



ADV BROCHURE

March 13, 2017

**BRENTWOOD
ADVISORY GROUP, LLC**

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Los Angeles, CA 90049
(310) 826-2261
www.brentwoodadvisorygroup.com

This brochure provides information about the qualifications and business practices of Brentwood Advisory Group, LLC. If you have any questions about the contents of this brochure, please contact us at (310) 826-2261 or cfishburn@brentwoodmgmt.com. 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 Brentwood Advisory Group, LLC is also available on the SEC's website at www.adviserinfo.sec.gov

Material Changes:

N/A

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Item 4 Advisory Business Description

About Brentwood Advisory Group, LLC

Brentwood Advisory, a Registered Investment Adviser, has been offering asset management services since July 2000. One member of Brentwood Advisory is also a principal of Gordon Fishburn Schlossmann Accountancy LP, which provides certain administrative and clerical services to Brentwood Advisory and receives compensation reasonable related to the cost of such services.

Although one of the two members of Brentwood Advisory are primarily engaged in the business of accountancy through his affiliation with GFS, Brentwood Advisory is not an accounting firm, does not hold itself out as an accounting firm, and is not a licensee of the California Board of Accountancy.

Education and Business Background

CAROL L. FISHBURN, MBA Born 1949
Managing Member and Chief Compliance Officer
University of California – Santa Barbara, BA 1971
California State University – Sacramento, MBA, 1981
CFP®, California Life Agent

Ms. Fishburn and Matthew Fishburn, will determine our investment advice and provide investment advisory services to all clients of Brentwood Advisory.

Ms. Fishburn has worked in investments and finance for City National Bank and Great Western Financial Securities Corp. from 1991 to 1998. She was employed with City National Bank from 1998 to 2001 and with Glendale Federal Bank from 1973 to 1998.

Matthew W. Fishburn Born 1956
Member
California State University, Northridge, BS 1979
NASD Series 65
Managing partner at Gordon, Fishburn & Schlossmann since 1984

A. Advisory Services

Our firm has two types of programs for our investment advisory clients:

- (1) a portfolio management program (the “**Portfolio Management Program**”) including a referral program with approved third party investment advisers.
- (2) a financial planning program (the “**Financial Planning Program**”)

Portfolio Management Program

This program consists of direct management of client funds in mutual funds (no-loads or low-loads), stocks, long term or short-term debt instruments, municipal bonds, U.S. government securities and real estate investment trusts and other third party separate account managers.

Our firm uses a long-term investment philosophy and provides individual advice based on each client's risk tolerance.

1. An initial interview and data gathering questionnaire is completed for each client to determine the client's individual needs and risk tolerance.
2. We then create an investment plan that is reviewed with each client prior to implementing the initial recommendations.
3. Thereafter, client accounts may be handled on a discretionary or non-discretionary basis, depending upon the terms agreed to with each client and the terms specified in the Investment Advisory Agreement with each client.

You will have the opportunity to impose reasonable restrictions on the management of investment accounts, including the designation of particular securities or types of securities that should not be purchased for the account, or that should be sold if held in an account. However, you will not have discretion to require that particular securities or types of securities be purchased for the account.

You will retain, with respect to all securities and funds in the account, to the same extent as if the client held the securities and funds outside the program, the right to:

1. Withdraw securities or cash;
2. Vote securities, or delegate the authority to vote securities to another person;
3. Be provided in a timely manner with a written confirmation or other notification of each securities transaction, and all other documents required by law to be provided to security holders; and
4. Proceed directly as a security holder against the issuer of any security in your account and not be obligated to join any person involved in the operation of the program, or any other client of the program, as a condition precedent to initiating and proceeding.

We will attempt to contact you quarterly and request current financial status information to determine if there have been any changes in your financial situation. We encourage you to call us at any time during normal business hours to discuss accounts, financial situation or investment needs.

At times we may refer some or all of your investment portfolio management to third party investment advisers who will provide advice to you in accordance with the relevant program

provided by them. These activities are performed by third party investment advisers who are unaffiliated with our firm or GFS. We assist you in selecting third party investment advisers. We have reviewed their investment programs and strategies and determined that they are appropriate for you based on your individual circumstances and investment goals. In addition, we offer financial planning advice and assistance concerning a client's financial circumstances, investment goals and, where appropriate, tax considerations.

We maintain an approved list of third party investment advisers offering a variety of investment programs and strategies and determine which programs and strategies are most appropriate for you based upon your individual circumstances, needs and investment objectives. Certain of the investment programs offered by third party investment advisers may also be "wrap fee programs," which are programs under which you are charged a specified fee, not based directly upon transactions in your account, for both investment advisory services and execution of transactions. All third party investment advisers to whom we will refer you will be licensed as investment advisers by the California Department of Corporations or registered investment advisers with the Securities and Exchange Commission.

When you are referred to a third party investment adviser, you will receive full disclosure, including services rendered and fee schedules via a copy of the Form ADV Part II or equivalent disclosure document at the same time as the Form ADV Part II or equivalent disclosure document of Brentwood Advisory. In addition, if the investment program recommended to you is a wrap fee program, you will also receive the Schedule H or equivalent wrap fee brochure provided by the sponsor of the program. We will provide to you all appropriate disclosure statements including disclosure of solicitation fees to Brentwood Advisory and its Advisory Representatives. Under this program, we will obtain financial data from you and will base our recommendation of specific third party investment advisers and programs on your specific financial situation, needs and investment objectives.

We will contact you quarterly and request in writing current financial status information to determine if there have been any changes in your financial situation. In addition, your representative will meet with you at least annually to review any changes in your financial situation, needs or investment objectives, as well as the performance of the programs managed by the third party investment adviser. We encourage you to call us at any time during normal business hours to discuss accounts, financial situation or investment needs.

We may be compensated by a cash payment from the third party investment adviser to whom Brentwood Advisory refers each of its clients. Our fee may be paid by the third party adviser from the fee paid by you to the third party adviser. We may pay all or a portion of its fee to the Brentwood Advisory Representative responsible for you. In all cases, you will be advised of all fees to be paid to the third party adviser and to us, and you will not pay more for the third party adviser's services than the third party adviser charges for clients which are not referred by us.

Since the independent third party adviser may pay a fee for the investment advisory services of our firm in the Referral Program, the fee paid to our firm in this program is not negotiable. Fees paid by clients to independent third party advisers are established and payable in accordance with the Form ADV Part II or other equivalent disclosure provided by each independent third party adviser to whom we refer its clients, and may or may not be negotiable, as disclosed in the disclosure documents of the third part adviser.

In addition to the fees charged by third party investment advisers, you may be charged transaction charges by securities broker-dealers as disclosed in the Form ADV, Part II or other equivalent disclosure provided by the third party investment advisers.

B. Financial Planning Program

Our firm offers personalized financial planning consultation services to its clients. The following services are offered:

- (1) Financial planning consultation services includes advice on financial planning and analysis, tax planning analysis, personal risk management review, estate asset coordination and planning, cash flow analysis, retirement planning, education planning and other related matters.
- (2) A written financial plan, which may include advice on the topics as stated in # (1).

The recommendations provided to you will be valid as of the date(s) provided and will not be valid for any period beyond that date.

It is possible that, because of differing client needs and circumstances, recommendations to any one client may be contrary to recommendations made to other clients.

In providing a financial plan or financial planning consultation services, we will not do a detailed analysis of a particular security. Rather, the analysis will utilize such financial planning techniques as the review of the client's financial circumstances, investment goals, and where appropriate, tax considerations.

In connection with the preparation of a financial plan, a conflict of interest may exist between the interests of the investment adviser and the interests of the client. The client is under no obligation to act upon our recommendations. If you elect to act on any of the recommendations, you are under no obligation to effect the transactions through us or any other investment adviser recommended by us.

Item 5 Fees and Compensation:

A. Portfolio Management Program

Fees for the Portfolio Management Program are computed as a percentage of assets under management on a sliding scale, as described below:

<u>Portfolio Size</u>	<u>Annual % Fee</u>
\$1,000,000 and below	.75%
Over \$2,000,000	.50%

* Minimum fee \$6,000 per year (\$1,500 per quarter)

Fees may be negotiable (higher or lower) based on such factors as complexity, portfolio size, or other special circumstances. The initial investment plan is included in the fee schedule above. Management fees will be payable in advance on a quarterly basis. The first payment is assessed and due upon signing of the Agreement and will be assessed pro rata in the event the Agreement is executed at any time other than the first day of the current calendar quarter. Subsequent payments are due and will be assessed on the first day after the end of each calendar quarter based on the value of the account assets under management as of the close of business on the last business day of that quarter.

Payment of Fees

Payment of fees may be made directly by you or by the custodian holding your funds and securities; provided that the following requirements are met:

- (1) We send the bill to both you (or your independent representative) and your account custodian at the same time;
- (2) The bill shows the amount of the fee, how it was calculated and the value of the assets on which the bill is based; and
- (3) Your account custodian notifies you (or your independent representative) at least quarterly of how much has been paid to Advisor.

Fees are not collected for services to be performed more than six months in advance.

We may not change the account fees payable by you for a Portfolio Management Program account without thirty (30) days prior written notice, during which time you may terminate the account by written notice. If termination notice is not given, the new account fee or transaction charges will become effective.

Lower or higher fees may be found for comparable services. In addition to fees paid for advisory services with respect to your investments in mutual funds, you pay additional fees on mutual fund investments because the mutual funds also pay advisory and/or management fees to an investment adviser.

Other Fees

By utilizing a Portfolio Management Program account you should be aware that you may incur other fees to unaffiliated third parties such as broker-dealer fees, retirement plan administration fees, deferred sales charges on mutual funds initially deposited in the account, distribution fees, mutual fund management fees and other mutual fund expenses as described below. “No load” mutual funds as used in the context of this document, refer to mutual funds with no front end or deferred sales charges payable by client. These no load mutual funds still have ongoing expenses in the form of administrative expenses, distribution expenses and investment advisory fees, which will be paid to the fund’s advisor. You will bear these expenses for fund investments in addition to the Portfolio Management Program fees and charges. This also applies to programs that may maintain cash balances in money market mutual funds. In addition, some no load mutual funds may pay annual distribution charges, sometimes referred to as “12(b)(1) fees” after the statutory section authorizing such payments. Our firm is not currently eligible to receive 12(b) (1) fees, but they may be payable to the broker-dealer which executes the purchase of shares in the applicable mutual fund.

You will be advised of the availability of custodial services through one or more unaffiliated broker-dealers; including Charles Schwab & Co. (SCHWAB), Fidelity Company (FRIAG), and TD Ameritrade (TDA), and you will have full discretion to select the broker of your choice. The broker-dealer will provide all clearing, trading and brokerage services for each account. Our firm will direct the trading activities through the account at your designated broker-dealer. You will receive a full description of the broker-dealer’s services, fees and costs as provided by the broker dealer. The charges may be higher or lower than the amount payable in the absence of the Portfolio Management Program account Agreement. You may move an account subsequent to its opening from one broker-dealer to another broker-dealer acceptable to Brentwood Advisory and still maintain our management services. Because you will select the broker of your choice for your account, you will forgo any benefit from savings on execution costs that might be available through negotiated volume discounts or batched orders.

Under certain circumstances, accounts may hold temporary cash or cash equivalent positions pending investment in equities. These cash equivalent positions may be placed in money market or similar funds, which may have management and other fees payable to third parties as part of the fund structure. These fees will not be deducted from the fees charged by our firm and will be borne by you.

B. Financial Planning Program

1. Consultative Fees: The fee for this service is negotiable. Fees are generally charged on an hourly basis, at rates between \$150 and \$250 per hour, as agreed to with you. At the time you enter into a financial planning agreement with us, you will be informed of the services to be provided and the estimated total fee. The actual fee may be lower or higher than the estimated amount. You will typically be billed for the total fee after the services have been rendered and the total will be due upon receipt of the bill. In certain circumstances, a portion of the fee may be collected in advance. In such cases, you will have five days after signing the agreement with us to terminate the agreement without penalty. If you terminate the investment advisory service agreement after the first five days, you will either receive a refund of a portion of the fees paid or be charged a portion or all of the balance of the fee, depending on the value of the services provided by us before the notice of termination was received.

2. Written Financial Plan Fees: The fee for a financial plan will be charged on an hourly basis, at rates between \$150 and \$250 per hour and shall vary depending upon the complexity of your financial circumstances and the analyses that you desire. The fee and the services to be provided will be quoted to you and agreed upon in advance.

One-half of the estimated fees for hourly financial planning consultation services will be due upon signing the agreement with our firm and the balance upon receipt of a bill. One-half of the fees for the preparation of a financial plan will be due upon the signing of the agreement with our firm and the balance upon receipt of the final financial plan.

Termination of Agreement

Services will continue until either party terminates the agreement on thirty (30) days written notice. If termination occurs prior to the end of a billing period, you will be invoiced for fees due on a pro-rata basis. The aforementioned is applicable to our portfolio management and financial planning programs.

Item 6 Performance Based Fees

Our firm does not charge performance based fees.

Item 7 Types of Clients

Our firm has many types of clients including, but not limited to, individuals, pension and profit sharing plans, trusts, estates or charitable organizations, and corporations.

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

Method of Analysis and Investment Strategies

Our firm uses a long-term investment philosophy and provides individual advice based on each client's risk tolerance. For the Portfolio Management Program, our investment recommendations are based upon fundamental and technical analysis of securities provided by a variety of publicly available research and reports. This program consists of direct management of client funds in mutual funds (no-loads or low-loads), stocks, long term or short-term debt instruments, municipal bonds, U.S. government securities and real estate investment trusts. Our recommendations may also include third party advisers and programs which will be based on research reports and analysis of performance provided by third party advisers and publicly available research and reports regarding investment strategies and programs generally offered by a variety of third party investment advisers. Our financial planning advice will be based on research reports and analysis provided by publicly available research and reports. The Advisory Representative will discuss the recommendations with you.

Risk of Loss

Please note:

Investing in securities involves risk of loss that clients should be prepared to bear. While the stock market may increase and your account(s) could enjoy a gain, it is also possible that the stock market may decrease and your account(s) could suffer a loss. It is important that you understand the risks associated with investing in the stock market, are appropriately diversified in your investments, and ask us any questions you may have.

Item 9 Disciplinary Information

We are required to disclose whether there are legal or disciplinary events that are material to a *client's* or prospective *client's* evaluation of our advisory business or the integrity of our management. There are a number of specific legal and disciplinary events that we must presume are material for this Item. If our advisory firm or a *management person* has been *involved* in one of these events, we must disclose it under this Item for ten years following the date of the event, unless (1) the event was resolved in our or the *management person's* favor, or was reversed, suspended or vacated, or (2) the event is not material (see Note below). For purposes of calculating this ten-year period, the "date" of an event is the date that the final *order*, judgment, or decree was entered, or the date that any rights of appeal from preliminary *orders*, judgments or decrees lapsed.

The SEC and/or State Regulators have not provided us with an exclusive list of material disciplinary events, which need to be disclosed. If our advisory firm or a *management person* has been *involved* in a legal or disciplinary event that is not specifically required to be disclosed, but nonetheless is material to a *client's* or prospective *client's* evaluation of our advisory business or the integrity of our management, we must disclose the event. Similarly, even if more than ten years has passed since the date of the event, we must disclose the event if it is so serious that it remains currently material to a *client's* or prospective *client's* evaluation of our firm or management.

We have determined that our firm and management have nothing to disclose under the aforementioned standard.

Item 10 Other Financial Industry Activities or Affiliations

Matthew W. Fishburn is a member of Brentwood Advisory who is also a principal of Gordon Fishburn Schlossmann Accountancy LP. Mr. Fishburn is a CPA and partner of Gordon Fishburn Schlossman, a full service accountancy firm which provides certain administrative and clerical services to Brentwood Advisory and receives compensation reasonably related to the cost of such services.

Although one of the two members of Brentwood Advisory is primarily engaged in the business of accountancy through his affiliation with GFS, Brentwood Advisory is not an accounting firm, does not hold itself out as an accounting firm, and is not a licensee of the California Board of Accountancy.

Matthew W. Fishburn

- A. If Matthew W. Fishburn is actively engaged in any *investment-related* business or occupation, including if Matthew W. Fishburn is registered, or has an application pending to register, as a broker-dealer, registered representative of a broker-dealer, futures commission merchant (“FCM”), commodity pool operator (“CPO”), commodity trading advisor (“CTA”), or an associated *person* of an FCM, CPO, or CTA, we are required to disclose this fact and describe the business relationship, if any, between the advisory business and the other business.
- 1. If a relationship between the advisory business and Matthew W. Fishburn’s other financial industry activities creates a material conflict of interest with you, the SEC requires us to describe the nature of the conflict and generally how we address it.

Mr. Fishburn does not have any material conflict of interest.

2. If Matthew W. Fishburn receives commissions, bonuses or other compensation based on the sale of securities or other investment products, including as a broker-dealer or registered representative, and including distribution or service (“trail”) fees from the sale of mutual funds, we have to disclose this fact. If this compensation is not cash, we are required to explain what type of compensation Matthew W. Fishburn receives. We must explain that this practice gives Matthew W. Fishburn an incentive to recommend investment products based on the compensation received, rather than on your needs.

Mr. Fishburn does not receive commissions, bonuses or other compensation.

- B. If Matthew W. Fishburn is actively engaged in any business or occupation for compensation not discussed in response to Item 4.A, above, and the other business activity or activities provide a substantial source of Matthew W. Fishburn’s income or involve a substantial amount of Matthew W. Fishburn’s time, we are required to disclose this fact and must describe the nature of that business. If the other business activities represent less than 10 percent of Matthew W. Fishburn’s time and income, we may presume that they are not substantial.

Brentwood Advisory, a Registered Investment Adviser, has been offering asset management services since July 2000. Matthew W. Fishburn is the only member of Brentwood Advisory who is also a principal of Gordon Fishburn Schlossmann Accountancy LP. Mr. Fishburn is a CPA and partner of Gordon Fishburn Schlossman, a full service accountancy firm which provides certain administrative and clerical services to Brentwood Advisory and receives compensation reasonably related to the cost of such services.

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

Participation or Interest in Client Transactions

At times our firm may take positions in the same securities as clients. Our firm has procedures dealing with insider trading, employee related accounts, front running and other issues that may present a potential conflict of interest when such purchases, sales or recommendations are made. In general, these policies and procedures are intended to eliminate, to the extent possible, the adverse effect on clients of any such potential conflicts of interest.

We recognize that the personal investment transactions of members and employees of our firm demand the application of a high Code of Ethics and require that all such transactions be carried out in a way that does not endanger the interest of any client. At the same time, we believe that if investment goals are similar for clients and for members and employees of our firm, it is logical and even desirable that there be common ownership of some securities.

Therefore, in order to prevent conflicts of interest, we have in place a set of procedures (including a pre-clearing procedure) with respect to transactions effected by our members, officers and employees for their personal accounts¹. In order to monitor compliance with our personal trading policy, we have a quarterly securities transaction reporting system for all of our associates.

Furthermore, our firm has established a Code of Ethics which applies to all of our associated persons. An investment adviser is considered a fiduciary. As a fiduciary, it is an investment adviser's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of our clients at all times. We have a fiduciary duty to all clients. Our fiduciary duty is considered the core underlying principle for our Code of Ethics which also includes Insider Trading and Personal Securities Transactions Policies and Procedures. We require all of our supervised persons to conduct business with the highest level of ethical standards and to comply with all federal and state securities laws at all times. Upon employment or affiliation and at least annually thereafter, all supervised persons will sign an acknowledgement that they have read, understand, and agree to comply with our Code of Ethics. Our firm and supervised persons must conduct business in an honest, ethical, and fair manner and avoid all circumstances that might negatively affect or appear to affect our duty of complete loyalty to all clients. This disclosure is provided to give all clients a summary of our Code of Ethics. However, if a client or a potential client wishes to review our Code of Ethics in its entirety, a copy will be provided promptly upon request.

Item 12 Brokerage Practices

A. Description of the factors that we consider in selecting or recommending broker-dealers for *client* transactions and determining the reasonableness of their compensation (*e.g.*, commissions).

1. Research and Other Soft Dollar Benefits. If we receive research or other products or services other than execution from a broker-dealer or a third party in connection with *client* securities transactions ("soft dollar benefits"), we are required to disclose our practices and discuss the conflicts of interest they create. Please note that we must disclose all soft dollar benefits we receive, including, in the case of research, both proprietary research (created or developed by the broker-dealer) and research created or developed by a third party.

¹ For purposes of the policy, our associate's personal account generally includes any account (a) in the name of our associate, his/her spouse, his/her minor children or other dependents residing in the same household, (b) for which our associate is a trustee or executor, or (c) which our associate controls, including our client accounts which our associate controls and/or a member of his/her household has a direct or indirect beneficial interest in.

Our firm has an arrangement with *Fidelity Institutional Registered Investment Adviser Group* (“FRIAG”) through *Fidelity Brokerage Services LLC*, and/or *Schwab Institutional division of Charles Schwab & Co., Inc.* (“Schwab”), and *TD Ameritrade* (“TDA”). Under the arrangement we receive services which include, among others, brokerage, custodial, administrative support, record keeping and related services that are intended to support our firm in conducting business and in serving the best interests of our clients but that may benefit our firm.

a. Explanation of when we use *client* brokerage commissions (or markups or markdowns) to obtain research or other products or services, and how we receive a benefit because our firm does not have to produce or pay for the research, products or services.

As part of the arrangement described in Item 12A1, FRIAG/Schwab/TDA also makes certain research and brokerage services available at no additional cost to our firm. These services include certain research and brokerage services, including research services obtained by FRIAG/Schwab/TDA directly from independent research companies, as selected by our firm (within specific parameters). Research products and services provided by FRIAG/Schwab/TDA to our firm may include research reports on recommendations or other information about, particular companies or industries; economic surveys, data and analyses; financial publications; portfolio evaluation services; financial database software and services; computerized news and pricing services; quotation equipment for use in running software used in investment decision-making; and other products or services that provide lawful and appropriate assistance by FRIAG/Schwab/TDA to our firm in the performance of our investment decision-making responsibilities. The aforementioned research and brokerage services are used by our firm to manage accounts for which we have investment discretion. Without this arrangement, our firm might be compelled to purchase the same or similar services at our own expense.

b. Incentive to select or recommend a broker-dealer based on our interest in receiving the research or other products or services, rather than on our *clients'* interest in receiving best execution.

As a result of receiving the services discussed in 12A (1)a of this Firm Brochure for no additional cost, we may have an incentive to continue to use or expand the use of FRIAG/Schwab/TDA's services. Our firm examined this potential conflict of interest when we chose to enter into the relationship with FRIAG/Schwab/TDA and we have determined that the relationship is in the best interest of our firm's clients and satisfies our client obligations, including our duty to seek best execution.

FRIAG/Schwab/TDA charges brokerage commissions and transaction fees for effecting certain securities transactions (i.e., transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions). FRIAG/Schwab/TDA enables us to obtain many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges. FRIAG/Schwab/TDA's

commission rates are generally discounted from customary retail commission rates. However, the commission and transaction fees charged by FRIAG/Schwab/TDA may be higher or lower than those charged by other custodians and broker-dealers.

c. Causing *clients* to pay commissions (or markups or markdowns) higher than those charged by other broker-dealers in return for soft dollar benefits (known as paying-up).

Our non-wrap fee program clients may pay a commission to FRIAG/Schwab/TDA that is higher than another qualified broker dealer might charge to effect the same transaction where we determine in good faith that the commission is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although we will seek competitive rates, to the benefit of all clients, we may not necessarily obtain the lowest possible commission rates for specific client account transactions.

d. Disclosure of whether we use soft dollar benefits to service all of our *clients'* accounts or only those that paid for the benefits, as well as whether we seek to allocate soft dollar benefits to *client* accounts proportionately to the soft dollar credits the accounts generate.

Although the investment research products and services that may be obtained by our firm will generally be used to service all of our clients, a brokerage commission paid by a specific client may be used to pay for research that is not used in managing that specific client's account.

e. Description of the types of products and services our firm or any of our *related persons* acquired with *client* brokerage commissions (or markups or markdowns) within our last fiscal year.

f. Explanation of the procedures we used during our last fiscal year to direct *client* transactions to a particular broker-dealer in return for soft dollar benefits we received.

We do not direct *client* transactions to a particular broker-dealer in return for soft dollar benefits.

- 2) Brokerage for Client Referrals. If we use client brokerage to compensate or otherwise reward brokers for client referrals, we must disclose this practice, the conflicts of interest it creates, and any procedures we used to direct client brokerage to referring brokers during the last fiscal year (*i.e.*, the system of controls used by us when allocating brokerage)

Our firm does not receive brokerage for client referrals.

3) Directed Brokerage.

- a. If we routinely recommend, request or require that a *client* directs us to execute transactions through a specified broker-dealer, we are required to describe our practice or policy. Further, we must explain that not all advisers require their *clients* to direct brokerage. If our firm and the broker-dealer are affiliates or have another economic relationship that creates a material conflict of interest, we are further required to describe the relationship and discuss the conflicts of interest it presents by explaining that through the direction of brokerage we may be unable to achieve best execution of *client* transactions, and that this practice may cost our *clients* more money.

We or any of our firm's related persons do not have discretionary authority in making the determination of the brokers with whom orders for the purchase or sale of securities are placed for execution, and the commission rates at which such securities transactions are effected.

Special Considerations for ERISA Clients

A retirement or ERISA plan client may direct all or part of portfolio transactions for its account through a specific broker or dealer in order to obtain goods or services on behalf of the plan. Such direction is permitted provided that the goods and services provided are reasonable expenses of the plan incurred in the ordinary course of its business for which it otherwise would be obligated and empowered to pay. ERISA prohibits directed brokerage arrangements when the goods or services purchased are not for the exclusive benefit of the plan. Consequently, we will request that plan sponsors who direct plan brokerage provide us with a letter documenting that this arrangement will be for the exclusive benefit of the plan.

- b. If we permit a *client* to direct brokerage, we are required to describe our practice. If applicable, we must also explain that we may be unable to achieve best execution of your *transactions*. Directed brokerage may cost *clients* more money. For example, in a directed brokerage account, you may pay higher brokerage commissions because we may not be able to aggregate orders to reduce transaction costs, or you may receive less favorable prices on transactions.

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- B. Discussion of whether, and under what conditions, we aggregate the purchase or sale of securities for various *client* accounts in quantities sufficient to obtain reduced transaction costs (known as bunching). If we do not bunch orders when we have the opportunity to do so, we are required to explain our practice and describe the costs to *clients* of not bunching.

We perform investment management services for various clients. There are occasions on which portfolio transactions may be executed as part of concurrent authorizations to purchase or sell the same security for numerous accounts served by our firm, which involve accounts with similar investment objectives. Although such concurrent authorizations potentially could be either advantageous or disadvantageous to any one or more particular accounts, they are affected only when we believe that to do so will be in the best interest of the effected accounts. When such concurrent authorizations occur, the objective is to allocate the executions in a manner which is deemed equitable to the accounts involved. In any given situation, we attempt to allocate trade executions in the most equitable manner possible, taking into consideration client objectives, current asset allocation and availability of funds using price averaging, proration and consistently non-arbitrary methods of allocation.

Item 13 Review of Accounts

Advisory Representatives of ours will contact their clients at least quarterly and meet with them at least annually to review the performance of the client's advisory accounts and any changes in the client's financial goals or profile. Clients receive quarterly performance reports regarding their advisory accounts showing the funds and securities in their accounts at the end of the period and all debits, credits and transactions in their account during the period.

Advisory Representatives are available during business hours to answer questions or other inquiries of clients

Item 14 Client Referrals and Other Compensation

Brentwood Advisory Group does not pay referral fees to independent solicitors for referral of their clients to our firm. Apart from the arrangements disclosed in Item 12, we have no additional arrangements to disclose.

Item 15 Custody

A nonaffiliated custodial institution or broker-dealer will provide all physical custody of investments and clearing services for Portfolio Management Program accounts. Our firm Advisory may be deemed to have custody of client funds or securities if our firm or GFS has signing authority for the account maintained at the custodial institution or signing authority for other accounts of a client.

For our client's accounts maintained in their custody, FRIAG, Schwab and/or TDA do not charge separately for custody but are compensated by account holders through commissions or

other transaction-related fees or securities trades that are executed through FRIAG, Schwab and/or TDA or that settle into FRIAG, Schwab and/or TDA accounts.

FRIAG, Schwab and/or TDA also make available to our firm other products and services that may benefit us but which may not benefit its clients. These types of services will help us in managing and administering client accounts. These include software and other technology that provide access to client account data (i.e. trade confirmations and account statements); facilitate trade executions; provide research, pricing information, and other market data; facilitate in the payment of our firm's fees from its clients' accounts; and assist with back-office functions, record-keeping, and client reporting. Many of these services may be used to service all or a substantial number of our accounts.

Our firm does not maintain custody of client assets.

Record Keeping

All securities maintained on your behalf in this program will be segregated, marked to identify you as the person who has the beneficial interest therein, and held in safekeeping in a place reasonably free from risk of destruction or other loss. All of your funds over which we have custody shall be deposited in one or more bank accounts containing only your funds. Any account(s) where we are the custodian will be maintained in the name of Brentwood Advisory as agent or trustee for you.

We will maintain a separate record for each account which shows the name and address of the bank where the account is maintained, the date and amounts of deposits in and withdrawals from the account and the exact amount of each your beneficial interest in the account.

Immediately after accepting custody or possession of funds or securities from you, we will notify you in writing of the place and manner in which the funds and securities will be maintained, and thereafter, if and when there is any change in the place or manner in which the funds or securities are being maintained, we will give you written notice of the change.

We will send you quarterly itemized statements on any accounts over which we have custody of funds. This statement will show the funds and securities in the custody or possession of the investment adviser at the end of the period, and all debits, credits and transactions in your account during the period.

When Brentwood Advisory has custody of your funds and securities (including funds that Brentwood Advisory is deemed to have custody because of the custody of GFS or another of its affiliates) these funds and securities will be verified by actual examination at least once during each calendar year. This shall be done by an independent certified public accountant at a time of their choosing without prior notice to us. A certificate of the accountant stating that he has made an examination of your funds and securities, and describing the nature and extent of the examination shall be filed promptly upon completion with the Securities and Exchange Commission.

Item 16 Investment Discretion

Brentwood Advisory accepts discretionary authority to manage accounts on behalf of clients. Prospects are informed of the options of discretionary or non-discretionary authority. Client chooses between the two options then receives the appropriate disclosure and agreement to review and sign. Generally clients give Brentwood Advisory discretionary authority.

Item 17 Voting Client Securities

Brentwood Advisory does not accept the authority to vote client securities.

Item 18 Financial Information

Brentwood Advisory does not negotiate or solicit the pre-payment of fees of more than \$1,500 per client six months or more in advance.