

Part 2A of Form AVD: Firm Brochure

Montford Associates, Inc.

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This brochure provides information about the qualifications and business practices of Montford Associates, Inc. If you have any questions about the contents of this brochure, please contact us at (404) 740-7470. 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 Montford Associates, Inc. also is available on the SEC's website at www.advisorinfo.sec.gov . While Montford Associates, Inc. is a registered investment advisor firm, registration does not imply a certain level of skill or training.

March 30, 2012

Item 2

Material Changes

Discuss changes to your previous filed brochure. State clearly that you are discussing only material changes since the last annual update of your brochure, and provide date of last brochure.

Since the last annual update dated 3/30/2011, we have moved our offices to a new location. We also include an unresolved SEC allegation which we deny and are litigating.

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Item 4

Advisory Business

Describe your advisory firm, including how long you have been in business. Identify principal owners.

Montford Associates was founded in 1989 by Ernest Montford and registered with the SEC in 1991. The firm is a privately owned Georgia corporation with no affiliates or subsidiaries. We provide independent investment consulting to institutional clients.

Describe the types of advisory services you offer.

- Investment policy development
- Strategic asset allocation studies
- Spending policy modeling
- Manager evaluation
- Manager search and fee negotiation
- Alternative asset class search and analysis
- Performance measurement and evaluation – print and electronic reporting is available.
- Monthly custodial statement auditing and reconciliation
- Monthly portfolio analysis and monitoring
- Performance attribution analysis
- Risk analysis
- Master custodian analysis and search
- 401(K) and 403(b) strategies

Explain whether you tailor your advisory services to the needs of clients. Explain whether clients may impose restrictions on investing.

Our advice to clients would be directed to the financial position of the institution. We create asset allocations based on the spending needs, acceptable risk, and long term needs. Clients' differing needs are reflected in our advice. Clients can impose any restriction on asset class, security selection, quality or investment location.

If you participate in wrap fee programs, describe the differences, if any, between how you manage wrap fee accounts and how you manage other accounts. Explain that you receive a portion of the wrap fee for your services.

Not applicable.

Disclose the amount of client assets you manage on a discretionary basis and the amount of client assets you manage on a non-discretionary basis. Include the date of this information.

All our clients are advised on a non-discretionary basis. Assets under management on a non-discretionary basis are \$90 million. 12/31/2011.

I t e m 5

Fees and Compensation

Describe how you are compensated for your advisory services. Provide fee schedule. Are fees negotiable?

Fees include evaluation of investment policy, portfolio manager selection, risk analysis and quarterly investment evaluation reports.

Applicable fees are payable at the beginning of each calendar quarter. All financial advisory relationships are terminable at any time by written notice. Should a client terminate the relationship during a calendar quarter, any fees paid in advance will be prorated and proportionately returned.

Fees are negotiable in cases where the client's asset base is small relative to the minimum fee or the client elects to receive a limited level of service. Otherwise, all clients are subject to the Standard Fee Schedule unless, at management's discretion, a discount is offered in the early years to a prospective client for competitive reasons.

STANDARD ANNUAL FEE SCHEDULE

<u>Client Assets</u>	<u>Fee</u>
Less than \$10 Million	\$5,000 per Quarter
\$10 - \$30 Million	0.25%
\$30 - \$50 Million	0.15%
\$50 - \$100 Million	0.12%
Over \$100 Million	0.10%

Describe whether you deduct fees from clients' assets or bill clients for fees incurred. Can clients choose method? How often are clients billed?

Clients are billed quarterly. We have no access to client accounts so deductions are not possible, nor is the authority acceptable.

Describe any other types of fees or expenses clients may pay. Disclose that clients will incur brokerage and other transaction costs.

As investment consultants we periodically are hired for a specific project -- for example, an annual 401(K) review, that is outside the scope of our contract. For this work, we would charge a one-time, fixed fee.

If clients pay in advance, disclose. How can clients receive a refund of a pre-paid fee if services are terminated before the end of a billing period?

Clients are billed at the beginning of a quarter based on market value of the assets advised. If services are terminated before the end of a billing period, we will refund a pro-rata share of the fee.

If you or any of your supervised persons accepts compensation for the sale of securities or other investment, disclose. (See 4 sub points in questionnaire.)

Not applicable.

I t e m 6

Performance-Based Fees and Side-By-Side Management

If you accept performance-based fees, disclose.

Montford Associates does not accept performance-based fees.

Item 7

Types of Clients

Describe types of client you have. Include account size requirement minimum to take on a new account.

Montford Associates' clientele includes pension and profit sharing plans and corporations. Clients are taxable as well as tax-exempt entities. They are a mix of corporate, public, and non-profit organizations. Our minimum account size is \$10 million.

I t e m 8

Methods of Analysis, Investment Strategies and Risk of Loss

Describe your methods of analysis and investment strategies you use for investment advice and managing assets. Include that investing in securities involves risk of loss that clients should be prepared to bear.

Montford Associates is a manager of managers. We do not select stocks, bonds, or trade. We use several asset classes to diversify investment risk. In each asset class, one or more managers may be recommended.

For each significant investment strategy you use, explain the material risks involved.

Not applicable.

If you recommend primarily a particular type of security, explain the material risk involved.

Not applicable.

I t e m 9

Disciplinary Information

If there are legal or disciplinary events that are material to a client's or perspective client's evaluation of your advisory business or the integrity of your management, disclose.

See below.

Discuss a criminal or civilian action in a domestic, foreign or military court of competent jurisdiction in which your firm or a management person is/was involved.

In November of 2011 Montford Associates agreed to a Confidential Settlement of a dispute brought by a client in a civil court. We denied responsibility or liability related to the complaint. In twenty-three years of business it is the only complaint we have received.

Discuss an administrative proceeding before the SEC, any other federal regulatory agency, any state regulatory agency, or any foreign financing regulatory authority in which your firm or a management person is/was involved.

In September 2011 the Atlanta Regional SEC office cited Montford Associates and Ernest V. Montford, Sr., alleging violation of the Investment Advisers Act of 1940. We chose to defend our reputation by litigating. Presently the issue remains unresolved. After a hearing before an administrative law judge in November 2011, we are waiting for a ruling.

Discuss any self-regulatory organization (SRO) proceeding in which your firm or a management person is/was involved.

Neither Montford Associates nor its employees have been involved in a self-regulatory organization proceeding.

Item 10

Other Financial Industry Activities and Affiliations

Disclose if you are registered or have an application pending to register as a broker-dealer or a registered representative of a broker-dealer.

Neither Montford Associates nor its employees are registered or have an application pending to register as a broker-dealer or a registered representative of a broker-dealer.

Disclose if you are registered or have an application pending to register as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

Neither Montford Associates nor its employees are registered or have an application pending to register as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

Describe any relationship or arrangement that is material to your advisory business or to your clients that you have with any related person.

Neither Montford Associates nor its employees have any relationship or arrangement with any related person that is material to its business or to its clients.

If you recommend or select investment advisors for your clients and you receive compensation directly or indirectly from those advisors or if you have other business relationships with those advisors that create a material conflict of interest, describe the practices and how you address the.

Neither Montford Associates nor its employees receive compensation directly or indirectly from other investment advisors. The firm does not maintain business relationships with other advisors that may create a conflict of interest.

Item 11

Code of Ethics,

Participation or Interest in Client Transactions and Personal Trading

Briefly describe your code of ethics as an SEC-registered advisor. Explain that you will provide a copy of your code of ethics to any client or perspective client upon request.

It is the explicitly stated policy of Montford Associates that the firm is in business to serve its clients. Any activity by any owner or employee of the firm that endangers this stated objective is expressly prohibited. Included in the group of prohibited activity is any violation of the Federal or State Securities laws, any violation of other laws that might reasonably be expected to reflect on the firm, and any violation of firm ethics as specifically outlined in the Ethics, Conduct, Policy and Procedures Manual. Montford Associates maintains a strict code of ethics as outlined in this Manual. This document is available to any client or perspective client upon request.

Ernest V. Montford, Sr. serves as Compliance Officer pursuant to appointment by the Board of Directors.

If you or a related person recommends to clients, or buys or sells for client accounts securities in which you have a material financial interest, describe your practice and discuss the conflicts it presents. Describe generally how you address conflicts that arise.

Not applicable.

If you or a related person invests in the same securities that you recommend to clients, describe your practice and discuss conflicts of interest this presents and generally how you address the conflicts that arise in connection with personal trading.

We do not recommend individual securities to our clients. (Please see item 8.)

If you or a related person recommends securities to clients or buys or sells securities for client accounts at or about the same time that you buy or sell the same securities for your own account, describe your practice and discuss the conflicts of interest it presents. Describe generally how you address conflicts that arise.

Not applicable.

I t e m 12

Brokerage Practices

Describe the factors that you consider in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation.

Not Applicable.

Research and Other Soft Dollar Benefits: If you receive research or other products or services other than execution from a broker-dealer or a third party in connection with client securities transactions, disclose your practices and discuss the conflicts of interest they create.

Not Applicable.

Brokerage for Client Referrals: If you consider in selecting or recommending broker-dealers whether you receive client referrals from a broker-dealer or third party, disclose this practice and discuss the conflicts of interest it creates.

Not Applicable.

Directed Brokerage: If you routinely recommend, request or require that a client direct you to execute transactions through a specified broker-dealer, describe your practice or policy. If you permit a client to direct brokerage, describe your practice.

Not Applicable.

Item 13

Review of Accounts

Indicate whether you periodically review client accounts or financial plans. If you do, describe the frequency and nature of the review, and the titles of the person who conducts the review.

Financial analysts and the director of operations review client accounts monthly. Actual returns are calculated and are compared to appropriate indices as benchmarks. Managers are contacted periodically to discuss their results.

Full client reviews are conducted quarterly and aggregated results are checked for compliance to client objectives. Recommendations are made if changes are needed.

If you review client accounts on other than a periodic basis, describe the factors that trigger a review.

Montford Associates reviews all client accounts regularly.

Describe the content and indicate the frequency of regular reports you provide to clients regarding their accounts.

Montford Associates provides written quarterly reviews for all clients within 25 to 35 days after quarter's end. However, ad hoc reports can be generated as needed and as requested at any time.

Quarterly reviews contain an overview of total client monies compared to appropriate benchmarks and peer group data. Results for individual managers are also included and compared to benchmarks and peer groups. Asset allocation is checked for compliance to client directives and risk statistics are reviewed.

Item 14

Client Referrals and Other Compensation

If someone who is not a client provides an economic benefit (including any sales awards or other prizes) to you for providing investing advice or other advisory services to your client generally describe the arrangement, conflict of interest and how you address it.

Since Montford Associates was founded in 1989 it has been our policy to accept compensation only from clients. It remains our policy. One exception to that occurred in 2009 when we were asked to assist an investment manager in a project that took several months to complete. We requested payment from the manager for our work. It was a one-time event.

Montford Associates does not accept compensation for client referrals.

If you directly or indirectly compensate any person who is not your supervised person for client referrals, describe the arrangement and compensation.

Neither Montford Associates nor its employees directly or indirectly compensate any person for client referrals.

Item 15

Custody

Explain that clients will receive account statements from the broker-dealer, bank or other qualified custodian and that clients should carefully review those statements. Include a statement urging clients to compare our account statements with those they receive from the qualified custodian.

Not Applicable.

Item 16

Investment Discretion

Disclose if you accept discretionary authority to manage securities accounts on behalf of clients. Describe any limitations clients may place on this authority. Describe procedures you follow before assuming this authority.

Montford Associates does not accept discretionary authority to manage securities on behalf of clients.

Item 17

Voting Client Securities

If you have or will accept authority to vote client securities describe your voting policies and procedures including those pursuant to SEC rule 206(4)-6.

Not Applicable.

.If you do not have authority to vote client securities, disclose that fact.

Not Applicable.

Item 18

Financial Information

If you require or solicit prepayment of more than \$1,200 in fees per client, 6 months or more in advance, include a balance sheet for your most recent fiscal year.

Not applicable.

If you have discretionary authority or custody of client funds or securities or require or solicit prepayment of more than \$1,200 in fees per client, 6 months or more in advance, disclosure any financial condition that is reasonably likely to impair your ability to meet contractual commitments to clients.

Not applicable.

Disclose if you have been subject to bankruptcy in the past 10 years.

Montford Associates has never been subject to bankruptcy.

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Requirements of State-Registered Advisors

(If you are registered with one or more state securities authorities you must respond to the following.)

Identify your formal education and business background.

Not Applicable.

Describe any business in which you are activity engaged and the approximate amount of time spent on that business.

Not Applicable.

If you are compensated for advisory services with performance-based fees explain how fees are calculated. Disclose that a performance-based compensation may create an incentive for the advisor to recommend an investment that may carry a higher degree of risk to the client.

Not Applicable.

Have you been found liable in an arbitration with damages in excess of \$2,500 or a civil proceeding?

Not Applicable.

Describe any relationship or arrangement that you have with any issuer of securities that is not listed in Item 10 C.

Not Applicable.

Part 2A of Form AVD: Brochure Supplement

Ernest V. Montford, Sr.

President

Montford Associates, Inc.

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This brochure supplement provides information about Ernest V. Montford, Sr., that supplements the Montford Associates brochure. You should have received a copy of that brochure. Please contact Montford Associates if you did not receive the firm brochure or if you have any questions about the contents of this brochure supplement.

Additional information about Ernest V. Montford, Sr. is available on the SEC's website at

www.advisorinfo.sec.gov

March 30, 2012

Educational Background and Business Experience

Disclose supervised person's name, age or year of birth, formal education after high school, and business background (including specific positions held) for the proceeding five years. You may include professional designations but must provide an explanation of minimum qualifications required for the designations to allow clients to understand the value of the designation.

The President of Montford Associates, Mr. Ernest V. Montford, Sr., graduated from University of Georgia with a Bachelor of Business Administration degree in management. Additionally he completed the Certified Investment Management Analyst program of IMCA at the Wharton Business School, University of Pennsylvania. He founded Montford Associates in 1989. Prior to forming the firm, Mr. Montford, Sr., was an investment advisor with Merrill Lynch. He also opened and managed an office for E. F. Hutton. He has been advising investors since 1973, focusing on institutions since 1989. Mr. Montford was born in 1947 in West Palm Beach, Florida and has been a lifelong resident of Georgia.

Disciplinary Information

Disclose any disciplinary events.

There were no legal or disciplinary events associated with Mr. Ernest V. Montford, Sr. or with Montford Associates before 2011.

In September 2011 the Atlanta Regional Securities and Exchange Commission office cited Montford Associates and Ernest V. Montford, Sr., alleging violation of the Investment Advisers Act of 1940. The allegations are in dispute and are being litigated. Presently the issue remains unresolved. After a hearing before an administrative law judge in November 2011, we are waiting for a ruling.

Other Business Activities

Disclose if the supervised person is activity engaged in any investment-related business or occupation.

Mr. Montford is not registered, nor has an application pending to register, as a broker-dealer or a registered representative of a broker-dealer, futures commissions merchant (“FCM”), commodity pool operator (“CPO”), commodity trading advisor (“CTA”), or an associated person of an FCM, CPO, or CTA and is not engaged in any other business.

Additional Compensation

Discuss economic benefits you receive outside of the client fee agreement for providing advisory services (i.e. sales awards, prizes, bonuses, etc.)

Neither Montford Associates nor its employees accept compensation outside of the client fee agreement for providing investing advice or advisory services.

Item 6

Supervision

Explain how you supervise the supervised person, including how you monitor the advice the supervised person provides to clients. Provide contact information of the supervisor.

Not applicable.

Requirements for State-Registered Advisors

(If you are registered with one or more state securities authorities, you must respond to the following additional Item.)

If the supervised person has been found liable in an arbitration claim alleging damages in excess of \$2,500, disclose all material facts regarding the event.

1. No

Disclose all material facts regarding if the supervised person has been found liable in a civil, self-regulatory organization, or administrative proceeding involving any of the following:

- a) an investment or an investment-related business or activity;
- b) fraud, false statement(s), or omissions;
- c) theft, embezzlement, or other wrongful taking of property;
- d) bribery, forgery, counterfeiting, or extortion; or
- e) dishonest, unfair, or unethical practices.

2. No.

Disclose if the supervised person has been the subject of a bankruptcy petition.

- 3. No. Neither Ernest V. Montford, Sr., nor Montford Associates has ever been subject to bankruptcy.