

Disclosure Brochure

August 3, 2011

S Brown and Associates, LLC

a Registered Investment Adviser

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This brochure provides information about the qualifications and business practices of S Brown and Associates, LLC (hereinafter "S Brown and Associates"). If you have any questions about the contents of this brochure, please contact Shawn Brown at (415) 272-7927. 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 S Brown and Associates, LLC is available on the SEC's website at www.adviserinfo.sec.gov.

S Brown and Associates, LLC is an SEC registered investment adviser. Registration does not imply any level of skill or training.

Item 2. Material Changes

This Item discusses only the material changes that have occurred since the firm's last annual update. Since this is S Brown and Associates' initial Disclosure Brochure, there are no material changes to report.

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Firm Disclosure Brochure

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Supervised Person Brochure Supplement(s)

Item 4. Advisory Business

S Brown and Associates provides financial planning, consulting, and investment management services. Prior to engaging S Brown and Associates to provide any of the foregoing investment advisory services, the client is required to enter into one or more written agreements with S Brown and Associates setting forth the terms and conditions under which S Brown and Associates renders its services (collectively the “Agreement”).

S Brown and Associates has been in business since August, 2011. Shawn Brown is the principal owner of S Brown and Associates. As of the date of this initial Disclosure Brochure, S Brown and Associates has no assets under management. The firm intends to manage assets on a discretionary basis.

This Disclosure Brochure describes the business of S Brown and Associates. Certain sections will also describe the activities of *Supervised Persons*. *Supervised Persons* are any of S Brown and Associates’ 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 S Brown and Associates’ behalf and is subject to S Brown and Associates’ supervision or control.

Wealth Management Services

S Brown and Associates provides clients with wealth management services which generally include a broad range of comprehensive financial planning and consulting services as well as discretionary management of investment portfolios. These services include business planning, investments, insurance, retirement, education, estate planning, and tax and cash flow needs of the client.

S Brown and Associates currently allocates clients’ investment management assets primarily among individual debt securities, as well as equities, private investments, limited partnerships and other securities in accordance with the investment objectives of the client. S Brown and Associates also provides advice about any type of investment held in clients’ portfolios.

S Brown and Associates also may render non-discretionary investment management services to clients relative to variable life/annuity products that they may own, their individual employer-sponsored retirement plans, and/or 529 plans or other products that may not be held by the client’s primary custodian. In so doing, S Brown and Associates either directs or recommends the allocation of client assets among the various investment options that are available with the product. Client assets are maintained at the specific insurance company or custodian designated by the product.

S Brown and Associates tailors its advisory services to the individual needs of clients. S Brown and Associates consults with clients initially and on an ongoing basis to determine risk tolerance, time horizon and other factors that may impact the clients’ investment needs. S Brown and Associates ensures that clients’ investments are suitable for their investment needs, goals, objectives and risk tolerance. In performing its services, S Brown and Associates is not required to verify any information received from

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the client or from the client's other professionals (e.g., attorney, accountant, etc.) and is expressly authorized to rely on such information.

Clients are advised to promptly notify S Brown and Associates if there are changes in their financial situation or investment objectives or if they wish to impose any reasonable restrictions upon S Brown and Associates' management services. Clients may impose reasonable restrictions or mandates on the management of their account (e.g., require that a portion of their assets be invested in socially responsible funds) if, in S Brown and Associates' sole discretion, the conditions will not materially impact the performance of a portfolio strategy or prove overly burdensome to its management efforts.

Item 5. Fees and Compensation

S Brown and Associates offers its services for fees based upon assets under management. Additionally, certain of S Brown and Associates' *Supervised Persons*, in their individual capacities, may offer insurance products under a commission arrangement.

Wealth Management Fee

S Brown and Associates provides investment management services for an annual fee, which is negotiable but may vary between 0.50% and 0.75%, depending upon various factors, including, but not limited to: the market value of the assets under management, complexity of the account and type and scope of wealth management services to be rendered. S. Brown and Associates' fee is exclusive of, and in addition to, brokerage commissions, transaction fees, and other related costs and expenses which are incurred by the client. S Brown and Associates does not, however, receive any portion of these commissions, fees, and costs. S Brown and Associates annual fee is prorated and charged quarterly, in advance, based upon the market value of the assets being managed by the firm on the last day of the previous quarter.

The firm, in its sole discretion, may negotiate to charge a lesser management fee based upon certain criteria (e.g., 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.).

Fees Charged by Financial Institutions

As further discussed in response to Item 12 (below), S Brown and Associates generally recommends that clients utilize the brokerage and clearing services of Charles Schwab & Co., Inc. ("*Schwab*")

S Brown and Associates may only implement its investment management recommendations after the client has arranged for and furnished S Brown and Associates with all information and authorization regarding accounts with appropriate financial institutions. Financial institutions include, but are not limited to, *Schwab*, any other broker-dealer recommended by S Brown and Associates, broker-dealer directed by the client, trust companies, banks etc. (collectively referred to herein as the "*Financial Institutions*").

Clients may incur certain charges imposed by the *Financial Institutions* and other third parties such as custodial fees, charges imposed directly by a mutual fund or ETF in the account, which are 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. Additionally, for assets outside of any wrap fee programs, clients may incur brokerage commissions and transaction fees. Such charges, fees and commissions are exclusive of and in addition to S Brown and Associates' fee.

S Brown and Associates' *Agreement* and the separate agreement with any *Financial Institutions* may authorize S Brown and Associates to debit the client's account for the amount of S Brown and Associates' fee and to directly remit that management fee to S Brown and Associates. Any *Financial Institutions* recommended by S Brown and Associates 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 S Brown and Associates.

Fees for Management During Partial Quarters of Service

For the initial period of investment management services, the fees are calculated on a *pro rata* basis.

The *Agreement* between S Brown and Associates and the client will continue in effect until terminated by either party pursuant to the terms of the *Agreement*. S Brown and Associates' fees are prorated through the date of termination and any remaining balance is charged or refunded to the client, as appropriate.

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

If assets exceeding \$1 million are deposited into or withdrawn from an account after the inception of a quarter, the fee payable with respect to such assets will be adjusted based on the number of days remaining in the quarter.

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

S Brown and Associates 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

S Brown and Associates provides its services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and business entities.

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

Methods of Analysis

The firm primarily employs fundamental, technical and cyclical analysis methods of investment analysis:

Fundamental analysis involves the fundamental financial condition and competitive position of a company. S Brown and Associates will analyze the financial condition, capabilities of management, earnings, new products and services, as well as the company's markets and position amongst its competitors in order to determine the recommendations made to clients. The primary risk in using fundamental analysis is that while the overall health and position of a company may be good, market conditions may negatively impact the security.

Technical analysis involves the analysis of past market data rather than specific company data in determining the recommendations made to clients. Technical analysis may involve the use of charts to identify market patterns and trends which may be based on investor sentiment rather than the fundamentals of the company. The primary risk in using technical analysis is that spotting historical trends may not help to predict such trends in the future. Even if the trend will eventually reoccur, there is no guarantee that S Brown and Associates will be able to accurately predict such a reoccurrence.

Cyclical analysis is similar to technical analysis in that it involves the analysis of market conditions at a macro (entire market/economy) or micro (company specific) level, rather than the overall fundamental analysis of the health of the particular company that S Brown and Associates is recommending. The risks with cyclical analysis are similar to those of technical analysis.

Investment Strategies

S Brown and Associates intends to manage the complexities of wealth for affluent families, foundations and institutions, particularly those with wealth transfer concerns or philanthropic intentions. S Brown & Associates intends to accomplish these objectives through solutions designed to mitigate risk and optimize returns. The firm's conservative, disciplined approach to managing these complexities is derived from a comprehensive understanding its clients risk tolerance, return expectations and market conditions.

Trust and estate planning, portfolio management and private banking create solutions intended to address the sophisticated landscape of liability (wealth) management. The principals and employees of S Brown and Associates intend to use their decades of experience to deliver a comprehensive solution suited to navigate economic policy and market variance through an objective investment philosophy. S Brown and Associates endeavors to utilize this conservative philosophy as the foundation for capital preservation, income generation and sustainability. S Brown & Associates attempts to further differentiate these solutions by leveraging our extensive network of estate planning attorneys, accountants and brokers that offer clients access to trends, changes in policy and deal flow.

Risks of Loss

Market Risks

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

Fixed Income (Bond) Risks

S Brown and Associates primarily uses fixed income securities in managing client assets. The value of these securities may fall in value if interest rates change. Generally, the prices of debt securities rise when interest rates fall, while their prices fall when interest rates rise. In addition, there is more credit risk associated with fixed income securities that are rated below "investment grade." While the interest rate paid by such securities is higher, the risk of default is also higher. Furthermore, there may be lower liquidity for non-investment grade fixed income securities.

General Risk of Loss

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

Item 9. Disciplinary Information

S Brown and Associates 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. S Brown and Associates does not have any required disclosures to this Item.

Item 10. Other Financial Industry Activities and Affiliations

S Brown and Associates is required to disclose any relationship or arrangement that is material to its advisory business or to its clients with certain related persons. S Brown and Associates has described such relationships and arrangements below.

Item 11. Code of Ethics

S Brown and Associates and persons associated with S Brown and Associates (“Associated Persons”) are permitted to buy or sell securities that it also recommends to clients consistent with S Brown and Associates’ policies and procedures.

S Brown and Associates 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*”). In accordance with Section 204A of the Investment Advisers Act of 1940 (the “Advisers Act”), its *Code of Ethics* contains written policies reasonably designed to prevent the unlawful use of material non-public information by S Brown and Associates or any of its associated persons. The *Code of Ethics* also requires that certain of S Brown and Associates’ 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.

Unless specifically permitted in S Brown and Associates’ *Code of Ethics*, none of S Brown and Associates’ *Access Persons* 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*) any transactions in a security which is being actively purchased or sold, or is being considered for purchase or sale, on behalf of any of S Brown and Associates’ clients.

When S Brown and Associates is purchasing or considering for purchase any security on behalf of a client, no *Access Person* may effect a transaction in that security prior to the completion of the purchase or until a decision has been made not to purchase such security. Similarly, when S Brown and Associates is selling or considering the sale of any security on behalf of a client, no *Access Person* may effect a transaction in that security prior to the completion of the sale or until a decision has been made not to sell such security. 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.

Clients and prospective clients may contact S Brown and Associates to request a copy of its *Code of Ethics*.

Item 12. Brokerage Practices

As discussed above, in Item 5, S Brown and Associates generally recommends that clients utilize the brokerage and clearing services of *Schwab*.

Factors which S Brown and Associates considers in recommending *Schwab* or any other broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research and service.

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Schwab enables S Brown and Associates to obtain many mutual funds without transaction charges and other securities at nominal transaction charges. The commissions and/or transaction fees charged by *Schwab* may be higher or lower than those charged by other *Financial Institutions*.

The commissions paid by S Brown and Associates' clients comply with S Brown and Associates' 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 S Brown and Associates 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. S Brown and Associates seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

Transactions may be cleared through other *Financial Institutions* with whom S Brown and Associates and the *Financial Institutions* have entered into agreements for prime brokerage clearing services. S Brown and Associates 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 S Brown and Associates 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 S Brown and Associates 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 S Brown and Associates (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, S Brown and Associates may decline a client's request to direct brokerage if, in S Brown and Associates' sole discretion, such directed brokerage arrangements would result in additional operational difficulties.

Transactions for each client generally will be effected independently, unless S Brown and Associates decides to purchase or sell the same securities for several clients at approximately the same time. S Brown and Associates 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 S Brown and Associates' clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will generally be averaged as to price and allocated among S Brown and Associates' clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that S Brown and Associates determines to aggregate client orders for the purchase or sale of securities, including securities in which S Brown and Associates' *Supervised Persons* may invest, S Brown and Associates 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. S Brown and Associates does not receive any additional compensation or remuneration as a result of the aggregation. In the event that S Brown and Associates 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, S Brown and Associates 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 S Brown and Associates in its investment decision-making process. Such research generally will be used to service all of S Brown and Associates' 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 S Brown and Associates does not have to produce or pay for the products or services.

Software and Support Provided by Financial Institutions

S Brown and Associates may receive from *Schwab*, without cost to S Brown and Associates, computer software and related systems support, which allow S Brown and Associates to better monitor client accounts maintained at *Schwab*. S Brown and Associates may receive the software and related support without cost because S Brown and Associates renders investment management services to clients that maintain assets at *Schwab*. The software and related systems support may benefit S Brown and Associates, but not its clients directly. In fulfilling its duties to its clients, S Brown and Associates endeavors at all times to put the interests of its clients first. Clients should be aware, however, that S Brown and Associates' receipt of economic benefits from a broker-dealer creates a conflict of interest since these benefits may influence S Brown and Associates' choice of broker-dealer over another broker-dealer that does not furnish similar software, systems support, or services.

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Additionally, S Brown and Associates may receive the following benefits from *Schwab* through its Schwab Institutional division: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk that exclusively services the Schwab Institutional 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.

Item 13. Review of Accounts

S Brown and Associates monitors client portfolios as part of an ongoing process while regular account reviews are conducted on at least a quarterly basis. Reviews of the Wealth Planning services are conducted on an “as needed” basis. Such reviews are conducted by one of S Brown and Associates’ investment adviser representatives. All investment advisory clients are encouraged to discuss their needs, goals, and objectives with S Brown and Associates and to keep the firm informed of any changes thereto. S Brown and Associates 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.

Unless otherwise agreed upon, clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer or custodian for the client accounts. Clients will also receive on-line access to view their account and the ability to aggregate other accounts into such reporting. Clients should compare the on-line account statements provided by S Brown and Associates with the account statements they receive from their custodian.

In addition, clients may receive reports from S Brown and Associates summarizing its analysis and conclusions as requested by the client or otherwise agreed to in writing by S Brown and Associates.

Item 14. Client Referrals and Other Compensation

If a client is introduced to S Brown and Associates by either an unaffiliated or an affiliated solicitor, S Brown and Associates may pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Advisers Act and any corresponding state securities law requirements. Any such referral fee is paid solely from S Brown and Associates' investment management fee, and does not result in any additional charge to the client. If the client is introduced to S Brown and Associates by an unaffiliated solicitor, the solicitor provides the client with a copy of the firm's written disclosure brochure which meets the requirements of Rule 204-3 of the Advisers Act and a copy of the solicitor's disclosure statement containing the terms and conditions of the solicitation arrangement including compensation. Any affiliated solicitor of S Brown and Associates discloses the nature of his/her relationship to prospective clients at the time of the solicitation and will provide all prospective clients with a copy of S Brown and Associates' written disclosure brochure at the time of the solicitation.

S Brown and Associates may receive economic benefits from non-clients for providing advice or other advisory services to clients. This type of relationship poses a conflict of interest and any such relationship is disclosed in response to Item 12, above.

Item 15. Custody

S Brown and Associates' *Agreement* and/or the separate agreement with any *Financial Institution* may authorize S Brown and Associates through such *Financial Institution* to debit the client's account for the amount of S Brown and Associates' fee and to directly remit that management fee to S Brown and Associates in accordance with applicable custody rules.

The *Financial Institutions* recommended by S Brown and Associates 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 S Brown and Associates. In addition, as discussed in Item 13, S Brown and Associates also provides on-line access to supplemental reports to clients. Clients should carefully review the statements sent directly by the *Financial Institutions* and compare them to those made available by S Brown and Associates.

Item 16. Investment Discretion

S Brown and Associates is generally given the authority to exercise discretion on behalf of clients. S Brown and Associates 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. S Brown and Associates is given this authority through a power-of-attorney included in the agreement between S Brown and Associates and the client. Clients may request a limitation on this authority (such as certain securities not to be bought or sold). The firm takes discretion over the following activities:

- The securities to be purchased or sold;
- The amount of securities to be purchased or sold; and
- When transactions are made.

Item 17. Voting Client Securities

S Brown and Associates is required to disclose if it accepts authority to vote client securities. S Brown and Associates does not vote client securities on behalf of its clients. Clients receive proxies directly from the *Financial Institutions*.

Item 18. Financial Information

S Brown and Associates does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance of providing investment advisory services. In addition, S Brown and Associates is required to disclose any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients. S Brown and Associates has no disclosures pursuant to this Item.

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Prepared by:



MARKETCOUNSEL®
The Adviser's Advisor®