

Firm Brochure
(Part 2A of Form ADV)

Walls Investment Management Company
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This brochure provides information about the qualifications and business practices of Walls Investments. If you have any questions about the contents of this brochure, please contact us at: 888-925-5764, or by email at: maria@wallsinvestments.com. 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 Walls Investments is available on the SEC's website at www.adviserinfo.sec.gov

March 15, 2011

Material Changes

Annual Update

The Material Changes section of this brochure will be updated annually when material changes occur since the previous release of the Firm Brochure.

Material Changes since the Last Update

The U.S. Securities and Exchange Commission issued a final rule in July 2010 requiring advisers to provide a Firm Brochure in narrative “plain English” format. The new final rule specifies mandatory sections and organization.

Full Brochure Available

Whenever you would like to receive a complete copy of our Firm Brochure, please contact us by telephone at: 888-925-5764 or by email at: maria@wallsinvestments.com.

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Advisory Business

Firm Description

Walls Investment Management Company, (“Walls Investments”) was founded in 1996.

Walls Investments provides personalized confidential investment management to individuals, pension and profit sharing plans, trusts, estates, charitable organizations and small businesses. Advice is provided through consultation with the client and may include: determination of financial objectives, identification of financial problems, cash flow management, tax planning, insurance review, investment management, education funding, retirement planning and estate planning.

Walls Investments is strictly a fee-only investment management firm.

Investment advice is provided, with the client making the final decision on investment selection. Walls Investments does not act as a custodian for any client assets. The client always maintains asset control. Walls Investments places trades for clients under a limited power of attorney.

Periodic reviews are communicated to provide reminders of the specific courses of action that need to be taken. More frequent reviews occur but are not necessarily communicated to the client unless immediate changes are recommended.

We occasionally work with other professionals (e.g., lawyers, accountants, insurance agents, etc.) that are engaged directly by the client on an as-needed basis. Conflicts of interest will be disclosed to the client in the unlikely event they should occur.

The initial meeting, which may be by telephone, is free of charge and is considered an exploratory interview to determine the extent to which financial planning and investment management may be beneficial to the client.

Principal Owners

Richard James Walls, also referred to as “Rick” is a 100% stockholder.

Types of Advisory Services

Walls Investments provides Investment Management services; manages investment advisory accounts not involving investment supervisory services; furnishes investment advice through consultations.

On an occasional basis, Walls Investments furnishes advice to clients on matters not involving securities, such as financial planning matters, taxation issues, and trust services and may include estate planning.

As of December 31, 2010, Walls Investments manages approximately \$70 million in assets for approximately 160 clients.

Tailored Relationships

The goals and objectives for each client are documented in our Discretionary Advisory Agreement. Investment policy statements may also be created that reflect the stated goals and objective. Clients may impose restrictions on investing in certain securities or types of securities.

Agreements may not be assigned without client consent.

Types of Agreements

The following agreements define the typical client relationships.

1. Investment Advisory Agreement
2. Custodian Agreement(s)

Advisory Service Agreement

Most clients choose to have Walls Investments manage their assets in order to obtain ongoing in-depth advice and ongoing financial management. All aspects of the client's financial affairs are reviewed, including those of their children. Realistic and measurable goals are set and objectives to reach those goals are defined. As goals and objectives change over time, suggestions are made and implemented on an ongoing basis.

The scope of work and fee for an Advisory Service Agreement is provided to the client in writing prior to the start of the relationship. An Advisory Service Agreement includes: investment management (including performance reporting); education planning; retirement planning; estate planning; and tax preparation, as well as the implementation of recommendations within each area.

The annual Advisory Service Agreement fee is based on a percentage of the investable assets according to the following schedule:

- _1.00%_ on the first \$500,000;
- _0.80%_ on the next \$500,000 (from 500,001 to 1,000,000); and
- _0.60%_ on the assets above \$1,000,000.

The minimum annual fee is \$2,500.00 and is negotiable. Current client relationships may exist where the fees are higher or lower than the fee schedule above.

Although the Advisory Service Agreement is an ongoing agreement and constant adjustments are required, the length of service to the client is at the client's discretion. The client or the investment manager may terminate an Agreement by written notice to the other party providing 30 days prior written notice. At termination, fees will be billed on a pro rata basis for the portion of the quarter completed.

Custodian Agreements

Walls Investments does not maintain custody of your assets that we manage/on which we advise, although we may be deemed to have custody of your assets if you give us authority to withdraw assets from your account(s). Your assets must be maintained in an account at a "qualified custodian" generally a broker dealer or bank. We request that our clients use Charles Schwab & Co. Inc. (Schwab) a registered broker-dealer, member SIPC as the qualified custodian. We are independently owned and operated and are not affiliated with Schwab. Schwab will hold your assets in a brokerage account and buy/sell securities when we/you instruct them to. While we recommend that you use Schwab as custodian, you will decide whether to do so and will open your account with Schwab by entering into an account agreement directly with them. We do not open the account for you, although we will assist you in doing so.

Walls Investments recommends Charles Schwab & Co as a custodian/broker who will hold your assets and execute transactions on terms that are, overall, most advantageous when compared to other available providers and their services. We considered a wide range of factors, including, among others:

- Combination of transaction execution services and asset custody
- Capability to execute, clear, and settle trades for your account
- Capability to facilitate transfers and payment to and from accounts (wire transfers, check requests, etc)
- Breadth of available investment products (stocks, bonds, mutual funds, exchange-traded funds (ETFs) etc.)
- Availability of investment research and tools that assist us in making investment decisions
- Quality of services

- Competitiveness of the price of those services (commission rates, margin interest rates, other fees etc.) and willingness to negotiate the prices
- Reputation, financial strength and stability
- Prior service to us and our other clients

Asset Management

Assets are invested primarily in stocks, bonds, no-load or low-load mutual funds and exchange-traded funds, usually through Charles Schwab and Co. Inc. Fund companies charge each fund shareholder an investment management fee that is disclosed in the fund prospectus. Discount brokerages may charge a transaction fee for the purchase of some funds. Walls Investments does not receive any compensation, in any form from fund companies.

Stocks and bonds may be purchased or sold through a brokerage account when appropriate. Charles Schwab & Co.Inc charges a fee for stock and bond trades.

Investments may also include: equities (stocks), warrants, corporate debt securities, commercial paper, certificates of deposit, municipal securities, investment company securities (variable life insurance, variable annuities, and mutual funds shares), U. S. government securities, options contracts, futures contracts, and interests in partnerships.

Initial public offerings (IPOs) may be available through Walls Investments.

Termination of Agreement

A Client may terminate any of the aforementioned agreements at any time by notifying Walls Investments in writing and paying the rate for the time spent on the investment advisory engagement prior to notification of termination

Walls Investments may terminate any of the aforementioned agreements at any time by notifying the client in writing within 30 days of written notice.

Fees and Compensation

Description

Walls Investments bases its fees on a percentage of assets under management. Fees are negotiable.

Fee Billing

Investment management fees are billed quarterly, in arrears meaning that we invoice you after the three-month billing period has ended. Payment in full is expected upon invoice presentation. Fees are usually deducted from the designated client account to facilitate billing. The client must consent in advance to direct debiting of their investment account.

Other Fees

Custodians may charge transaction fees on purchases or sales of certain mutual funds and exchange-traded funds. These transaction charges are usually small and incidental to the purchase or sale of a security. The selection of the security is more important than the nominal fee that the custodian charges to buy or sell the security.

Walls Investments, in its sole discretion, may waive its minimum fee and/or charge a lesser investment advisory fee based upon certain criteria (e.g., historical relationship, type of assets, anticipated future earning capacity, anticipated future additional assets, dollar amounts of assets to be managed, related accounts, account composition, negotiations with clients, etc.).

Expense Ratios

Mutual funds generally charge a management fee for their services as investment managers. The management fee is called an expense ratio. For example, an expense ratio of 0.50 means that the mutual fund company charges 0.5% for their services. These fees are in addition to the fees paid by you to Walls Investments.

Performance figures quoted by mutual fund companies in various publications are after their fees have been deducted.

Types of Clients

Description

Walls Investments generally provides investment advice to individuals, pension and profit sharing plans, trusts, estates, or charitable organizations, corporations or business entities.

Client relationships vary in scope and length of service.

Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis

Security analysis methods may include charting, fundamental analysis and technical analysis.

The main sources of information include financial newspapers and magazines, inspections of corporate activities, research materials prepared by others, corporate rating services, timing services, annual reports, prospectuses, filings with the Securities and Exchange Commission, and company press releases.

Other sources of information that Walls Investments may use include Morningstar Principia mutual fund information, Charles Schwab & Company's "Schwab Link" service, Advisor Intelligence, and the World Wide Web.

Investment Strategies

The investment strategy for a specific client is based upon the objectives stated by the client during consultations. The client may change these objectives at any time. Each client executes an Advisory Agreement that documents their objectives and their desired investment strategy.

Other strategies may include long-term purchases, short-term purchases, trading, short sales, margin transactions, and option writing (including covered options, uncovered options or spreading strategies).

Risk of Loss

All investment programs have certain risks that are borne by the investor. Our investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks:

- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- **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 a 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.

Disciplinary Information

Legal and Disciplinary

The firm and its employees have not been involved in any legal or disciplinary events related to past or present investment clients.

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

Code of Ethics

The employees of Walls Investments have committed to a Code of Ethics that is available for review by clients and prospective clients upon request. The firm will provide a copy of the Code of Ethics to any client or prospective client upon request.

Participation or Interest in Client Transactions

Walls Investments and its employees may buy or sell securities that are also held by clients. Employees may not trade their own securities ahead of client trades. Employees comply with the provisions of the Walls Investment compliance manual.

Personal Trading

The Chief Compliance Officer of Walls Investments is Richard J. Walls. He reviews all employee trades daily. The personal trading reviews ensure that the personal trading of employees does not affect the markets, and that clients of the firm receive preferential treatment. Since most employee trades are small mutual fund trades or exchange-traded fund trades, the trades do not affect the securities markets.

Best Execution

Walls Investments reviews the execution of trades at each custodian each quarter. The review is documented in the Walls Investment Compliance Manual. Trading fees charged by the custodians is also reviewed on a

regular basis. Walls Investments does not receive any portion of the trading fees.

Soft Dollars

Walls Investments does not receive or accept soft dollars.

Review of Accounts

Periodic Reviews

Account reviews are performed weekly by Richard J. Walls, CEO. Account reviews are performed more frequently when market conditions dictate.

Review Triggers

Other conditions that may trigger a review are changes in the investment information, tax laws, and changes in a client's own situation.

Regular Reports

Account reviewers are Richard J. Walls and Rich Walls. They are instructed to consider the client's current security positions and the likelihood that the performance of each security will contribute to the investment objectives of the client.

Clients receive monthly statements and periodic communications on at least a quarterly basis. The quarterly updates include a year to date portfolio performance summary and billing statement.

Client Referrals and Other Compensation

Incoming Referrals

Walls Investments has been fortunate to receive many client referrals over the years. The referrals came from current clients, estate planning attorneys,

accountants, employees, personal friends of employees and other similar sources. The firm does not compensate referring parties for these referrals.

Custody

Account Statements

All assets are held at qualified custodians, which means the custodians provide account statements directly to clients at their address of record at least quarterly.

Performance Reports

Clients are urged to compare the account statements received directly from their custodians to the performance report statements provided by Walls Investments.

Investment Discretion

Discretionary Authority for Trading

Walls Investments accepts discretionary authority to manage securities accounts on behalf of clients. Walls Investments has the authority to determine, without obtaining specific client consent, the securities to be bought or sold, and the amount of the securities to be bought or sold. However, Walls Investments will consult with the client prior to trading to obtain concurrence if a blanket trading authorization has not been given.

The client approves the custodian to be used and the commission rates paid to the custodian. Walls Investments does not receive any portion of the transaction fees or commissions paid by the client to the custodian on certain trades.

Discretionary trading authority facilitates placing trades in your accounts on your behalf so that we may promptly implement the investment policy that you have approved in writing.

Limited Power of Attorney

A limited power of attorney is a trading authorization for this purpose. You sign a limited power of attorney so that we may execute the trades that you have approved.

Voting Client Securities

Proxy Votes

Unless the client designates otherwise, Walls Investments votes proxies for securities over which it maintains discretionary authority consistent with its proxy voting policy. A copy of Wall Investment's proxy voting policy is available upon request.

Financial Information

Financial Condition

Walls Investments does not have any financial impairment that will preclude the firm from meeting contractual commitments to clients.

Business Continuity Plan

General

Walls Investments has a Business Continuity Plan in place that provides detailed steps to mitigate and recover from the loss of office space, communications, services or key people.

Disasters

The Business Continuity Plan covers natural disasters such as snow storms, hurricanes, tornados, and flooding. The Plan covers man-made disasters such as loss of electrical power, loss of water pressure, fire, bomb threat, nuclear emergency, chemical event, biological event, T-1 communications line outage, Internet outage, railway accident and aircraft accident. Electronic files are backed up and archived offsite.

Loss of Key Personnel

Walls Investments has a Business Continuation plan to support our clients in the event of Richard J. Walls' serious disability or death.

Information Security Program

Information Security

Walls Investments maintains an information security program to reduce the risk that your personal and confidential information may be breached.

Privacy Notice

Walls Investments is committed to maintaining the confidentiality, integrity and security of the personal information that is entrusted to us.

The categories of nonpublic information that we collect from you may include information about your personal finances, information about your health to the extent that it is needed for the financial planning process, information about transactions between you and third parties, and information from consumer reporting agencies, e.g., credit reports. We use this information to help you meet your personal financial goals.

With your permission, we disclose limited information to attorneys, accountants, and mortgage lenders with whom you have established a relationship. You may opt out from our sharing information with these nonaffiliated third parties by notifying us at any time by telephone, mail, fax, email, or in person. With your permission, we share a limited amount of information about you with your brokerage firm in order to execute securities transactions on your behalf.

We maintain a secure office to ensure that your information is not placed at unreasonable risk. We employ a firewall barrier, secure data encryption techniques and authentication procedures in our computer environment.

We do not provide your personal information to mailing list vendors or solicitors. We require strict confidentiality in our agreements with unaffiliated third parties that require access to your personal information, including financial service companies, consultants, and auditors. Federal and state securities regulators may review our Company records and your personal records as permitted by law.

Personally identifiable information about you will be maintained while you are a client, and for the required period thereafter that records are required to be maintained by federal and state securities laws. After that time, information may be destroyed.

We will notify you in advance if our privacy policy is expected to change. We are required by law to deliver this *Privacy Notice* to you annually, in writing.

Richard James Walls, President, CEO

Date of Birth: November 28, 1949

Education: B.A. Economics & Political Science
University of Pennsylvania (1970)

Business Background: President,
Walls Investment Management Company
1996-present

Disciplinary Information: None

Arbitration Claims: None

Self-Regulatory Organization or Administrative Proceeding: None

Bankruptcy Petition: None

Rich Walls, Director or Research

Date of Birth: January 31, 1983

Education: Bachelors of Science in Business
Administration
Duquesne University (2007)

Business Experience: Walls Investment Management Company
June 2007 -present

Disciplinary Information: none

Supervision:
Rich Walls is supervised by Richard J. Walls, President. He reviews Rich Wall's work daily through frequent office interactions.
Richard Walls contact information: 88.925.5764 ext. 224

Arbitration Claims: None

Self-Regulatory Organization or Administrative Proceeding: None

Bankruptcy Petition: None

Maria V. Henry, Operations Manager

Date of Birth: December 15, 1966

Business Experience: Walls Investment Management Company
July 1998 -present

Disciplinary Information: none

Supervision:

Maria Henry is supervised by Richard J. Walls, President. He reviews Maria Henry's work daily through frequent office interactions.

Richard Walls contact information: 888.925.5764 ext. 224

Arbitration Claims: None

Self-Regulatory Organization or Administrative Proceeding: None

Bankruptcy Petition: None