

## Item 1 – Cover Page



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April 1, 2011

This Brochure provides information about the qualifications and business practices of Belden and Associates, Inc. (the “Adviser”). If you have any questions about the contents of this Brochure, please contact the Adviser at one of the telephone numbers listed below. The information in this Brochure has not been approved by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Belden and Associates, Inc. is registered as an investment adviser with the U.S. Securities and Exchange Commission. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Investment Adviser provide you with information about which you determine to hire or retain an adviser.

Additional information about the Adviser also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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## **Item 2 – Material Changes**

On July 28, 2010, the United State Securities and Exchange Commission published “Amendments to Form ADV” which changes the form of the disclosure document that registered advisers are required to provide to clients. This Brochure dated April 1, 2011 has been prepared according to the SEC’s new requirements and rules.

In the future, this Item 2 will discuss only specific material changes that are made to this Brochure and provide you with a summary of the changes. We will also reference the date of our last annual update of our Brochure.

In the past we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to new rules, we will ensure that you receive a summary of any materials changes to this and subsequent Brochures within 120 days after the close of our fiscal year.

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting Robert Coleman at the telephone number on the cover page or [RC@baainvestcounsel.com](mailto:RC@baainvestcounsel.com). Our Brochure is also available on our web site [www.beldenadvisers.com](http://www.beldenadvisers.com), also free of charge.

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## Item 4 – Advisory Business

### *A. Description of the Company*

Belden and Associates, Inc. is a California corporation. The firm was incorporated 2003 by Louis deK. Belden. Today, Mr. Belden serves as the company's President and its portfolio and research manager.

Belden and Associates dates back to 1966 when Mr. Belden founded his original firm. Although that firm was sold in the early 1990s, the current Belden and Associates follows the exact same principles.

### *B. Types of Investment and Advisory Services Offered*

We specialize in offering solid investment advice, personal service and client counsel mainly to individuals, endowments and foundations. Unlike most Wall Street firms, we strive to develop long-term client relationships and have many multi-generational clients to show for our efforts. Investment counsel is our firm's only business and we do not make money by cross selling securities. All clients receive frequent, personal communication about their portfolios with direct access to the decision makers at all times. Individually-designed portfolios are created after consultation about income needs, time horizons and tax status. We work with our clients' existing asset base and other requirements to create the best asset mix for them. In addition to asset allocation and investment decisions, we also work with our clients' accountants and lawyers to handle issues such as tax and estate planning.

Our professionals have nearly **75 years** of combined investment experience. We put this experience to good use by utilizing a unique investment committee process in constructing our equity portfolios. We employ a conservative growth strategy by using a limited number of securities and holding those securities for a long period of time. Limiting turnover in the account lowers costs, which can improve investment returns. As part of our fundamental analysis, we conduct our own research in-house that includes analysis of the industry, financials, management, as well as other relevant factors. Our goal is to make an investment that we can hold at least 5 years or more. Many of our investments we've held for much longer.

Specific portfolio construction is based on the client's investment objectives. For this reason our clients' portfolios may range from an all-equity portfolio to a more conservative balanced portfolio including bonds and other fixed income investments. This balanced approach enables our clients a higher level of income with less risk and volatility. Our expectations of the relative returns of the stock and bond markets, coupled

with a client's income and tax situation, drive the portfolio weightings between equities, municipal, government, high-quality corporate bonds, and cash.

At Belden and Associates we don't manage money in a vacuum. Management of investment accounts is driven by each client's unique needs with an overall investment plan developed with one thing in mind – the client. We get to know clients on a personal level and take into account factors such as personal preferences, career aspirations, family circumstances, and lifetime goals when constructing portfolios.

### ***C. Scope of Services***

We manage client assets under the powers conferred upon us by individual investment management agreements. The investment strategies and objectives of each client account may differ. In each case, the account is managed in accordance with investment guidelines set forth in the investment management agreement and any other written materials that may accompany it. Clients may, and generally do, impose restrictions on investing in certain securities and types of securities.

### ***D. Wrap fee programs***

We do not offer wrap fee programs.

### ***E. Assets Under Management***

As of December 31, 2010, we had approximately \$107,000,000 in discretionary assets under management. We have no non-discretionary assets under management.

## **Item 5 – Fees and Compensation**

### ***A. Types of Compensation.***

Clients generally pay a management fee on the basis of a fixed percentage of assets in the account. The actual management fee is determined from the following schedule:

1.00% on the first \$2,000,000

0.75% on the next \$3,000,000

0.50% on the next \$5,000,000

Negotiable over \$10,000,000

This fee schedule applies to clients that are new to Registrant. Fees paid by clients who have had previous long-term advisory relationship with Mr. Belden or other employees of the Firm (at a former employer) may be lower or higher than those disclosed above and are based on fee schedules set by the employee's former employer. We believe our fees are competitive with other advisors. However, comparable services may be offered at lower rates by other advisors or companies.

We require a minimum investment of \$1,000,000 in order to establish a new client relationship. In certain instances, such as when a client has an existing account with us, we will open a new client account for less than the \$1,000,000 minimum.

Registrant's advisory agreements provide that a client may terminate its advisory relationship with Registrant at any time upon written notice to Registrant. Upon termination, Registrant will bill client for any unbilled services provided up to the date of termination, usually based on assets under management.

#### ***B. Method of billing***

Our management fee is payable, in arrears, on a quarterly basis, based on market value of assets under management at the end of the previous quarter, for each client account.

#### ***C. Other Fees and Costs***

In addition to the management fees set forth above, clients may pay some or all of the following costs and expenses:

*Account Costs:* All fees charged by us are separate and distinct from any fees and expenses charged by any mutual funds or exchange-traded funds to their shareholders. These fees and expenses are described in each such fund's prospectus.

*Custodial Fees:* All costs and expenses of custodying client assets with qualified custodians are charged to the account.

*Trading Costs:* Client pays transaction fees (ticket charges) which may be charged by the custodian on a transaction-by-transaction basis.

*Transaction costs:* Client pays all commissions, bid-ask spreads, mark-up's and similar transaction costs which may be incurred in connection with the purchase and sale of individual securities.

#### ***D. Return of Unearned Management Fees***

We do not collect any fees in advance. Our management fees are charged in arrears.

### ***E. Compensation From the Sale of Our Investment Products***

We do not accept compensation for the sale of securities or other investment products.

## **Item 6 – Performance-Based Fees**

We do not charge performance-based fees.

## **Item 7 – Types of Clients**

We provide investment services to individual and institutional investors including, for example, corporate pension and profit-sharing plans, charitable institutions, foundations and endowments.

## **Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss**

We primarily use fundamental analysis when choosing individual securities for investment in client accounts. However, we also may consider other factors and employ other methods of analysis—for example, cyclical analysis.

Our approach to developing and managing investment portfolios is predicated on certain fundamental assumptions with regard to the factors that most influence investment success—chief among them being rigorous and thoughtful asset allocation among asset classes. The right mix of businesses is important to long-term investment results. Diversification is part of our investment discipline. We invest in a broad spectrum of economic sectors. Each security added to the portfolio is intended to minimize the risk or expand the portfolio's opportunity for return.

Investing in securities involves risk of loss that you should be prepared to bear.

The performance of any investment is subject to numerous factors which are neither within the control of, nor predictable by, Belden and Associates or our portfolio managers. These factors include a wide range of economic, political, competitive and other conditions which may affect investments in general or specific industries or companies.

## **Item 9 – Disciplinary Information**

In this Item, we are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Belden and Associates or the integrity of our management. We have no legal or disciplinary events to report involving Belden and Associates or our management.

## **Item 10 – Other Financial Industry Activities and Affiliations**

Investment counsel is our firm's only business.

## **Item 11 – Code of Ethics**

We have adopted a code of ethics (“Code of Ethics”) for all of our supervised persons describing our high standard of business conduct and fiduciary duties to our clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All of our employees must acknowledge the terms of the Code of Ethics annually, or as it is amended.

Our employees and persons associated with us are required to follow our Code of Ethics. Subject to satisfying this policy and applicable laws, Belden and Associates and its employees may invest in the same securities that are purchased for clients, though purchases/sales in such securities are restricted for ten calendar days after we have completed our initial purchases and sales for clients. Employee transactions are also restricted when we contemplates transactions in a particular company. We maintain a restricted list that is periodically updated and circulated to employees. We require our employees to submit quarterly reports of their security transactions.

In summary, our Code of Ethics is designed to assure that the personal securities transactions, activities and interests of our employees will not interfere with (i) making decisions in the best interest of an advisory client and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. As set forth above, the Code requires pre-clearance of many transactions, and restricts trading in close proximity to client trading activity. Under the Code of Ethics certain classes of securities have been designated as exempt transactions, based upon a determination that these would not materially interfere with the best interest of our clients. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same

securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code of Ethics, and to reasonably prevent conflicts of interest between us and our clients.

You may request a copy of our Code of Ethics by contacting Robert Coleman at the telephone number on the cover page or RC@baainvestmentcounsel.com.

## **Item 12 – Brokerage Practices**

### Directed Brokerage Arrangements

Clients may select the particular broker-dealer to which all of that client's brokerage business will be directed. If you choose to direct your brokerage to a particular broker, you must understand that generally we will not negotiate commission rates with the broker executing transactions on your behalf unless you direct us to do so and therefore you may not obtain the lowest commission rates or best net price as it might otherwise obtain if we had discretion to select the broker.

### “Best Execution” and “Soft Dollars”

Federal law requires us to deal fairly and honestly with clients. This means that, among many other things, we have a fiduciary obligation to seek “best execution” for transactions executed on behalf of our client accounts. In selecting brokers and dealers, we always seek to obtain the overall best execution for our clients, taking into account a number of factors, including for example: price, clearance, settlement, reputation, financial strength and stability, efficiency of execution and error resolution, block trading and block positioning capabilities, special execution capabilities, willingness to execute related or unrelated difficult transactions in the future, order of call, on-line access to computerized data regarding clients' accounts, the availability of stocks to borrow for short trades, the competitiveness of commission rates in comparison to other brokers satisfying our other selection criteria and other matters involved in the receipt of brokerage services generally.

We will not always obtain the lowest commission for a particular client account on a given transaction. We may effect security transactions that cause a client to pay higher commissions than might otherwise be obtainable at another broker. In these cases, however, we have determined in good faith that such commissions are reasonable in relation to the value of brokerage or research services offered by the particular broker for the particular transaction or for the overall services the broker offers to our clients.

When determining whether we have obtained best execution, we are guided by Section 28(e) of the Securities Exchange Act of 1934, as amended (the “Safe Harbor”). A safe harbor is a provision of a statute or a regulation that presumptively reduces or eliminates a party's liability on the grounds that the party performed its actions in good faith.

This Safe Harbor is provided by law to investment advisers like us which have “investment discretion” over client accounts, and provides us protection against certain state and federal breach of fiduciary obligation claims (including ERISA claims) because we, the advisor, caused a client to pay more than the lowest available commission when executing a securities trade in exchange for receiving valuable investment research services and products. To rely on the Safe Harbor provision, we must determine in good faith that the amount of the commissions paid is reasonable in relation to the value of certain “bundled” research and brokerage services we receive from the executing broker. When making this evaluation, we take into account not only the costs for a specific transaction but also our overall responsibility to you. When we cause a client to pay more than the lowest available commission to a broker/dealer in return for research products and services, these payments are commonly referred to as “soft dollar” payments. The soft dollar payments generated are tracked by the broker/dealer to be used on our behalf. Not all trades generate soft dollar benefits, and we try to limit “soft dollar” trades whenever preferable.

Under the Safe Harbor, “soft dollar” credits can only be used to pay for “research” and “brokerage services” that have been validated by the SEC. The research services generally purchased with soft dollars include economic and market information, portfolio strategy advice, industry and company comments, reports and recommendations, access to research analysts and invitations to attend conferences or meetings with management or industry consultants.

The availability of soft dollars might have some or all of the following consequences: (1) they might result in our clients paying higher transaction costs (including mark-ups and mark-downs on principle transactions with market makers) than the transaction costs charged by other brokers or dealers who do not provide additional services or products, (2) we may have an incentive to direct the investment partnership's brokerage to brokers or dealers that do not provide the best possible price, and (3) we may have an incentive to effect more transactions in our client accounts than might otherwise be optimal. The extent of any of the foregoing conflicts of interest between the us and our clients depend in large part on the nature and uses of the services and products acquired with soft dollars. These conflicts of interest are particularly influential to the extent that we use soft dollars to pay expenses that we consider essential to our investment advisory activities and that we would otherwise be required to pay ourselves. We believe soft dollar services benefit our clients, but they do not benefit clients exclusively—they also are available to us in connection with our own transactions and transactions for the benefit of any future clients, including transactions in which our present clients may not participate.

Under the Safe Harbor, our use of soft dollars generated by client commissions is not a breach of our fiduciary duties to you—even if the brokerage commissions paid are higher than the lowest available—as long as (among certain other requirements) the commissions being paid are reasonable in relation to the value of the services obtained.

### **Item 13– Review of Accounts**

Our clients receive continuous interaction to help them achieve their financial goals. We are always available to answer questions and strive to provide personal touches to cater to clients needs. In addition, all clients receive quarterly portfolio updates and analysis so that they always know where they stand in relation to their goals

### **Item 14 – Client Referrals and Other Compensation**

At Belden and Associates, we say our clients do our marketing. We do not use independent solicitors to provide client referrals.

### **Item 15 – Custody**

Custody means holding, directly or indirectly, client funds or securities or having any authority to obtain possession of them. The Securities and Exchange Commission and the State of California have rules and regulations which are designed to safeguard client assets. We follow the rules of the SEC, which require us to follow the following procedures:

*Maintain Accounts with Qualified Custodians:* We have all client funds and securities, except shares of mutual funds, maintained by a “qualified custodian” (i.e., a bank, registered broker-dealer) in separate accounts for each client. Although we may recommend a custodian, the client generally choose its own. Shares of mutual funds are held by the mutual fund’s transfer agent.

*Periodic Account Statements:* We require each custodian to furnish account statements to our clients no less frequently than quarterly. We also require that this statement, at a minimum, identifies the amount of funds and of each security in the account at the end of the quarter and all transactions in the account during the quarter.

### **Item 16 – Investment Discretion**

We manage client accounts on a discretionary basis, and thus determine the type and amount of securities purchased as well as the broker-dealer to be used to execute trades and the commissions to be paid. Other client accounts are non-discretionary and require client consent for all trades.

### **Item 17 – Voting Client Securities**

We vote all proxies for the investment partnerships that we believe, in our reasonable judgment alone, will affect the value of a security in its portfolio. In so doing, we generally cast proxy votes in favor of proposals that increase shareholder value and generally cast proxy votes against proposals having the opposite effect. Louis Belden is responsible for our decisions on proxy voting. He verifies that proxies are voted in a prudent and diligent fashion and only after a careful evaluation of the issue presented on the ballot. You may obtain information from us concerning how we voted any proxies on your behalf. You may obtain a copy of our complete proxy voting policies and procedures upon request.

### **Item 18 – Financial Information**

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about its financial condition. We have no financial commitments that impair our ability to meet contractual and fiduciary commitments to our clients, and we have not been the subject of a bankruptcy proceeding.