

Disclosure Brochure

March 25, 2013



This brochure provides information about the qualifications and business practices of Brophy Wealth Management, LLC (hereinafter "BWM"). If you have any questions about the contents of this brochure, please contact Stephen A. Brophy at (603) 668-2303. 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 Brophy Wealth Management, LLC is available on the SEC's website at www.adviserinfo.sec.gov. Brophy Wealth Management, LLC is a registered investment adviser. Registration does not imply any level of skill or training.

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Item 2. Material Changes

This Item discusses only the material changes that have occurred since BWM's last annual update to the brochure, which was filed March 22, 2012.

Firm Succession

Brophy Wealth Management has been assumed and succeeded by Brophy Wealth Management, LLC, an entity principally owned by Stephen A. Brophy. While there has been no change in control or management, the change in form organization from a sole-proprietorship to a limited liability company is deemed to be a material change pursuant to this Item.

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Item 4. Advisory Business

Brophy Wealth Management, LLC (hereinafter referred to as “BWM” or the “Firm”) is an independent financial planning and investment management firm, serving individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and business entities in the State of New Hampshire and across the nation. The Firm provides wealth advisory services based on comprehensive or issue-specific financial analysis and the development of wealth plans. BWM partners with clients to create, monitor and adjust a financial plan and investment strategy designed to achieve retirement and other financial life goals.

BWM’s investment advisory practices has been in operation since January 1995 and until June 2008, the Firm operated as a sole-proprietorship under the name Brophy Financial Advisory Group. In 2008, the Firm changed its name to Brophy Wealth Management. In 2013, the Firm changed its entity type from a sole-proprietorship to a limited liability company (LLC). Stephen A. Brophy is the founder and principal owner of BWM.

As of December 31, 2012, the Firm had approximately \$155,196,523 in discretionary assets under management. Prior to engaging BWM to provide any of the foregoing investment advisory services, the client is required to enter into one or more written agreements with BWM setting forth the terms and conditions under which BWM renders its services (collectively the “Agreement”).

While this brochure generally describes the business of BWM, certain sections also discuss the activities of its Supervised Persons, which refer to the Firm’s officers, partners, directors (or other persons occupying a similar status or performing similar functions), or employees, or any other person who provides investment advice on BWM’s behalf and is subject to the Firm’s supervision or control.

Investment Management Services

Clients can engage BWM to manage all or a portion of their assets on a discretionary or non-discretionary basis. BWM primarily designs and implements investment planning strategies that include turnkey asset management programs, stocks, bonds, mutual funds, exchange traded funds (“ETFs”), variable insurance vehicles, real estate investment trusts, limited partnerships, and private placement investments.

BWM primarily allocates clients’ investment management assets among Independent Managers (as defined below), mutual funds, ETFs, individual debt and equity securities and/or options as well as the securities components of variable annuities and variable life insurance contracts in accordance with the investment objectives of the client. In addition, BWM may recommend that clients who are “accredited investors” as defined under Rule 501 of the Securities Act of 1933, as amended, invest in private placement securities, which may include debt, equity, and/or pooled investment vehicles when consistent with the clients’ investment objectives. BWM also provides advice about any type of investment held in clients’ portfolios.

BWM may also advise on certain investment products that are not maintained at their primary custodian, such as variable life insurance and annuity contracts, and assets held in employer sponsored retirement plans and qualified tuition plans (i.e., 529 plans). In these situations, BWM directs or recommends the allocation of client assets among the various investment options available with the product. These assets are generally maintained at the underwriting insurance company or the custodian designated by the product's provider.

BWM tailors its advisory services to accommodate the needs of its individual clients and continuously seeks to ensure that its clients' portfolios are managed in a manner consistent with their specific investment profiles. BWM consults with clients on an initial and ongoing basis to determine their specific risk tolerance, time horizon, liquidity constraints and other factors relevant to the management of their portfolios. Clients are advised to promptly notify BWM if there are changes in their financial situation or if they wish to place any limitations on the management of their portfolios. Clients may impose reasonable restrictions or mandates on the management of their accounts if BWM determines, in its sole discretion, the conditions would not materially impact the performance of a management strategy or prove overly burdensome to the firm's management efforts.

BWM's investment management services do not include securities brokerage services, as the Firm does not serve as the sponsor or manager to a wrap fee program (i.e., an arrangement where brokerage commissions and transaction costs are absorbed by the Firm).

Financial Consulting Services, Financial Analyses & Wealth Plans

BWM may provide its clients with a broad range of comprehensive financial consulting services. These services include investments, insurance, retirement, education, tax, estate planning, and cash flow needs of the client. These services may be included as part of BWM's wealth management services, described below.

The Firm may also offer to provide quantitative and qualitative analysis to help generate financial analysis and wealth plans. The Firm's financial analysis and wealth plans are designed by BWM to make recommendations to help clients make financial decisions consistent with achieving their long term goals and also to recommend investment vehicles to help them reach their goals.

In providing the financial consulting services and financial analysis and wealth plans, a representative will consult with the client to obtain information regarding the client's assets, liabilities, present and foreseeable future obligations, present and future income, financial goals, and other related data. For certain engagements, BWM may also develop and deliver a comprehensive written financial analysis and wealth plan to the client and meet with the client for a review of the document. After this review, BWM's obligations to the client shall terminate and any necessary updates to the financial analysis and plan or execution of the recommendations made in the plan must be specifically requested by the client.

In performing these services, BWM is not required to verify any information received from the client or from the client's other professionals (e.g., attorneys, accountants, etc.) and is expressly authorized to rely on such information. BWM may recommend the services of itself and/or other professionals to implement its recommendations.

Clients are advised that a conflict of interest exists if BWM recommends its own services. Clients are under no obligation to act upon any of the recommendations made by BWM under a financial planning or consulting engagement or to engage the services of any such recommended professional, including BWM itself. Clients retain absolute discretion over all decisions regarding implementation. Clients are advised that it remains their responsibility to promptly notify the Firm if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating, or revising BWM's previous recommendations and/or services.

Use of Independent Managers

As mentioned above, BWM recommends that certain clients authorize the active discretionary management of a portion of their assets by and/or among certain independent investment managers ("Independent Managers"), based upon the stated investment objectives of the client. The terms and conditions under which the client engages the Independent Managers are set forth in a separate written agreement between BWM or the client and the designated Independent Managers. BWM renders services to the client relative to the discretionary recommendation of Independent Managers. BWM also monitors and reviews the account performance and the client's investment objectives. BWM receives an annual advisory fee which is based upon a percentage of the market value of the assets being managed by the designated Independent Managers.

When recommending an Independent Manager for a client, BWM reviews information about the Independent Manager such as its disclosure brochure and/or material supplied by the Independent Manager or independent third parties for a description of the Independent Manager's investment strategies, past performance and risk results to the extent available. Factors that BWM considers in recommending an Independent Manager include the client's stated investment objectives, management style, performance, reputation, financial strength, reporting, pricing, and research. The investment management fees charged by the designated Independent Managers, together with the fees charged by the corresponding designated broker-dealer/custodian of the client's assets, may be exclusive of, and in addition to, BWM's investment advisory fee set forth above. As discussed above, the client may incur additional fees than those charged by BWM, the designated Independent Managers, and corresponding broker-dealer and custodian.

In addition to BWM's written disclosure brochure, the client also receives the written disclosure brochure of the designated Independent Managers. Certain Independent Managers may impose more restrictive account requirements and varying billing practices than BWM. In such instances, BWM may alter its

corresponding account requirements and/or billing practices to accommodate those of the Independent Managers.

Item 5. Fees and Compensation

BWM offers its services on a fee basis, which may include fixed fees, hourly fees, as well as fees based upon assets under management. Additionally, certain of BWM's Supervised Persons, in their individual capacities, may offer securities brokerage services under a separate commission-based arrangement.

Investment Management Fees

BWM provides investment management services for an annual fee based upon a percentage of the market value of the assets being managed by BWM. This fee generally ranges between 75 and 125 basis points (0.75% – 1.25%) per annum for portfolios valued at up to \$2 million. For larger portfolios, this fee is negotiable and varies depending on the terms of the agreed upon engagement. The Firm's management fee is prorated and charged quarterly, in advance or arrears, as derived from the market value of the assets being managed by BWM on the last day of the previous billing period.

If assets are deposited into or withdrawn from an account after the inception of a billing period, the fee payable with respect to such assets is typically adjusted to reflect the interim change in portfolio value. For the initial term of an engagement, the fee is calculated on a pro rata basis. In the event the Agreement is terminated, the fee for the final billing period is prorated through the effective date of the termination and the outstanding balance is charged or refunded to the client, as appropriate. The Independent Managers engaged to manage client assets generally charge investment advisory fees that are separate from the Firm's management fee and such Independent Managers and other turnkey asset management platforms may employ billing practices that differ from those of BWM.

BWM, in its sole discretion, may negotiate to charge a lesser management fee based upon certain criteria (i.e., anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client, account retention, pro bono activities, etc.).

Financial Consulting Services, Financial Analyses & Wealth Plans Fees

BWM may charge an hourly fee for financial consulting services and financial analysis and wealth plans. These fees are negotiable, but generally range from \$110 to \$250 on a fixed fee basis or \$50 to \$250 on an hourly rate basis, depending upon the level and scope of the services and the professional rendering the financial planning and/or the consulting services.

Prior to engaging BWM to provide financial planning and/or consulting services, the client is required to enter into a written agreement with BWM setting forth the terms and conditions of the engagement.

Generally, BWM requires the financial analysis and wealth plan fee (estimated hourly or fixed fee) upon delivery of the financial analysis and/or wealth plan or the completion of the agreed upon services.

Additional Fees and Expenses

In addition to the advisory fees paid to BWM, clients may also incur certain charges imposed by other third parties, such as broker-dealers, custodians, trust companies, banks and other financial institutions (collectively "Financial Institutions"). These additional charges may include securities brokerage commissions, transaction fees, custodial fees, fees charged by the Independent Managers, charges imposed directly by a mutual fund or ETF in a client's account, as disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions.

Fee Debit

BWM's Agreement and the separate agreement with any Financial Institutions may authorize BWM or Independent Managers to debit the client's account for the amount of BWM's fee and to directly remit that management fee to BWM or the Independent Managers. Any Financial Institutions recommended by BWM have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to BWM.

Account Additions and Withdrawals

Clients may make additions to and withdrawals from their account at any time, subject to BWM's right to terminate an account. Additions may be in cash or securities provided that the Firm reserves the right to liquidate any transferred securities or decline to accept particular securities into a client's account. Clients may withdraw account assets on notice to BWM, subject to the usual and customary securities settlement procedures. However, BWM designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client's investment objectives. BWM may consult with its clients about the options and implications of transferring securities. Clients are advised that when transferred securities are liquidated, they may be subject to transaction fees, fees assessed at the mutual fund level (i.e. contingent deferred sales charge) and/or tax ramifications.

Commissions or Sales Charges for Recommendations of Securities

Clients can engage certain persons associated with BWM (but not BWM) to render securities brokerage services under a commission arrangement. Clients are under no obligation to engage such persons and may choose brokers or agents not affiliated with BWM. Under this arrangement, clients may implement securities transactions through certain of BWM's Supervised Persons in their respective individual capacities as registered representatives of Comprehensive Asset Management and Servicing Inc.

("Comprehensive"), an SEC registered broker-dealer and member of FINRA. Comprehensive may charge brokerage commissions to effect these securities transactions and thereafter, a portion of these commissions may be paid by Comprehensive to such Supervised Persons. Prior to effecting any transactions clients are required to enter into a new account agreement with Comprehensive. The brokerage commissions charged by Comprehensive may be higher or lower than those charged by other broker-dealers. In addition, certain of BWM's Supervised Persons may also receive ongoing 12b-1 fees for mutual fund purchases from the mutual fund company during the period that the client maintains the mutual fund investment.

It is BWM's standard policy not to charge an advisory fee on the same assets for which its Supervised Persons receive commissions, which serves to negate the conflict of interest that would otherwise exist under the circumstances.

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

BWM does not provide any services for performance-based fees. Performance-based fees are those based on a share of capital gains on or capital appreciation of the assets of a client.

Item 7. Types of Clients

BWM provides its services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and business entities. Client relationships vary in scope and length of service.

Minimums Imposed By Independent Managers

BWM does not impose a minimum portfolio size or minimum annual fee. Certain Independent Managers may, however, impose more restrictive account requirements and varying billing practices than BWM. In such instances, BWM may alter its corresponding account requirements and/or billing practices to accommodate those of the Independent Managers.

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

Methods of Analysis

BWM generally utilizes a combination of fundamental and technical methods of analysis, which are based in large part on the research capabilities and due diligence efforts of certain third-party vendors.

Fundamental analysis involves an evaluation of the fundamental financial condition and competitive position of a particular manager or issuer. This process typically involves an analysis of the management

team, investment strategies, style drift, past performance, reputation and financial strength in relation to the asset class concentrations and risk exposures of the Firm's model asset allocations. A substantial risk in relying upon fundamental analysis is that while the overall health and position of a company may be good, evolving market conditions may negatively impact overall performance.

Technical analysis involves the examination of past market data rather than specific issuer information in determining the recommendations made to clients. Technical analysis may involve the use of mathematical based indicators and charts, such as moving averages and price correlations, to identify market patterns and trends which may be based on investor sentiment rather than the fundamentals of the company. A substantial risk in relying upon technical analysis is that spotting historical trends may not help to predict such trends in the future.

Investment Strategies

The primary investment strategy used on client accounts is strategic and tactical asset allocation. Portfolios are generally globally diversified to control the risk associated with traditional markets. The investment strategy for a specific client is based upon the objectives and risk tolerances stated by the client during consultations. The client may change these objectives at any time.

Risks of Loss

Mutual Funds and ETFs

An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual fund and ETF shareholders are necessarily subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains, as mutual funds and ETFs are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss.

Shares of mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value ("NAV"), plus any shareholders fees (e.g., sales loads, purchase fees, redemption fees). The per share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes to the market value of the fund's holdings.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed-based ETFs and more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their pro rata NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 50,000 shares

or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.

Market Risks

The profitability of a significant portion of BWM's recommendations may depend to a great extent upon correctly assessing the future course of price movements of stocks and bonds. There can be no assurance that BWM will be able to predict those price movements accurately.

Inflation Risk

When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.

Currency Risk

Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.

Reinvestment Risk

This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.

Business Risk

These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.

Liquidity Risk

Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.

Financial Risk

Excessive borrowing to finance business operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

Use of Independent Managers

BWM may recommend the use of Independent Managers. In these situations, BWM continues to do ongoing due diligence of such managers, but such recommendations rely to a great extent on the Independent Managers' ability to successfully implement their investment strategies. In addition, BWM generally may not have the ability to supervise the Independent Managers on a day-to-day basis.

General Risk of Loss

Investing in securities involves the risk of loss. Clients should be prepared to bear such loss.

Item 9. Disciplinary Information

BWM is required to disclose the facts of any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of management. BWM does not have any required disclosures to this Item.

Item 10. Other Financial Industry Activities and Affiliations

BWM is required to disclose any relationship or arrangement that is material to its advisory business or to its clients with certain related persons.

Registered Representatives of Broker Dealer

Certain of the Firm's Supervised Persons are registered representatives of Comprehensive and may provide clients with securities brokerage services under a separate commission-based arrangement. This arrangement is described at length in Item 5.

Item 11. Code of Ethics

BWM and persons associated with BWM ("Associated Persons") are permitted to buy or sell securities that it also recommends to clients consistent with BWM's policies and procedures.

BWM has adopted a code of ethics that sets forth the standards of conduct expected of its associated persons and requires compliance with applicable securities laws ("Code of Ethics"). BWM's Code of Ethics contains written policies reasonably designed to prevent the unlawful use of material non-public information by BWM or any of its associated persons. The Code of Ethics also requires that certain of BWM's personnel (called "Access Persons") report their personal securities holdings and transactions and obtain pre-approval of certain investments such as initial public offerings and limited offerings.

When BWM is engaging in or considering a transaction in any security on behalf of a client, no Access Person may effect for themselves or for their immediate family (i.e., spouse, minor children, and adults living in the same household as the Access Person) a transaction in that security unless:

- the transaction has been completed;
- the transaction for the Access Person is completed as part of a batch trade (as defined below in Item 12) with clients; or
- a decision has been made not to engage in the transaction for the client.

These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers' acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements; (iii) shares issued by mutual funds or money market funds; and (iv) shares issued by unit investment trusts that are invested exclusively in one or more mutual funds.

This Code of Ethics has been established recognizing that some securities trade in sufficiently broad markets to permit transactions by Access Persons to be completed without any appreciable impact on the markets of such securities. Therefore, under certain limited circumstances, exceptions may be made to the policies stated above.

Clients and prospective clients may contact BWM to request a copy of its Code of Ethics.

Item 12. Brokerage Practices

Except where otherwise required by a turnkey asset management program in which a client is being serviced, BWM generally recommends that clients utilize the brokerage and clearing services of TD AMERITRADE Institutional, a division of TD AMERITRADE, Inc. ("TD Ameritrade") for investment management accounts. BWM participates in the institutional customer program offered by TD Ameritrade Institutional. TD Ameritrade Institutional is a division of TD Ameritrade Inc., member FINRA/SIPC/NFA ("TD Ameritrade"), an unaffiliated SEC-registered broker-dealer and FINRA member. TD Ameritrade offers to independent investment advisors services which include custody of securities, trade execution, clearance and settlement of transactions. BWM receives some benefits from TD Ameritrade through its participation in the program.

Factors which BWM considers in recommending TD Ameritrade or any other broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research and service. TD Ameritrade enables BWM to obtain many mutual funds and ETFs without transaction charges and other securities at nominal transaction charges. In addition, TD Ameritrade has agreed to compensate clients for any transfer fees related to their transfer from another custodian that may be assessed for moving

their account(s) to TD Ameritrade. The commissions and/or transaction fees charged by TD Ameritrade may be higher or lower than those charged by other Financial Institutions.

The commissions paid by BWM's clients comply with BWM's duty to obtain "best execution." Clients may pay commissions that are higher than another qualified Financial Institution might charge to effect the same transaction where BWM determines that the commissions are 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 Financial Institution's services, including among others, the value of research provided, execution capability, commission rates, and responsiveness. BWM seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

BWM periodically and systematically reviews its policies and procedures regarding its recommendation of Financial Institutions in light of its duty to obtain best execution.

The client may direct BWM in writing to use a particular Financial Institution to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that Financial Institution, and BWM will not seek better execution services or prices from other Financial Institutions or be able to "batch" client transactions for execution through other Financial Institutions with orders for other accounts managed by BWM (as described below). As a result, the client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case. Subject to its duty of best execution, BWM may decline a client's request to direct brokerage if, in BWM's sole discretion, such directed brokerage arrangements would result in additional operational difficulties or violate restrictions imposed by other broker-dealers (as further discussed below).

Transactions for each client generally will be effected independently, unless BWM decides to purchase or sell the same securities for several clients at approximately the same time. BWM may (but is not obligated to) combine or "batch" such orders to obtain best execution, to negotiate more favorable commission rates, or to allocate equitably among BWM's clients differences in prices and commissions or other transaction costs that might not have been obtained had such orders been placed independently. Under this procedure, transactions will generally be averaged as to price and allocated among BWM's clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that BWM determines to aggregate client orders for the purchase or sale of securities, including securities in which BWM's Supervised Persons may invest, BWM generally does so in accordance with applicable rules promulgated under the Advisers Act and no-action guidance provided by the staff of the U.S. Securities and Exchange Commission. BWM does not receive any additional compensation or remuneration as a result of the aggregation. In the event that BWM determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include: (i) when only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is

out of line with respect to security or sector weightings relative to other portfolios, with similar mandates; (ii) allocations may be given to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account's assets after an order is placed); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a de minimis allocation in one or more accounts, BWM may exclude the account(s) from the allocation; the transactions may be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

Consistent with obtaining best execution, brokerage transactions may be directed to certain broker-dealers in return for investment research products and/or services which assist BWM in its investment decision-making process. Such research generally will be used to service all of BWM's clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing that client's portfolio. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest because BWM does not have to produce or pay for the products or services.

Commissions or Sales Charges for Recommendations of Securities

As discussed above, certain Supervised Persons in their respective individual capacities, are registered representatives of Comprehensive. These Supervised Persons are subject to FINRA Rule 3040 which restricts registered representatives from conducting securities transactions away from their broker-dealer unless Comprehensive provides written consent. Therefore, clients are advised that certain Supervised Persons may be restricted to conducting securities transactions through Comprehensive unless they first secure written consent from Comprehensive to execute securities transactions through a different broker-dealer. Absent such written consent or separation from Comprehensive, these Supervised Persons are prohibited from executing securities transactions through any broker-dealer other than Comprehensive under Comprehensive's internal supervisory policies. BWM is cognizant of its duty to obtain best execution and has implemented policies and procedures reasonably designed in such pursuit.

Software and Support Provided by Financial Institutions

BWM may receive from TD Ameritrade, without cost to BWM, computer software and related systems support, which allow BWM to better monitor client accounts maintained at TD Ameritrade. BWM may receive the software and related support without cost because BWM renders investment management services to clients that maintain assets at TD Ameritrade. The software and support is not provided in connection with securities transactions of clients (i.e. not "soft dollars"). The software and related systems support may benefit BWM, but not its clients directly. In fulfilling its duties to its clients, BWM

endeavors at all times to put the interests of its clients first. Clients should be aware, however, that BWM's receipt of economic benefits from a custodian creates a conflict of interest since these benefits may influence BWM's choice of one custodian over another that does not furnish similar software, systems support, or services.

There is no direct link between BWM's participation in the program and the investment advice it gives to its clients, although BWM receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors. Additionally, BWM may receive the following benefits from TD Ameritrade through its registered investment adviser division: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk that exclusively services its Registered Investment Adviser participants; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and access to an electronic communication network for client order entry and account information.

These products or services may assist BWM in managing and administering client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help BWM manage and further develop its business enterprise. The benefits received by BWM's participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. Clients should be aware, however, that the receipt of economic benefits by BWM or its related persons in and of itself creates a potential conflict of interest and may indirectly influence BWM's recommendation of TD Ameritrade for custody and brokerage services.

In addition, pursuant to BWM's agreement with Genworth Financial Wealth Management, Inc. for participation in its turnkey asset management program, BWM may receive funding each calendar quarter for marketing support.

Item 13. Review of Accounts

Account Reviews

BWM monitors the portfolios of its investment management clients as part of a continuous and ongoing process, while regular management reviews are conducted at least quarterly. For those clients to whom BWM provides financial planning and/or consulting services, reviews are conducted on an "as needed" basis. Such reviews are conducted by one of BWM's investment adviser representatives. All investment advisory clients are encouraged to discuss their needs, goals, and objectives with BWM and to keep BWM informed of any changes thereto. BWM contacts ongoing investment advisory clients at least annually to review its previous services and/or recommendations and to discuss the impact resulting from any changes in the client's financial situation and/or investment objectives.

Account Statements and Reports

Unless otherwise agreed upon, clients are provided with transaction confirmation notices and regular summary account statements directly from the Financial Institutions where their assets are custodied. Periodically, investment advisory clients may also receive written or electronic reports from BWM and/or an outside service provider, which contain certain account and/or market-related information, such as an inventory of account holdings or account performance. Clients should compare the account statements they receive from their custodian with any supplemental reports they receive from BWM or an outside service provider.

Item 14. Client Referrals and Other Compensation

Client Referrals

BWM does not provide compensation to any third-party solicitors for client referrals.

Other Economic Benefit

BWM may receive an economic benefit from a third party (non-client) in connection with the Firm's investment advisory services, including the support and research services described in Item 12.

Item 15. Custody

BWM is deemed to have custody over a client's assets when it is authorized to directly debit a client's account for payment of the Firm's management fee. In accordance with applicable custody rules, the custodians used by the Firm's clients have agreed to send statements, not less than quarterly, indicating all amounts paid to BWM and/or the Independent Managers engaged to manage their accounts.

As discussed in Item 13, BWM and/or a third party vendor may elect to send periodic reports to clients. Clients are advised to carefully review the statements and confirmations sent directly by the Financial Institutions and to compare them with any reports received from BWM or an outside service provider.

Item 16. Investment Discretion

Clients may grant BWM the authority to exercise discretion on their behalf. BWM is considered to exercise investment discretion over a client's account if it can effect transactions for the client without first having to seek the client's consent. BWM is given this authority through a power-of-attorney included in the Agreement between BWM and the client. Clients may request a limitation on this authority (such as certain securities not to be bought or sold).

In these situations, BWM may take discretion over the following activities:

- The securities to be purchased or sold;
- The amount of securities to be purchased or sold;
- When transactions are made; and
- The Independent Managers or strategies used to manage client accounts.

Item 17. Voting Client Securities

BWM does not accept the authority to vote clients' securities (i.e., proxies) on their behalves. Clients receive proxies directly from the Financial Institutions where their assets are custodied and may contact the Firm at the number on the cover of this brochure with questions about proxies and/or other such solicitations.

Item 18. Financial Information

BWM is not required to disclose any financial information pursuant to this Item due to the following:

- The Firm does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance;
- The Firm does not have a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients; and
- The Firm has not been the subject of a bankruptcy petition at any time during the past ten years.



**BROPHY WEALTH
MANAGEMENT, LLC**

Prepared by:



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The Adviser's Advisor®