

J.H. ELLWOOD & ASSOCIATES, INC.

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

Material Changes

Our brochure was last updated on March 31, 2011. Our business activities and practices have not changed materially since the time of our last annual update.

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

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

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Advisory Business

J.H. Ellwood & Associates, Inc. (“Ellwood Associates” or “We”) provides comprehensive investment consulting services to its clients. Ellwood Associates was formed in 1977, and is wholly-owned by its employees through an Employee Stock Ownership Plan. We do not manage assets on a discretionary basis. As of December 31, 2011, we provided consulting services to accounts with assets of \$38,908,600,000 under advisement. Our consulting practice is focused on serving five primary practice areas:

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

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

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

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

Fees and Compensation

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

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

We may occasionally agree to complete specific project assignments for clients. Fees for project assignments are negotiated in advance with clients prior to the engagement. Project clients are billed upon completion of the project.

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

Performance-Based Fees and Side-by-Side Management

We do not manage assets on a discretionary basis. We do not charge performance-based fees.

Types of Clients

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

Methods of Analysis, Investment Strategies and Risk of Loss

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

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

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

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

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

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

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

We recommend investment managers and investment products to our clients. These managers and products include numerous types of investments covering different asset classes with varying levels of risk. All investments involve the risk of loss that clients should be prepared to bear. Clients should review the brochures of the investment managers and the offering documents for the funds offered by the investment managers for further information regarding investment risks.

Disciplinary Information

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

Other Financial Industry Activities and Affiliations

We are an independent consulting firm. We do not manage accounts on a discretionary basis or recommend any proprietary products such as mutual funds or hedge funds. We do not have any affiliates that offer financial products. We do not accept referral or other fees from investment managers or products that we recommend.

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

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

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

Brokerage Practices

We do not recommend brokers or dealers to clients or have discretionary trading authority.

Review of Accounts

We use a team-based approach to servicing client accounts. Teams generally consist of one or two employee consultants, a research analyst and a performance analyst. Generally, we review each client's investment program on a quarterly basis including a review of manager style weightings relative to allocation targets on a quarterly basis and a performance analysis and comparison of performance relative

to style peers, manager database and pertinent indices. Reviews are conducted by employee consultants assigned to each account.

We provide customized quarterly performance reports to clients.

Client Referrals and Other Compensation

We do not directly or indirectly compensate any person for client referrals. We do not accept any direct or indirect compensation from investment managers or products that we recommend or consider for recommendation. We may at times make contributions to various charitable organizations, including certain advisory clients, or to charitable causes sponsored by advisory clients.

Custody

We do not have custody of client assets for purposes of the Investment Advisers Act of 1940. We do not automatically deduct fees from client accounts.

Investment Discretion

We do not have discretionary authority over client accounts. We recommend other discretionary managers to our clients.

Voting Client Securities

We do not have authority to vote proxies on behalf of advisory clients nor do we generally provide advice on how to vote proxies. Clients may retain proxy voting responsibility or may engage an outside third party to assume this responsibility. At the client's request, we may offer guidance regarding corporate actions and the exercise of your proxy voting rights; however, the client or its agent is responsible for exercising its right to vote as a shareholder.

Financial Information

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

APPENDIX A

NOTICE OF PRIVACY POLICIES AND PRACTICES

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

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

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

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

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

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