

**FORM ADV Uniform Application for Investment Adviser Registration**  
**Part II - Page 1**

OMB APPROVAL	
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Name of Investment Adviser: <b>Marshwinds Advisory Company</b>					
Address:	(Number and Street)	(City)	(State)	(Zip Code)	Area Code: Telephone Number:
	<b>300 Main Street, Suite 401</b>	<b>St. Simons Island</b>	<b>GA</b>	<b>31522</b>	<b>( 912 ) 638-5426</b>

**This part of Form ADV gives information about the investment adviser and its business for the use of clients.  
The information has not been approved or verified by any governmental authority.**

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(Schedules A, B, C, D, and E are included with Part I of this Form, for the use of regulatory bodies, and are not distributed to clients.)

**FORM ADV**  
**Part II - Page 2**

Applicant:

Marshwinds Advisory Company

SEC File Number:

801- 31672

Date:

01/13/2009

## Definitions for Part II

Related Person — Any officer, director or partner of applicant or any person directly or indirectly controlling, controlled by, or under common control with the applicant, including any non-clerical, non-ministerial employee.

Investment Supervisory Services — Giving continuous investment advice to a client (or making investments for the client) based on the individual needs of the client. Individual needs include, for example, the nature of other client assets and the client's personal and family obligations.

1. A. **Advisory Services and Fees.** (check the applicable boxes)

For each type of service provided, state the approximate % of total advisory billings from that service.

Applicant:

(See instruction below.)

- |   |              |
|---|--------------|
| <input checked="" type="checkbox"/> (1) Provides investment supervisory services .....  | <b>100</b> % |
| <input type="checkbox"/> (2) Manages investment advisory accounts not involving investment supervisory services .....   | %            |
| <input type="checkbox"/> (3) Furnishes investment advice through consultations not included in either service described above .....   | %            |
| <input type="checkbox"/> (4) Issues periodicals about securities by subscription .....  | %            |
| <input type="checkbox"/> (5) Issues special reports about securities not included in any service described above .....  | %            |
| <input type="checkbox"/> (6) Issues, not as part of any service described above, any charts, graphs, formulas or other devices which clients may use to evaluate securities ..... | %            |
| <input type="checkbox"/> (7) On more than an occasional basis, furnishes advice to clients on matters not involving securities .....  | %            |
| <input type="checkbox"/> (8) Provides a timing service .....  | %            |
| <input type="checkbox"/> (9) Furnishes advice about securities in any manner not described above .....  | %            |

(Percentages should be based on applicant's last fiscal year. If applicant has not completed its first fiscal year, provide estimates of advisory billings for that year and state that the percentages are estimates.)

B. Does applicant call any of the services it checked above financial planning or some similar term? .....	Yes	No
	<input type="checkbox"/>	<input checked="" type="checkbox"/>

## C. Applicant offers investment advisory services for: (check all that apply)

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> (1) A percentage of assets under management      | <input type="checkbox"/> (4) Subscription fees |
| <input type="checkbox"/> (2) Hourly charges  | <input type="checkbox"/> (5) Commissions       |
| <input checked="" type="checkbox"/> (3) Fixed fees (not including subscription fees) | <input type="checkbox"/> (6) Other             |

## D. For each check box in A above, describe on Schedule F:

- the services provided, including the name of any publication or report issued by the adviser on a subscription basis or for a fee
- applicant's basic fee schedule, how fees are charged and whether its fees are negotiable
- when compensation is payable, and if compensation is payable before service is provided, how a client may get a refund or may terminate an investment advisory contract before its expiration date

2. **Types of Clients** — Applicant generally provides investment advice to: (check those that apply)

- |   |  |
|---|--|
| <input checked="" type="checkbox"/> A. Individuals                      | <input checked="" type="checkbox"/> E. Trusts, estates, or charitable organizations                    |
| <input type="checkbox"/> B. Banks or thrift institutions                | <input checked="" type="checkbox"/> F. Corporations or business entities other than those listed above |
| <input type="checkbox"/> C. Investment companies                        | <input type="checkbox"/> G. Other (describe on Schedule F)   |
| <input checked="" type="checkbox"/> D. Pension and profit sharing plans |  |

Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).

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3. **Types of Investments.** Applicant offers advice on the following: (check those that apply)

- |   |  |
|---|--|
| <input checked="" type="checkbox"/> A. Equity Securities  | <input checked="" type="checkbox"/> H. United States government securities |
| <input checked="" type="checkbox"/> (1) exchange-listed securities                                |  |
| <input checked="" type="checkbox"/> (2) securities traded over-the-counter                        | <input type="checkbox"/> I. Options contracts on:                          |
| <input checked="" type="checkbox"/> (3) foreign issuers   | <input checked="" type="checkbox"/> (1) securities                         |
|   | <input type="checkbox"/> (2) commodities                                   |
| <input checked="" type="checkbox"/> B. Warrants   |  |
|   | <input type="checkbox"/> J. Futures contracts on:                          |
| <input checked="" type="checkbox"/> C. Corporate debt securities<br>(other than commercial paper) | <input type="checkbox"/> (1) tangibles                                     |
|   | <input type="checkbox"/> (2) intangibles                                   |
| <input checked="" type="checkbox"/> D. Commercial paper   | <input type="checkbox"/> K. Interests in partnerships investing in:        |
|   | <input type="checkbox"/> (1) real estate                                   |
| <input checked="" type="checkbox"/> E. Certificates of deposit                                    | <input type="checkbox"/> (2) oil and gas interests                         |
|   | <input type="checkbox"/> (3) other (explain on Schedule F)                 |
| <input checked="" type="checkbox"/> F. Municipal securities                                       | <input type="checkbox"/> L. Other (explain on Schedule F)                  |
| <input type="checkbox"/> G. Investment company securities:  |  |
| <input type="checkbox"/> (1) variable life insurance  |  |
| <input type="checkbox"/> (2) variable annuities   |  |
| <input checked="" type="checkbox"/> (3) mutual fund shares  |  |

4. **Methods of Analysis, Sources of Information, and Investment Strategies.**

A. Applicant's security analysis methods include: (check those that apply)

- |   |  |
|---|--|
| (1) <input checked="" type="checkbox"/> Charting    | (4) <input checked="" type="checkbox"/> Cyclical           |
| (2) <input checked="" type="checkbox"/> Fundamental | (5) <input type="checkbox"/> Other (explain on Schedule F) |
| (3) <input checked="" type="checkbox"/> Technical   |  |

B. The main sources of information applicant uses include: (check those that apply)

- |   |  |
|---|--|
| (1) <input checked="" type="checkbox"/> Financial newspapers and magazines    | (5) <input type="checkbox"/> Timing services   |
| (2) <input checked="" type="checkbox"/> Inspections of corporate activities   | (6) <input checked="" type="checkbox"/> Annual reports, prospectuses, filings with the<br>Securities and Exchange Commission |
| (3) <input checked="" type="checkbox"/> Research materials prepared by others | (7) <input checked="" type="checkbox"/> Company press releases   |
| (4) <input type="checkbox"/> Corporate rating services                        | (8) <input type="checkbox"/> Other (explain on Schedule F)   |

C. The investment strategies used to implement any investment advice given to clients include: (check those that apply)

- |  |   |
|--|---|
| (1) <input checked="" type="checkbox"/> Long term purchases<br>(securities held at least a year) | (5) <input checked="" type="checkbox"/> Margin transactions   |
| (2) <input checked="" type="checkbox"/> Short term purchases<br>(securities sold within a year)  | (6) <input checked="" type="checkbox"/> Option writing, including covered options,<br>uncovered options or spreading strategies |
| (3) <input type="checkbox"/> Trading (securities sold within 30 days)                            | (7) <input type="checkbox"/> Other (explain on Schedule F)  |
| (4) <input type="checkbox"/> Short sales   |   |

Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).

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Marshwinds Advisory Company

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**5. Education and Business Standards.**

Are there any general standards of education or business experience that applicant requires of those involved in determining or giving investment advice to clients? . . . . . Yes No

☒ ☐

(If yes, describe these standards on Schedule F.)

**6. Education and Business Background.**

For:

- each member of the investment committee or group that determines general investment advice to be given to clients, or
- if the applicant has no investment committee or group, each individual who determines general investment advice given to clients (if more than five, respond only for their supervisors)
- each principal executive officer of applicant or each person with similar status or performing similar functions.

On Schedule F, give the:

- |                 |  |
|-----------------|--|
| • name          | • formal education after high school               |
| • year of birth | • business background for the preceding five years |

**7. Other Business Activities.** (check those that apply)

- ☐ A. Applicant is actively engaged in a business other than giving investment advice.
- ☐ B. Applicant sells products or services other than investment advice to clients.
- ☐ C. The principal business of applicant or its principal executive officers involves something other than providing investment advice.

(For each checked box describe the other activities, including the time spent on them, on Schedule F.)

**8 Other Financial Industry Activities or Affiliations.** (check those that apply)

- ☐ A. Applicant is registered (or has an application pending) as a securities broker-dealer.
- ☐ B. Applicant is registered (or has an application pending) as a futures commission merchant, commodity pool operator or commodity trading adviser.
- ☐ C. Applicant has arrangements that are material to its advisory business or its clients with a related person who is a:
- |  |  |
|--|--|
| <input type="checkbox"/> (1) broker-dealer   | <input type="checkbox"/> (7) accounting firm                                       |
| <input type="checkbox"/> (2) investment company  | <input type="checkbox"/> (8) law firm  |
| <input type="checkbox"/> (3) other investment adviser  | <input type="checkbox"/> (9) insurance company or agency                           |
| <input type="checkbox"/> (4) financial planning firm   | <input type="checkbox"/> (10) pension consultant                                   |
| <input type="checkbox"/> (5) commodity pool operator, commodity trading adviser or futures commission merchant | <input type="checkbox"/> (11) real estate broker or dealer                         |
| <input type="checkbox"/> (6) banking or thrift institution   | <input type="checkbox"/> (12) entity that creates or packages limited partnerships |

(For each checked box in C, on Schedule F identify the related person and describe the relationship and the arrangements.)

- D. Is applicant or a related person a general partner in any partnership in which clients are solicited to invest? . . . . . Yes No
- ☐ ☒

(If yes, describe on Schedule F the partnerships and what they invest in.)

Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).

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**9. Participation or Interest in Client Transactions.**

Applicant or a related person: (check those that apply)

- ☐ A. As principal, buys securities for itself from or sells securities it owns to any client.
- ☐ B. As broker or agent effects securities transactions for compensation for any client.
- ☐ C. As broker or agent for any person other than a client effects transactions in which client securities are sold to or bought from a brokerage customer.
- ☐ D. Recommends to clients that they buy or sell securities or investment products in which the applicant or a related person has some financial interest.
- ☒ E. Buys or sells for itself securities that it also recommends to clients.

(For each box checked, describe on Schedule F when the applicant or a related person engages in these transactions and what restrictions, internal procedures, or disclosures are used for conflicts of interest in those transactions.)

Describe, on Schedule F, your code of ethics, and state that you will provide a copy of your code of ethics to any client or prospective client upon request.

- 10. Conditions for Managing Accounts.** Does the applicant provide investment supervisory services, manage investment advisory accounts or hold itself out as providing financial planning or some similarly termed services *and* impose a minimum dollar value of assets or other conditions for starting or maintaining an account? ..... ☐ Yes ☒ No

(If yes, describe on Schedule F.)

- 11. Review of Accounts.** If applicant provides investment supervisory services, manages investment advisory accounts, or holds itself out as providing financial planning or some similarly termed services:

- A. Describe below the reviews and reviewers of the accounts. **For reviews**, include their frequency, different levels, and triggering factors. **For reviewers**, include the number of reviewers, their titles and functions, instructions they receive from applicant on performing reviews, and number of accounts assigned each.

**For Reviews: Accounts are monitored daily for price changes of certain specific active securities. Weekly reviews and regular monthly review and reconciliation of each client's brokerage statements are part of the review process. Accounts are also reviewed with each client personally at least once each year to confirm the client's investment objectives and other relevant financial information.**

**For Reviewers: Eugene A. Kelly, Chairman and Chief Investment Officer of Marshwinds is a Chartered Financial Analyst and is the only person exercising investment management discretionary authority over Marshwinds' approximately 197 clients.**

- B. Describe below the nature and frequency of regular reports to clients on their accounts.

**When transactions occur, clients receive a trade confirmation directly from their broker. On a monthly basis, clients receive the Pendulum Letter updating the firm's investment strategy. Monthly, clients receive a full brokerage statement from the broker with custody of their assets. Quarterly, the clients receive a full written report and analysis of their portfolio from Marshwinds. Semiannual or annual client meetings are part of the client communication. Telephone contact is routine and ongoing.**

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**12. Investment or Brokerage Discretion.**

- |     |   |                                     |                                     |
|-----|---|-------------------------------------|-------------------------------------|
| A.  | Does applicant or any related person have authority to determine, without obtaining specific client consent, the: | Yes                                 | No                                  |
| (1) | securities to be bought or sold? .....  | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| (2) | amount of the securities to be bought or sold? .....  | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| (3) | broker or dealer to be used? .....  | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| (4) | commission rates paid? .....  | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |

- |    |  |                                     |                          |
|----|--|-------------------------------------|--------------------------|
| B. | Does applicant or a related person suggest brokers to clients? ..... | Yes                                 | No                       |
|    |  | <input checked="" type="checkbox"/> | <input type="checkbox"/> |

For each yes answer to A describe on Schedule F any limitations on the authority. For each yes to A(3), A(4) or B, describe on Schedule F the factors considered in selecting brokers and determining the reasonableness of their commissions. If the value of products, research and services given to the applicant or a related person is a factor, describe:

- the products, research and services
- whether clients may pay commissions higher than those obtainable from other brokers in return for those products and services
- whether research is used to service all of applicant's accounts or just those accounts paying for it; and
- any procedures the applicant used during the last fiscal year to direct client transactions to a particular broker in return for products and research services received.

**13. Additional Compensation.**

Does the applicant or a related person have any arrangements, oral or in writing, where it:

- |    |  |                                     |                                     |
|----|--|-------------------------------------|-------------------------------------|
| A. | is paid cash by or receives some economic benefit (including commissions, equipment or non-research services) from a non-client in connection with giving advice to clients? ..... | Yes                                 | No                                  |
|    |  | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| B. | directly or indirectly compensates any person for client referrals? .....  | Yes                                 | No                                  |
|    |  | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |

(For each yes, describe the arrangements on Schedule F.)

**14. Balance Sheet.** Applicant must provide a balance sheet for the most recent fiscal year on Schedule G if applicant:

- has custody of client funds or securities; or
- requires prepayment of more than \$500 in fees per client and 6 or more months in advance

Has applicant provided a Schedule G balance sheet? .....	Yes	No
	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).

**Schedule F of  
Form ADV**

Continuation Sheet for Form ADV Part II

Applicant: <b>Marshwinds Advisory Company</b>	SEC File Number: <b>801- 31672</b>	Date: <b>01/13/2009</b>
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(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: <b>Marshwinds Advisory Company</b>		IRS Empl. Ident. No.: <b>58-2511902</b>
Item of Form (identify)	Answer	
<b>1D</b>	<p><b>BASIC FEE SCHEDULE:</b></p> <p>One Time Review and Consultation: .25% of Portfolio Value with minimum of \$1,000</p> <p>Ongoing Investment Supervisory Management Fees:</p> <p>Assets up to \$1,000,000.....1.5% annum</p> <p>\$1,000,0001 to \$1,500,000.....1.1% annum</p> <p>\$1,500,001 and over......75% annum</p> <p>Marshwinds Advisory Company's fees are based upon the value of a client's portfolio and the complexity of assignment. Fees may deviate from this schedule. Fees are paid quarterly in advance. Additions and withdrawals are prorated. While our relationship is contractual, either party may terminate the relationship upon 30 days written notice. Any paid but unearned fees are refunded. Deviations from the schedule are possible based upon special client circumstances.</p> <p>Investment decisions are only made by individuals who hold a Chartered Financial Analyst designation.</p>	
<b>5</b>	Eugene A. Kelly, CFA, born in 1944, graduated from the University of Georgia in 1966 and awarded the CFA designation in 1987. He has held his current position since 1988.	
<b>6</b>		
<b>8C(3)</b>	Marshwinds Advisory Company is a sub-manager of Synovus Securities Wrap Fee Program and participates in the fee charged their clients. Wrap fee programs may not be suitable for all clients. Wrap fee programs may not be suitable for all investment needs and any decision to participate in a wrap fee program should be based on the client's individual financial circumstances and investment goals. In addition, the benefits under a wrap fee program depend, in part, upon the size of the client's account and the number of transactions likely to be generated in the account. For example, wrap accounts may not be suitable for accounts with little activity or accounts comprised principally of fixed income securities. Further, participating in a wrap fee program may cost more or less than the cost of purchasing such services separately from the broker or the dealer. As stated above, Marshwinds receives compensation as a result of the client's participation in a wrap fee program, therefore, Marshwinds may have a financial incentive to recommend wrap fee programs over other programs and services.	
<b>9</b>	In order to provide an understanding of Marshwinds Advisory Company's standards for meeting our fiduciary responsibilities to clients, Marshwinds has developed a Code of Ethics that must be adhered to by all of Marshwinds' employees. This Code sets forth standards of conduct expected of advisory personnel and addresses conflicts that arise from personal trading by advisory personnel. This Code includes limitations on personal trading by employees, reporting requirements for employees' securities holdings and personal securities transactions as well as insider trading policies and procedures. A copy of Marshwinds Code of Ethics is available to clients and potential clients upon request.	
<b>9E</b>	Marshwinds and its employees may purchase or sell the same securities as the clients, but only on the day after all client orders are executed.	
<b>12A</b>	Marshwinds may not have discretionary authority with respect to broker/dealers or commission rates when accounts are referred to Marshwinds by registered representatives or are directed to a specific broker/dealer by the client. If a client is referred to Marshwinds by a registered representative, and the client directs Marshwinds to effect brokerage transactions through that registered representative and his brokerage firm, Marshwinds may have a conflict of interest because its duty to the client to obtain the most favorable brokerage commission rates available under the circumstances may conflict with its desire to obtain future referrals from that registered representative or brokerage firm.	
<b>12B</b>	Marshwinds prefers that clients select their own brokers. However, if the client directs Marshwinds to use a particular registered representative or brokerage firm, the client may pay a higher brokerage commission than might otherwise be paid if Marshwinds were granted brokerage discretion. If the client does not have an established account with a broker or if he/she ask us to select a broker, Marshwinds will recommend one of several brokers with whom our other clients have received competitive commission rates and brokerage services. While the resultant commission rates may be higher than that available through deep-discount brokers or through Internet brokerage, Marshwinds will not recommend any broker solely on the basis of commission rates. Other factors such as execution, local representation, and the soundness of the broker's financial operations are too important to ignore. For these reasons, Marshwinds has negotiated an arrangement with Schwab whereby our clients receive efficient brokerage execution services, at a commission rate lower than that otherwise obtainable from other brokers offering comparable services.	
<b>8C(1), 13B</b>	Marshwinds Advisory Company (MAC) receives client referrals from Charles Schwab & Co., Inc. (Schwab) through MAC's participation in Schwab Advisor Network (the Service). The Service is designed to help investors find an independent investment advisor. Schwab is a broker-dealer independent of and unaffiliated with MAC. Schwab does not supervise MAC and has no responsibility for MAC's management of clients' portfolios or MAC's other advice or services. MAC pays Schwab fees to receive client referrals through the Service. MAC's participation in the Service may raise potential conflicts of interest described below. MAC pays Schwab a participation fee on all referred clients' accounts that are maintained in custody at Schwab and a Non-Schwab Custody Fee on all accounts that are maintained at, or transferred to, another custodian. The Participation Fee paid by MAC is a percentage of the value of the assets in the client's account. MAC pays Schwab the Participation Fee for as long as the referred client's account remains in custody at Schwab. The Participation Fee is billed to MAC quarterly and may be increased, decreased or waived by Schwab from time to time. The Participation Fee is paid by MAC	

MAC has agreed not to charge clients referred through the Service fees or costs greater than the fees or costs MAC charges clients with similar portfolios who were not referred through the Service.

MAC generally pays Schwab a Non-Schwab Custody Fee if custody of a referred client's account is not maintained by, or assets in the account are transferred from Schwab. This fee does not apply if the client was solely responsible for the decision not to maintain custody at Schwab. The Non-Schwab Custody Fee is a one-time payment equal to a percentage of the assets placed with a custodian other than Schwab. The Non-Schwab Custody Fee is higher than the Participation Fees MAC generally would pay in a single year. Thus, MAC will have an incentive to recommend that clients accounts be held in custody at Schwab.

The Participation and Non-Schwab Custody Fees will be based on assets in accounts of MAC clients who were referred by Schwab and those referred clients' family members living in the same household. Thus, MAC will have incentives to encourage household members of clients referred through the Service to maintain custody of their accounts and execute transactions at Schwab and to instruct Schwab to debit MAC's fees directly from the accounts.

For accounts of MAC clients maintained in custody at Schwab, Schwab will not charge the client separately for custody but will receive compensation for MAC clients in the form of commissions or other transaction-related compensation on securities trades executed through Schwab. Schwab will also receive a fee (generally lower than the applicable commission on trades it executes) for clearance and settlement of trades executed through broker-dealers other than Schwab. Schwab's fees for trades executed at other broker-dealers are in addition to the other broker-dealer fees. Thus, MAC may have an incentive to cause trades to be executed through Schwab rather than another broker-dealer. MAC, nevertheless, acknowledges its duty to seek best execution of trades for client accounts. Trades for client accounts held in custody at Schwab may be executed through a different broker-dealer than trades for MAC's other clients. Thus, trades for accounts custodied at Schwab may be executed at different times and different prices than trades for other accounts that are executed at other broker-dealers.

In addition to the arrangement with Charles Schwab & Co., Inc. MAC, in 1989, developed the Partners For Portfolio Growth Program where we will share the fee received from a client with the referring professional. The referring professional must agree to a commission discount (if applicable) and to share the client contact responsibilities. The client is given a separate Disclosure Document and must initial a separate paragraph of the Management Agreement acknowledging the relationship between MAC and the referring professional.

Complete amended pages in full, circle amended items and file with execution page (page 1).