

## **Part 2A of Form ADV: Firm Brochure**

### ***Item 1 Cover Page***

Westwood Management Corporation  
208 South LaSalle Street, Suite 1698  
Chicago, Illinois 60604

Michael Perlow, President  
and Contact Employee

[www.westwood-management.com](http://www.westwood-management.com)

March 26, 2012

This brochure provides information about the qualifications and business practices of Westwood Management Corporation (the “Firm”). If you have any questions about the contents of this brochure, please contact us at: (312) 236-3336. 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 the Firm is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

The Firm is a registered investment advisor. Registration does not imply a certain level of skill or training.

### ***Item 2 Material Changes***

There are material changes to the Firm’s brochure, since the brochure’s last annual update of March 24, 2011.

***Item 3 Table of Contents, Part 2A***

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#### ***Item 4 Advisory Business***

The Firm has been in business since 1976. Michael Perlow is the majority owner of the Firm.

#### **ADVISORY SERVICES**

##### General Policy:

Michael Perlow, the Portfolio Manager, makes recommendations designed for certain categories of Firm Clients, and generally implements these recommendations, where appropriate, for particular Clients. The Portfolio Manager chooses the most appropriate securities for his respective portfolios. In some instances, the Portfolio Manager will make recommendations directly to certain Clients for those Clients to implement independently directly with their custodians.

Although the Firm currently does not have any non-discretionary accounts, it may manage certain accounts on a non-discretionary basis.

The Portfolio Manager will generally implement his recommendations or selection of securities for investment for an individual account as soon as reasonably possible for that account and prior to reviewing other accounts.

Notwithstanding the above, the Portfolio Manager may implement such recommendations or selections in a different order of priority due to the timing and nature of his investment decisions.

Clients may impose restrictions on investing in certain securities or types of securities by actively identifying such restrictions in writing for the Portfolio Manager.

##### Aggregation of Orders and Allocation:

Because of the individual management style of the Firm, it generally does not aggregate orders for various Clients and execute them through one or a limited number of broker-dealers. Aggregation of transactions generally results in lower commissions.

##### IPOs and Private Offerings:

The Firm does not recommend or purchase initial public offerings (IPOs) in common stock for its Clients, but may recommend or purchase IPOs with respect to bonds or preferred stock. The Firm does not recommend or purchase private offerings for its Clients.

##### Publicly Traded Clients:

Westwood's clients may include publicly traded companies. In such instances, Westwood will not purchase shares of such publicly-traded companies within its client portfolios. However, there are no restrictions on Westwood's ability to purchase shares of those publicly-traded companies for Mr. Perlow's portfolio or for Westwood's profit sharing plan. Westwood does not believe such policies have a material impact on the firm's ability to manage client assets.

#### Client Instructions:

The Firm does not accept investment directions, including purchase or sale orders, by e-mail, voice mail or other telephonic voice messaging. The Firm's authority over client accounts does not include the authority to transfer assets and, accordingly, clients must contact their custodians directly to transfer assets.

#### Cross Trading:

The Firm does not effect cross trades between Client accounts.

#### BUSINESS CONTINUITY – SUCCESSION PLAN

The Firm's principal is Michael Perlow who makes portfolio decisions and acts as the Firm's Chief Executive. In the event that Mr. Perlow is prevented from operating the Firm as a result of a terrorist attack, natural disaster, health reasons or otherwise, the Firm anticipates that it would be operated on an interim basis by its current employees. If Mr. Perlow were unable to return within a reasonable period of time to the Firm, it is anticipated that the Firm would add additional management, implement a consulting services agreement (or revise an existing agreement if one is in place), be sold, or make arrangements to assist clients in moving their portfolios to one or more other investment managers acceptable to the client.

#### BUSINESS CONTINUITY – EMERGENCY CONTACT INFORMATION

In the event of a disruption to our normal business routine, you can call our emergency telephone number to obtain current information on Westwood's disaster recovery plan and the status of the disruption. During emergency situations you will also be able to leave a voice mail message by calling our emergency number.

Westwood's emergency telephone number is: **(312) 701-0718**

Westwood maintains a website and email address **solely for disaster recovery purposes:**

You can obtain information regarding a disruption by checking our disaster recovery web site at: **[www.westwood-management.com](http://www.westwood-management.com)**

In the event of a disruption, we can be contacted by e-mail at:

**[info@westwood-management.com](mailto:info@westwood-management.com)**

(Please note this email address is not regularly monitored except during times of disruption)

#### MICHAEL PERLOW'S MULTIPLE ROLES

Mr. Perlow serves as Chief Compliance Officer (CCO), President and majority owner. He also serves as the firm's primary portfolio manager. As such, he may at times face inherent conflicts of interest in serving the interests of the firm's clients as well as the financial and other interests of the firm. Westwood maintains policies, procedures and controls which it believes are reasonably designed to ensure such conflicts are satisfactorily addressed. Westwood routinely monitors this conflict, and does not believe it results in unfair treatment by Westwood of its clients.

## CHARITABLE CONTRIBUTIONS

The Firm, or Michael Perlow individually, periodically receives requests from clients to make contributions to charitable organizations selected by such clients. Generally, Michael Perlow has made any such contribution individually. Mr. Perlow will consider any request from a client to make a charitable contribution; however, he has sole discretion to determine whether a contribution is made and the amount of any such contribution.

## CONSULTING SERVICES

The Firm has periodically entered into (or explored entering into) consulting arrangements with other registered investment advisers pursuant to which such investment adviser would learn about the Firm's clients and investment style to ensure continuity in the event that Mr. Perlow is unavailable, incapacitated or otherwise unable to provide management services. As of the date of this brochure, the Firm does not have such a consulting arrangement in place.

## DISCRETIONARY MANAGEMENT

As of December 31, 2011, the Firm manages approximately \$ 418,872,204 in Client assets on a discretionary basis, and does not manage assets on a non-discretionary basis.

### ***Item 5 Fees and Compensation***

The Firm will furnish investment supervisory services to Clients for compensation payable quarterly in advance on the basis of the market value of the type and amount of securities and cash in the accounts of respective Clients on the last business day of the prior calendar quarter.

Effective March 1, 1999, billing rates for new Clients are as follows:

On the first \$2,000,000 (subject to the proviso set forth below)	1/4 of 1% per quarter;
On amounts in excess of \$2,000,000	1/8 of 1% per quarter.

Clients with contracts executed prior to March 1, 1999 are not subject to this new fee schedule.

However, if the Firm and Client, by separate contract, agree to limit the advice furnished to taxable or non-taxable governmental fixed income securities (defined to include debt obligations, issued by any governmental body or agency), the fee payable will be 1/8 of 1% per quarter regardless of the amount of cash and/or securities in such account.

Fees are normally based on the market value of assets under management. In certain circumstances, higher or lower fees may be negotiated on a case by case basis. Fees may also be less than the above schedule. Fees may differ for institutional, charitable and non-profit organizations, accounts accepted on a fee basis prior to the adoption of the current fee schedule,

accounts containing non-supervised securities, and accounts charged on a fixed-fee or negotiated basis.

The Firm policy with respect to advisory fees on mutual funds in client accounts is as follows:

1. For Clients that pay a percentage of net assets under management, the value of mutual funds (other than money market funds) will be excluded from the client net assets in computing the Firm's advisory fee.
2. With respect to clients that pay a fixed fee which does not vary with respect to the amount of assets under management, the fixed fee will not be adjusted.

This policy may be modified by agreement in writing between a specific client and the Firm.

Services may be terminated by the Client or by the Firm upon written notice. A full refund for unearned fees will be made.

Fees are generally billed in advance and are normally payable quarterly. A Client may authorize in writing a bank, trust company, broker-dealer or other entity which is acting as custodian of a Client's account to pay advisory fees to the Firm upon receipt of the Firm's invoice for services. The invoice will set forth the amount of such fees, value of the assets upon which fees are based and the manner of calculation. The Firm will send a copy of the invoice to the Client or to the Client's designee at the same time the Firm sends the invoice to the custodian.

If a Client wishes to have investment adviser fees paid directly from their account, the client must provide a letter authorizing payment of fees to Westwood by the Client's custodian upon receipt of invoices.

In computing the market value of securities, the Firm uses Interactive Data Pricing and Reference Data, Inc. of Interactive Data Corporation, an independent pricing service, to value securities. Equity securities traded on exchanges or on the NASDAQ market are priced on the last trade received from them by Interactive Data Pricing and Reference Data, Inc. but not including after-hour trading. Interactive Data Pricing and Reference Data, Inc. values U.S. and Canadian corporate and government bonds and U.S. municipal bonds based upon a complex of market prices, quotations, yields, spreads and a variety of factors. Information regarding Interactive Data Pricing and Reference Data, Inc. pricing methodology may be obtained from their website [www.ftinteractivedata.com](http://www.ftinteractivedata.com). Any other security or asset will be valued in a manner determined in good faith by the Firm to reflect its fair market value, and the Firm's determination as to such value shall be accepted as final by the Client. Securities not otherwise valued for which there is no readily available market will generally be valued at cost, unless the Firm has obtained reliable information regarding recent transactions in such securities or other reliable data affecting valuation.

Investment consulting services may be offered on a time plus expenses basis. The fees for such services are negotiated with each individual account depending on the specific services provided.

***Item 6 Performance-Based Fees and Side-By-Side Management***

The Firm does not accept performance based fees.

***Item 7 Types of Clients***

The Firm provides investment advice to individuals, including high net worth individuals, pension and profit sharing plans, charitable organizations, and corporations and other businesses.

A minimum asset valuation of \$1,000,000 is generally required for the establishment of an investment advisory relationship. An advisory relationship may consist of one or more accounts which, in total, meet established minimum value requirements. Westwood may waive the minimum or Westwood may aggregate accounts of family members for determining if the minimum is met.

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

The Firm seeks to invest in high quality, highly liquid, large capitalization stocks. The Firm generally invests in the most financially successful companies within a particular industry. Mr. Perlow conducts his own analysis of potential investments, and the Firm does not have a specific sell or buy/hold discipline. The Firm's decisions to exit stocks are typically not event-driven, but are based upon finding a better stock to hold. Furthermore, there is no strict allocation among industries, sectors, and/or capitalization. Accordingly, investments within portfolios do not necessarily reflect the total stock market, and performance may differ from the performance of the total stock market.

Although frequent trading is not generally part of the Firm's investment strategy, it is possible that certain market conditions may prompt the Firm to make frequent trades. Such frequent trading may affect investment performance, particularly through increased brokerage and other transaction costs and taxes.

Investing in securities involves risk of loss that you should be prepared to bear.

***Item 9 Disciplinary Information***

None.

## ***Item 10 Other Financial Industry Activities and Affiliations***

None.

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

### **CODE OF ETHICS**

The Firm has adopted a Code of Ethics (“Code”) for all Company employees. Under the Code, employees are required to observe high standards of commercial honor, just and equitable principles of trade and to comply with applicable federal and state laws as well as other civil legal obligations of the Firm to its clients, including those obligations arising from the Firm’s status as a fiduciary within the meaning of the federal securities laws. The Code’s requirements include the following:

- Employees are prohibited from disclosing confidential client information to any non-affiliated third party without the express consent of the client except for information necessary for effecting transactions.
- Employees are prohibited from trading on material non-public information.
- Employees are required to report all personal securities transactions to the Firm. (The Firm’s procedures require review of employee personal transactions and prior approval for certain transactions.)
- Employees are prohibited from trading in conflict with client transactions if it would disadvantage the client.
- Employees may not accept gifts or entertainment in excess of \$100 per year from one provider of goods or services.
- Employee’s political contributions must be reported except contributions made by a supervised person to any candidate for whom the supervised person is entitled to vote which, in aggregate, does not exceed \$250 per candidate per election.

The Code also prohibits other material conflicts of interest with clients absent client written consent. A copy of the Code may be obtained by contacting the Firm.

### **PERSONAL TRADING OF FIRM EMPLOYEES**

The Firm maintains a policy prohibiting the Firm, the Portfolio Manager, other Firm employees, and any members of their households from purchasing or selling any securities the same day that such securities are bought or sold on behalf of a Client, except that a purchase or sale in a proprietary account may occur on the same day after all Client positions have been established or sold, as applicable. Client interest must precede the interest of the Firm and its employees in such transactions as described in the policy set forth below. There can be no assurance, however, that securities purchased for the Portfolio Manager’s accounts might not later be deemed appropriate for purchase for Client accounts.



Employees of the Firm are subject to specific procedures and must pre-clear personal securities transactions that involve initial public offerings, private placements or stocks held by clients of the Firm.

A pre-clearance request is made to the Firm Designated Principal (or his or her designee). The Designated Principal will determine whether to authorize a personal securities transaction. If authorized, the transaction may be effected commencing the day after all client transactions are filled. On occasion, transactions for a Client may be effected after a personal securities transaction, such as when a new Client is accepted by the Firm, when an existing Client adds new funds to be invested or adds new securities to its portfolio, where a Client directs a trade or where a Client's investment objectives change.

Employees of the Firm and members of their households are prohibited from participating in short sales of securities held in customer accounts.

The Firm maintains a retirement account under ERISA for Firm employees. This retirement account is managed by Mr. Perlow. In general, the Firm retirement account holds different securities than the Firm's client accounts. If the Firm retirement account holds the same securities as client accounts, Mr. Perlow will always seek to trade the retirement account behind client accounts in implementing any investment decision. The Firm retirement account is reviewed and monitored by Firm supervisory personnel to the same extent as any personal account of a Firm employee.

Firm personnel are required to provide confirmations of transactions and quarterly reports showing personal securities transactions, which are reviewed by the Firm's compliance staff on an ongoing basis. The Firm maintains personal securities transaction records involving direct or indirect beneficial ownership for all personnel.

As described in response to Item 12, transactions effected for accounts for the Firm's employee benefit plan are considered employee transactions.

## ***Item 12 Brokerage Practices***

### **Commission Rates:**

The reasonableness of broker commissions is evaluated on an ongoing basis through a periodic review of the general level of commissions paid and services received. Such review is generally conducted quarterly and at least annually.

The Firm may place orders for securities with or through such broker-dealers or issuers as the Firm may select ("Adviser-selected brokerage"). Clients' transactions will be effected through Adviser-selected brokerage, unless the Client shall elect Client-directed brokerage as described below. The Firm does not generally aggregate orders. Brokerage commissions for Client-directed as discussed below or Adviser-selected brokerage will generally be greater than

commissions charged elsewhere, although the Firm believes that its commission rates are reasonable, in light of the execution and research services received by the Firm.

Except for clients that have independently negotiated brokerage rates with their broker-dealer, Westwood generally follows a fee schedule in which stocks priced greater than \$40 per share receive execution at commissions at \$0.08 or less per share and stocks priced at \$40 or less per share receive execution at commissions at \$0.06 or less per share. However, broker-dealers frequently charge a minimum “ticket charge” per transaction. In any instance where a client directs Westwood to execute through a specific broker and such broker has a minimum ticket charge (or Westwood elects to use such a broker), such ticket charge may cause the effective per share commission rate to exceed the per share rates described above.

Directed Brokerage:

A Client may direct execution through a particular broker-dealer (“Client-directed brokerage”) by notifying the Firm. For Client-directed brokerage, the Firm may accept the broker-dealer’s rate without negotiations. While Client-directed brokerage may result in a Client’s receipt of certain additional services or benefits, such as reduced custody fees, because we do not negotiate brokerage, the Client will in most cases be paying higher commissions. For Client-directed brokerage, Advisor will not undertake to negotiate commission rates with a directed broker-dealer, unless Client so authorizes Adviser in writing, in which case Adviser shall use its best efforts to negotiate such rates.

Commissions paid for Client-directed brokerage will benefit the Firm if the Firm receives research reports from a Client-directed broker-dealer, which the Firm would not otherwise receive if the Firm did not provide to that broker-dealer a level of commissions satisfactory to that broker-dealer.

***Item 13    Review of Accounts***

A Client portfolio representing a client relationship (which may consist of one or more separate accounts) is usually reviewed daily and formally at least once a week. Those securities which make up each portfolio are constantly and frequently reviewed.

Portfolios are reviewed for appropriateness in light of investment objectives and accuracy of transaction executions. Primary portfolio review and administration is conducted by the Firm’s Portfolio Manager. Overall portfolio supervision responsibility is with Michael Perlow.

Records of an individual’s past performance are available upon request by that individual client.

#### ***Item 14 Client Referrals and Other Compensation***

The Firm receives proprietary research reports, materials and services (“Research”) from broker-dealers receiving Adviser-selected and/or Client-directed brokerage commissions. Research services provided by a broker-dealer may be used in decision-making for management of any or all of the accounts managed by the Firm, but there is no assurance that all such services can or will be in connection with the account(s) that pay commissions to the broker being paid and furnishing such services.

The Firm has no express agreements with broker-dealers with respect to any level of commissions paid in return for Research. However, in the event that the broker-dealer did not receive any commissions from trades executed by the Firm through the course of managing Client accounts, the Firm believes it would not receive Research from the broker-dealer.

In determining whether to effect Adviser-selected brokerage transactions for its Clients through broker-dealers who provided the Firm with “brokerage or research services”, as that term is used in Section 28(e)(3) of the Securities Exchange Act of 1934 regarding “soft dollar payments”, the Firm will determine in good faith that the amount of the commission or mark-up/mark-down paid is reasonable in relation to the value of the Research received from such broker-dealer. This value will be viewed in terms of either that particular transaction or the Firm’s overall responsibilities to all of its Clients.

In performing its good faith determination that the cost of Research provided by broker-dealers is reasonable, the Firm generally considers the value of the Research received, relative to total commissions paid by its Clients to the broker-dealer, rather than on an individual or account-by-account trade basis. Therefore, individual Client commissions paid are largely dictated by the Firm’s good faith judgment of what is deemed to be fair and reasonable payments relative to the value of Research received. The resulting level of commissions paid by the Firm’s Clients for such Research is generally higher than the level of commissions the Firm would pay absent the receipt of such broker-dealer provided Research. However, the Firm considers the level of Research to be of great importance to its investment management processes and resulting investment performance within Client accounts. Further, the Firm believes that producing equivalent Research internally or purchasing equivalent Research separately would entail substantially higher costs.

The brokerage and research services available to the Firm will include a broad variety of financial and related information and services, including: (1) access to broker-dealer sponsored research conferences; (2) meetings with management of companies in which the Firm may invest client funds; (3) access to broker-dealer research analysts’ recommendations; (4) reports containing fundamental and technical data on equity securities; (5) reports analyzing new securities that are created as the result of spin-offs; (6) written and oral analysis or research relating to the economy, industries or industry segments, or a specific company, including access to industry analysts; and (7) other similar services or information believed by the Firm to assist its advisory function. The Firm generally uses these services for research purposes, and such brokerage and research services for the most part will consist of a wide variety of information useful to the Firm and its Clients, and will generally benefit all of the Firm’s Clients.

Some or all of such Research may directly or indirectly benefit many of the accounts which generate the commissions whether Client-directed or Adviser-selected brokerage, to pay for such services. However, such services may not necessarily benefit all Clients in the same manner nor necessarily benefit a particular Client's account which generates the commissions to pay for a particular service. Some, but not all, services may be available to the Firm on a cash basis. There is no assurance that costs of research services will be borne equally among all clients or that the research services received from any broker will directly benefit some or all Clients whose accounts generated the relevant commissions.

#### ***Item 15 Custody***

The Firm will not accept custody or delivery of any Client funds or securities. Further, the Firm may not give direction to custodians to make payment or withdraw cash. All deliveries of cash or securities must be made to the Client's custodian.

Although the Firm will provide quarterly appraisal reports to Clients, we urge you to compare all reports provided by the Firm to the statements you receive from your custodian.

#### ***Item 16 Investment Discretion***

The Firm accepts discretionary authority to manage securities accounts on behalf of Clients. Clients may place any limitations on this authority that they deem appropriate, provided the Firm accepts such limitation. Prior to accepting discretionary authority, Clients execute a limited power of attorney in favor of the Firm.

#### ***Item 17 Voting Client Securities***

Clients shall retain all authority to vote securities held in or for their account. The Firm will cooperate with the Client as necessary in notifying custodians or broker-dealers where clients' securities are held to forward proxy statements, proxies and other information to the Client.

#### ***Item 18 Financial Information***

The Firm does not require or solicit prepayment of more than \$500 in fees per client, six months or more in advance.

***Item 19 Requirements for State-Registered Advisers***

None.

## **Part 2B of Form ADV: Brochure Supplement**

### ***Item 1 Cover Page***

Michael Perlow

Westwood Management Corporation  
208 South LaSalle Street, Suite 1698  
Chicago, Illinois 60604

March 26, 2012

This brochure supplement provides information about Michael Perlow that supplements the Westwood Management Corporation brochure. You should have received a copy of that brochure. Please contact Michael Perlow if you did not receive Westwood Management Corporation's brochure or if you have any questions about the contents of this supplement.

Additional information about Michael Perlow is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Only Michael Perlow formulates investment advice for Clients, has direct contact with Clients, and makes discretionary investment decisions for Clients.

### ***Item 2 Educational Background and Business Experience***

Date of Birth: March 23, 1936

University of Wisconsin, B.B.A., June 1957

Northwestern University, School of Law, J.D., February 1961

Westwood Management Corporation

President, Treasurer, Director, April 1976 through present.

### ***Item 3 Disciplinary Information***

None.

### ***Item 4 Other Business Activities***

None.

***Item 5 Additional Compensation***

None.

***Item 6 Supervision***

Michael Perlow is the Firm's President, Chief Compliance Officer, and sole portfolio manager. At times, he faces an inherent conflict in serving the interests of the Firm's Clients as well as the financial and other interests of the Firm. Mr. Perlow's multiple roles are considered in connection with the Firm's annual review process. The Firm maintains a comprehensive compliance program, which is reasonably designed to address conflicts such as this. Mr. Perlow is aware of the conflict and strives to make fair and balanced decisions despite his (at times) "competing" roles. The Firm actively uses outside counsel and, at times, an independent consultant to provide advice on the Firm's compliance program. Mr. Perlow's multiple roles are discussed further on page 4 of the Firm Brochure.

Mr. Perlow's telephone number is (312) 236-3336.

***Item 7 Requirements for State-Registered Advisers***

None.