered and the risk of loss associated with the asset allocation decision.

Once a new asset allocation target has been selected, we evaluate the structure of investments within each asset class. At this step we attempt to limit the risk of loss associated with concentrated investments by diversifying assets across a variety of investment styles within each asset class.

Once the asset allocation and investment structure have been determined, we seek to identify best-in-class investment managers. At this step, we evaluate the client's existing, as well as any potentially new managers, using a variety of return and risk metrics. Our goal, again, is to match the appropriate type of investment manager with a client's specific investment objectives and constraints. We compare the rates of return of each manager, net of their investment management fees, to the appropriate index benchmark as well as to a universe of similarly styled peer managers. From a risk standpoint, we evaluate the manager's volatility risk, upside and downside captures, sector weightings and allocations to top ten holdings to illustrate for the investor the amount of risk the manager takes in their investment process and how that manager has performed in good and bad markets. The downside capture analysis provides a good measure of the manager's risk of loss in negative environments for their asset class.

When evaluating investment managers, we focus on the following factors that we have identified as characteristics of best-in-class firms:

- * Organization/ownership stability;
- * Sustainable assets under management (>\$250 million);
- * Manageable asset and account growth;
- * Long tenured, experienced, incentivized investment professionals;
- * Consistent, repeatable investment process;
- * Consistency of investment style as verified using holdings-based analysis; and
- * Best in class, risk adjusted, consistent performance net-of-fees versus style indexes and universes over various market cycles.

Once the investment program has been structured, we monitor it and report results to our clients through our quarterly performance reports. In these reports, we compare the total portfolio's return to that of a total portfolio benchmark comprised of the returns of the index benchmarks of the various asset classes in the same amounts as the target asset allocation. We also evaluate variances between the actual asset allocation and the targets in order to determine rebalancing needs. Risk and return analysis is reported for each manager and each asset class using the metrics outlined above.

We use the same asset allocation, manager selection and performance reporting tools for our traditional and delegated consulting services. We recommend investment managers and/or pooled investment products to our consulting clients. Traditional consulting clients are responsible for implementing all recommendations. We implement recommendations for delegated consulting clients without prior consultation with client, subject to the investment restrictions and policies agreed upon with the client. Client accounts are subject to allocation risk, which is the risk of underperformance due to the allocation of assets among asset classes and investment managers and/or investment products. Client accounts are also subject to selection risk, which is the risk that our selection criteria fails to identify investment managers and/or pooled investment vehicles that outperform their peer group or benchmark indices.

These investment managers and/or pooled investment products include numerous types of investments covering different asset classes with varying levels of risk. All investments involve the risk of loss that clients

should be prepared to bear. The value of a Client's assets may go down as well as up, and will be subject to various market, economic or business risks. Clients should review the brochures of the investment managers and/or the offering documents for the recommended or selected pooled investment products for further information regarding investment risks.

Clients whose investment guidelines permit investment in alternative investment products are subject to additional risks. Investments in hedge funds, private equity funds and real estate funds are highly illiquid and, in the case of private equity and real estate funds, the underlying investments held by the funds may be highly illiquid. The offer and sale of such investments is not registered with the SEC or with states, and no readily available market exists for interests in these funds. The risks inherent in these investments include lack of regulatory oversight, illiquidity and use of riskier investment techniques including speculative trading, short selling, derivatives and other leverage techniques. Additionally, most private investment funds are subject to limited withdrawal rights.

Disciplinary Information

We do not have any material legal or disciplinary events to disclose.

Other Financial Industry Activities and Affiliations

We are an independent consulting firm. We do not manage or sponsor any proprietary products such as mutual funds or hedge funds. We do not have any affiliates that offer financial products. We do not receive any placement, referral or similar fees from money managers, investment funds, brokerage services or other service providers recommended to clients.

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

We maintain and enforce a written Code of Ethics ("Code"), which sets forth the standards of business conduct expected of officers, directors and employees. The purpose of the Code is to set out ideals for ethical conduct premised on fundamental principles of openness, integrity, honesty and trust for all officers, directors and employees. The Code requires compliance with all applicable federal and state securities laws and regulations and its provisions are designed to prevent and detect actual or potential conflicts of interest. The Code also governs the personal trading activities of Ellwood Associates, and its officers, directors and employees. The Code requires all officers, directors and employees to report any violations of the Code to the Chief Compliance Officer. The Code requires Ellwood Associates to provide its officers, directors and employees with a copy of the Code and requires that these individuals provide written acknowledgment that they have received and read the Code. A copy of the Firm's Code of Ethics is available upon request by calling the Firm's Chief Compliance Officer at (312) 782-5432.

Related persons are subject to compliance with our Code, which includes an insider trading policy and a requirement that all access persons (as defined in the policy and which includes all related persons) disclose securities holdings and transactions. Related persons may from time to time have positions in securities of exchange-traded funds ("ETF") and publicly traded mutual funds that are also held in the portfolios of clients advised by the Firm; however, in the case of ETFs, such transactions are subject to reporting. Our Code prohibits access persons from purchasing securities of private funds that are recommended to clients. Positions in private funds held prior to the effective date of this policy are subject to additional reporting and pre-clearance requirements. Certain types of securities, such as mutual funds and U.S. government securities, are not subject to these provisions. The Code also prohibits the firm and its employees from engaging in any practice with any fund, fund manager, broker, dealer, etc. that would result in a conflict of interest (e.g., no

direct or indirect compensation, gifts, meals, tickets, research, discounts, etc. are permitted to be accepted, offered or exchanged).

Brokerage Practices

We have no broker-dealer affiliations. We do not have discretionary trading authority for individual securities other than with respect to shares of mutual funds, closed-end funds and ETFs for delegated consulting clients. If directed by the client, we typically will place orders for shares of mutual funds, closed-end funds and ETFs through the client's designated broker/custodian; however, we reserve the right to place trades through another broker if necessary to achieve best execution. When clients request that we use a designated broker/custodian, we generally do not seek quotes from alternative brokers and dealers. We may obtain favorable pricing arrangements with brokers on behalf of our clients and may introduce clients to such brokers. We do not engage in any "soft dollar" arrangements with broker-dealers.

We occasionally provide clients with advice relating to broker-dealers and brokerage generally and specifically in regard to transition management services and commission recapture programs clients may consider or establish with third parties. We do not receive compensation from any broker-dealers or transition managers with respect to the advice Ellwood Associates provides to clients. Ellwood Associates receives fees only from its clients.

Ellwood may establish relationships with broker-dealers pursuant to which Clients will receive access to institutional rates and services. Clients must establish individual relationships with such brokers. Ellwood does not receive any compensation or economic benefits from such relationships.

Review of Accounts

We use a team-based approach to serving client accounts. Teams generally consist of two consultants, a research analyst and a performance analyst. Generally, we review each client's investment program on a quarterly basis including a review of manager style weightings relative to allocation targets and a comparison of performance relative to style peers, manager universe and pertinent indices. Reviews are conducted by consultants assigned to each account. Reviews of client accounts may be triggered more frequently by material market, economic, political or regulatory events. Account reviews may also be caused by a change in the client's organization, investment objectives, or risk tolerance or a change with respect to a client's service provider.

We regularly review client accounts and furnish a number of written reports to clients. Each report is tailored to the specific needs of the client. For most clients, the standard written report generally consists of detailed analysis of investment performance. Specifically, a report typically addresses asset allocation, account structure, account performance and investment manager review. Reports are generally furnished quarterly, but the frequency of reporting is generally negotiable.

Client Referrals and Other Compensation

We do not directly or indirectly compensate any person for client referrals. We do not receive any placement, referral or similar fees from money managers, investment funds, brokerage services or other service providers recommended to, or selected for, clients. We may at times make contributions to various charitable organizations, including certain advisory clients, or to charitable causes sponsored by advisory clients.

Custody

We do not have physical custody of client assets. However, for purposes of the Investment Advisers Act of 1940, we may be deemed to have custody if we automatically deduct fees from client accounts. Clients will receive their own statements from their broker or custodian, typically at least quarterly. Clients are urged to carefully review these brokerage or custodial statements for accuracy. Clients should compare the account statement that they receive from their custodian with the account statements we provide. Although we generally rely on security values provided by your custodian or by pooled investment vehicles in your account, for purposes of calculating your account value, our statements may vary from custodial statements based on accounting procedures, reporting dates, or other factors.

We may automatically deduct our fees from client accounts if authorized in writing by the client. We are not responsible for directing the payment of fees to third-party managers.

Investment Discretion

We recommend managers and/or pooled investment vehicles to our clients, as well as provide asset allocating and reporting. Our traditional consulting clients retain responsibility for determining whether or not to implement such recommendations. For our discretionary delegated consulting clients, we have authority to implement allocation decisions, and to engage and terminate managers, including effecting subscriptions and withdrawals for private pooled investment vehicles. For our advisory delegated consulting clients, the client retains responsibility for executing instructions necessary to implement our allocation decisions or manager decisions, including engaging and terminating managers or effecting purchases or withdrawals in pooled investment vehicles. We may implement allocation decisions or manager decisions for discretionary delegated consulting client accounts prior to notifying traditional consulting clients of such changes and prior to the time it takes traditional consulting clients to act on the same investment advice. We may effect decisions for discretionary delegated consulting clients prior to the time it takes advisory delegated consulting clients to effect such decisions. When we remove a manager from our qualified list or recommend an outright termination of a manager, however, we will communicate that recommendation to traditional consulting clients at the same time as such decision is communicated to, or implemented for, delegated consulting clients. We also have discretionary trading authority solely with respect to shares of mutual funds, closed-end funds and ETFs for discretionary delegated consulting clients.

Voting Client Securities

We do not have authority to vote proxies on behalf of traditional consulting clients nor do we generally provide advice on how to vote proxies. Clients may retain proxy voting responsibility or may engage an outside third party to assume this responsibility. At the client's request, we may offer guidance regarding corporate actions and the exercise of your proxy voting rights; however, the client or its agent is responsible for exercising its right to vote as a shareholder. For delegated consulting clients, the same policy generally applies except that, upon request, we may vote proxies with respect to shares of mutual funds, closed-end funds and ETFs managed by us or provide advice with respect to voting of such proxies.

Financial Information

We do not believe there is any financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients.

APPENDIX A

NOTICE OF PRIVACY POLICIES AND PRACTICES

In order to provide you with consulting and analytical services, we may collect nonpublic personal information from you. We respect the confidentiality and privacy of your information. This Notice of Privacy Policies and Practices explains certain steps we have taken and safeguards we have put in place to ensure the privacy of nonpublic personal information of individuals protected by Regulation S-P issued by the U.S. Securities and Exchange Commission.

WHAT INFORMATION DO WE COLLECT? —We collect nonpublic personal information about you from the following sources: (a) information that you provide us (e.g., your home address, telephone number, financial information, etc.) verbally, in writing (i.e., on applications and other documents) or electronically; (b) information that we generate to service your account (e.g., account statements); and (c) information that we may receive from third parties regarding your account.

WHAT INFORMATION DO WE DISCLOSE? —We do not sell your nonpublic personal information to anyone and we do not disclose such information to anyone except as permitted or required by law or as necessary to service your account. We may share nonpublic personal information with our affiliates or agents in the course of servicing your account, as well as with entities that provide professional, legal or accounting advice to us. At your direction, we may also disclose your information to third parties that provide services to you such as investment managers, custodians, trustees and your legal counsel. We may disclose your information to companies that assist us in providing services to you, such as technology consultants who maintain our computer systems, only if they are bound by contract to use your information solely for the services for which we hired them.

HOW DO WE PROTECT YOUR INFORMATION? —We restrict access to your nonpublic personal information to our employees and third parties who provide services to us and are bound by law or contract to maintain the confidentiality of your information. Our employees are permitted to access nonpublic personal information solely to service your account or to comply with applicable law. We maintain physical, electronic, and procedural safeguards to guard your nonpublic personal information. Your right to privacy extends to all forms of contact with us including telephone, written correspondence and electronic media. We will require all third parties with access to your nonpublic personal information while performing services for us to agree by contract to respect the confidentiality of your information and to use such information only for purposes of providing the requested services.

REVISED PRIVACY POLICIES AND PRACTICES. We reserve the right to revise our privacy policies and practices, but we will not disclose your personal nonpublic information, except as required or permitted by law, without giving you an opportunity to direct us not to disclose such information.

FURTHER INFORMATION. If you have any questions regarding our privacy policies or would like to request additional copies of this notice, please contact J.H. Ellwood & Associates, Inc. by telephone at 312/782-5432 or by mail at 33 W Monroe Street, Suite 1850, Chicago, Illinois 60603.