

## **Item 1 - Cover Page**



**WILLINGDON WEALTH  
MANAGEMENT**

**CRD# 129613**

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## **April 30, 2012 Brochure**

This brochure provides information about the qualifications and business practices of Willingdon Wealth Management, Inc. ("WWM"). If you have any questions about the contents of this brochure, please contact us at (704) 659-7810 or [pete@willingdonwealth.com](mailto:pete@willingdonwealth.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state authority.

Additional information about WWM also is available on the SEC's website at [www.AdviserInfo.sec.gov](http://www.AdviserInfo.sec.gov).

## **Item 2 - Summary of Material Changes**

This Brochure is prepared in the revised format required by the SEC beginning in 2011. Registered Investment Advisers are required to use this format in order to inform clients of the nature of advisory services provided, types of clients served, fees charged, potential conflicts of interest and other information. The new Brochure requirements includes providing a Summary of Material Changes (the "Summary") reflecting any change to our policies, practices, or conflicts of interest made since our last annual update. This Summary is provided to all clients within 120 days of our fiscal year-end. Our last annual update was filed on March 6, 2012.

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#### ***Item 4 - Advisory Business***

##### **General Information**

Willingdon Wealth Management, Inc. was formed in 2003 and provides portfolio management, financial planning, research services, and general consulting services to its clients. At the outset of each client relationship, WWM spends time with the client, asking questions, discussing the client's investment experience and financial circumstances, and reviewing options for the client. Based on its reviews, WWM generally develops with each client:

- a financial outline for the client based on the client's financial circumstances and goals, and the client's risk tolerance level (the "Financial Profile"); and
- the client's investment objectives and guidelines (the "Investment Policy Statement" or "Investment Plan").

The Financial Profile is a reflection of the client's current financial picture and a look to the future goals of the client. The Investment Plan outlines the types of investments WWM will make on behalf of the client in order to meet those goals. The Profile and the Plan are discussed regularly with each client, but are not necessarily written documents.

Where WWM provides general consulting services, WWM will work with the client to prepare an appropriate summary of the specific project(s) to the extent necessary or advisable under the circumstances.

##### **Portfolio Management**

As described above, at the beginning of a client relationship, WWM meets with the client, gathers information, and performs research and analysis as necessary to develop the client's Investment Plan. The Investment Plan will be updated from time to time when requested by the client, or when determined to be necessary or advisable by WWM based on updates to the client's financial or other circumstances.

Under normal circumstances, to implement the client's Investment Plan, WWM will manage the client's investment portfolio on a discretionary basis. On occasion, WWM may accept a client on a non-discretionary basis. As a discretionary investment adviser, WWM will have the authority to supervise and direct the portfolio without prior consultation with the client. Clients who choose a non-discretionary arrangement must be contacted prior to the execution of any trade in the account(s) under management. This may result in a delay in executing recommended trades, which could adversely affect the performance of the portfolio. This delay also normally means the affected account(s) will not be able to participate in block trades, a practice designed to enhance the execution quality, timing and/or cost for all accounts included in the block. In a non-discretionary arrangement, the client retains the responsibility for the final decision on all actions taken with respect to the portfolio.

Notwithstanding the foregoing, clients may impose certain written restrictions on WWM in the management of their investment portfolios, such as prohibiting the inclusion of certain types of investments (e.g., "sin stocks") in an investment portfolio or prohibiting the sale of certain investments held in the account at the commencement of the relationship. Each client should note, however, that restrictions imposed by a client may adversely affect the composition and performance of the client's investment portfolios. Each client should also note that his or her investment portfolio is treated individually by giving consideration to each purchase or sale for the client's account. For these and other reasons, performance of client investment portfolios within

the same investment objectives, goals and/or risk tolerance may differ and clients should not expect that the composition or performance of their investment portfolios would necessarily be consistent with similar clients of WWM.

#### Financial Planning

WWM offers financial planning services to those clients in need of such service in conjunction with Portfolio Management services. WWM's financial planning services normally address areas such as general cash flow planning, retirement planning, and insurance analysis. The goal of this service is to assess the financial circumstances of the client in order to more effectively develop the client's Investment Plan.

#### Research Services

From time to time, WWM may enter into agreements with financial planning firms and other similar services providers, wherein WWM provides research services that assist these other providers in evaluating securities, investment opportunities, etc.

#### General Consulting

In addition to the foregoing services, WWM may provide general consulting services to clients. These services are generally provided on a project basis, and may include, without limitation, minimal cash flow planning for certain events such as education expenses or retirement, estate planning analysis, income tax planning analysis and review of a client's insurance portfolio, as well as other matters specific to the client as and when requested by the client and agreed to by WWM. The scope and fees for consulting services will be negotiated with each client at the time of engagement for the applicable project.

#### Principal Owners

Lewis M. ("Mike") Kayes, III is the majority owner of WWM. Thomas M. Searson, Brian S. Jones, and Peter J. Hunt are also shareholders. Please see **Brochure Supplements**, Appendix A, for more information on Mr. Kayes, Mr. Searson, Mr. Jones, and Mr. Hunt and other individuals who formulate investment advice and have direct contact with clients, or have discretionary authority over client accounts.

#### Type and Value of Assets Currently Managed

As of December 31, 2011, WWM managed \$135,394,559 on a discretionary basis, and \$3,234,130 of assets on a non-discretionary basis.

### ***Item 5 - Fees and Compensation***

#### General Fee Information

Fees paid to WWM are exclusive of all custodial and transaction costs paid to the client's custodian, brokers or other third party consultants. Fees paid to WWM are also separate and distinct from the fees and expenses charged by mutual funds, ETFs (exchange traded funds) or other investment pools to their shareholders (generally including a management fee and fund expenses, as described in each fund's prospectus or offering materials). The client should review all fees charged by funds, brokers, WWM and others to fully understand the total amount of fees paid by the client for investment and financial-related services.

### Portfolio Management Fees

The annual fee schedule, based on a percentage of assets under management, is as follows:

|  |       |
|--|-------|
| Accounts valued up to \$1,000,000            | 1.20% |
| Accounts valued at \$1,000,000 - \$2,000,000 | 1.00% |
| Accounts valued at \$2,000,001 - \$5,000,000 | 0.80% |
| Accounts valued above \$5,000,000            | 0.60% |

The minimum portfolio value is generally set at \$500,000. The minimum annual fee for any account is \$6,000. WWM may, at its discretion, make exceptions to the foregoing or negotiate special fee arrangements where WWM deems it appropriate under the circumstances.

Portfolio management fees are generally payable quarterly, in advance. If management begins after the start of a quarter, fees will be prorated accordingly. Fees are normally debited directly from client account(s), unless other arrangements are made.

Either WWM or the client may terminate their Investment Management Agreement at any time, subject to any written notice requirements in the agreement. In the event of termination, any paid but unearned fees will be promptly refunded to the client, and any fees due to WWM from the client will be invoiced or deducted from the client's account prior to termination.

### Research Services Fees

Fees for research service arrangements are negotiated separately. Fees are normally paid monthly or quarterly in arrears, or at the conclusion of a specific project.

### General Consulting Fees

When WWM provides general consulting services to clients, these services are generally separate from WWM's financial planning and portfolio management services. Fees for general consulting are negotiated at the time of the engagement for such services, and are normally based on a fixed fee basis.

### ***Item 6 - Performance-Based Fees and Side-By-Side Management***

WWM does not have any performance-based fee arrangements. "Side by Side Management" refers to a situation in which the same firm manages accounts that are billed based on a percentage of assets under management and at the same time manages other accounts for which fees are assessed on a performance fee basis. Because WWM has no performance-based fee accounts, it has no side-by-side management.

### ***Item 7 - Types of Clients***

WWM serves individuals, pension and profit-sharing plans, charitable organizations, corporations, trusts, and estates. With some exceptions, the minimum portfolio value eligible for conventional investment advisory services is \$500,000 and the annual minimum fee charged is \$6,000. Under certain circumstances and in its sole discretion, WWM may negotiate such minimums.

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

### **Methods of Analysis**

In accordance with the Investment Plan, WWM will primarily invest in individual stocks and bonds. WWM may also include ETFs (Exchange Traded Funds), MLPs (Master Limited Partnerships), preferred stocks, option strategies, and mutual funds in client accounts.

WWM focuses on fundamental analysis when selecting investments for client accounts. This type of analysis involves analyzing individual companies and their industry groups, such as a company's financial statements, details regarding the company's product line, the experience and expertise of the company's management, and the outlook for the company's industry. The resulting data is used to measure the true value of the company's stock compared to the current market value. The following is a discussion of some of the specific details of our analytical work.

### **Core Large Cap Equity Investment Strategy and Process:**

WWM utilizes a time-tested, three-stage process for selecting core equity portfolios. The analysis is top-down driven with a strong emphasis on identifying quality based on peer-to-peer analysis in each industry and sector. Portfolios typically include 30 – 35 stocks.

#### **1. Qualitative analysis:**

WWM defines quality as the sustainable competitive advantage a company enjoys over its competition. WWM has a checklist to assess competitive advantage including the following variables: product, price, service, management, cost position, market position, financial strength, strategic planning, technology, and execution. This is a dynamic process whereby different variables are given greater weight in some industries while given lesser weight in others. The key is to determine the critical driving forces in each industry in order to accurately assess the relative competitive advantages that each company may possess.

#### **2. Top-Down Analysis:**

WWM identifies long-term market drivers, or secular trends, which determine the sectors of the market likely to outperform and those likely to underperform the overall market. Based on this analysis we will position portfolios to hold a larger or smaller position in relation to the sector weights in the S&P 500.

#### **3. Quantitative Analysis:**

WWM utilizes industry-specific valuation methodologies to determine the upside and downside potential for stocks that pass our qualitative screens. Typically this involves approximately 200 companies. Valuation parameters include: Price/Earnings (PE), Price/Cash Flow (PCF), Price to Growth (PEG), and Price/Book Value (PBV).

### **Portfolio Review and Sell Discipline:**

WWM is continually retesting each holding in the portfolio in the context of our three-step investment process. WWM continually challenges our qualitative assessment as the competitive landscape changes in response to the economy or other market forces. Likewise, WWM review of the overall top-down strategy on an ongoing basis through the various stages of the economic cycle. Lastly, through the quantitative valuation models WWM monitors the relative upside and downside of each individual stock in the portfolio.

WWM's sell discipline flows from our three-step process as follows: First, if the company loses its quality – no longer has a sustainable competitive advantage vs. its competition - it would be a

candidate for sale. Second, a change in the top-down strategy may lead to increasing exposure in one sector and reducing exposure in another sector. Third, if a stock becomes over-valued based on our valuation analysis it may be a candidate for sale.

In addition to fundamental analysis, WWM will also employ charting/technical analysis. This involves the gathering and processing of price and volume information for a particular security. This price and volume information is analyzed using mathematical equations. The resulting data is then applied to graphing charts, which is used to predict future price movements based on price patterns and trends.

Fixed income investments may be used as a strategic investment, as an instrument to fulfill liquidity or income needs in a portfolio, or to add a component of capital preservation. WWM may evaluate and select individual bonds based on a number of factors including, without limitation, rating, yield and duration.

### Investment Strategies

WWM's strategic approach is to invest each portfolio in accordance with the Plan that has been developed specifically for each client. This means that the following strategies may be used in varying combinations over time for a given client, depending upon the client's individual circumstances.

Long Term Purchases – securities purchased with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year.

Short Term Purchases – securities purchased with the expectation that they will be sold within a relatively short period of time, generally less than one year, to take advantage of the securities' short term price fluctuations.

Options Trading/Writing: a securities transaction that involves buying or selling (writing) an option. If you write an option, and the buyer exercises the option, you are obligated to purchase or deliver a specified number of shares at a specified price at the exercise of the option regardless of the market value of the security at expiration of the option. Buying an option gives you the right to purchase or sell a specified number of shares at a specified price until the date of expiration of the option regardless of the market value of the security at expiration of the option.

Trading – securities sold within 30 days

Margin Transactions – a securities transaction in which an investor borrows money to purchase a security, in which case the security serves as collateral on the loan.

### Risk of Loss

While WWM seeks to diversify clients' investment portfolios across various asset classes consistent with their Investment Plans in an effort to reduce risk of loss, all investment portfolios are subject to risks. Accordingly, there can be no assurance that client investment portfolios will be able to fully meet their investment objectives and goals, or that investments will not lose money.

Below is a description of several of the principal risks that client investment portfolios face.

*Management Risks.* While WWM manages client investment portfolios based on WWM's experience, research and proprietary methods, the value of client investment portfolios will change daily based on the performance of the underlying securities in which they are invested. Accordingly, client investment portfolios are subject to the risk that WWM allocates assets to asset classes that are adversely affected by unanticipated market movements, and the risk that WWM's specific investment choices could underperform their relevant indexes.

*Risks of Investments in Mutual Funds, ETFs and Other Investment Pools.* As described above, WWM may invest client portfolios in mutual funds, ETFs and other investment pools ("pooled investment funds"). These investments are subject to risks associated with the markets in which they invest. In addition, the success of index funds and ETFs will be related to the ability of the fund to track its designated index. The success of actively managed funds will depend on the skills of their particular managers and their performance in managing their funds. Pooled investment funds are also subject to risks due to regulatory restrictions applicable to registered investment companies under the Investment Company Act of 1940.

*Equity Market Risks.* WWM will generally invest portions of client assets directly into equity investments, primarily stocks, or into pooled investment funds that invest in the stock market. Individual stocks and funds that invest in stocks and other equity securities are subject to the risks of the overall stock market. These risks include, without limitation, the risks that stock values will decline due to daily fluctuations in the markets, and that stock values will decline over longer periods (e.g., bear markets) due to general market declines in the stock prices for all companies, regardless of any individual security's prospects.

*Fixed Income Risks.* WWM will often invest portions of client assets directly into fixed income instruments, such as bonds and notes, or may invest in pooled investment funds that invest in bonds and notes. While investing in fixed income instruments, either directly or through pooled investment funds, is generally less volatile than investing in stock (equity) markets, fixed income investments nevertheless are subject to risks. These risks include, without limitation, interest rate risks (risks that changes in interest rates will devalue the investments), credit risks (risks of default by borrowers), or maturity risk (risks that bonds or notes will change value from the time of issuance to maturity).

*Foreign Securities Risks.* WWM may invest portions of client assets into individual stocks or pooled investment funds that invest internationally. While foreign investments are important to the diversification of client investment portfolios, they carry risks that may be different from U.S. investments. For example, foreign investments may not be subject to uniform audit, financial reporting or disclosure standards, practices or requirements comparable to those found in the U.S. Foreign investments are also subject to foreign withholding taxes and the risk of adverse changes in investment or exchange control regulations. Finally, foreign investments may involve currency risk, which is the risk that the value of the foreign security will decrease due to changes in the relative value of the U.S. dollar and the security's underlying foreign currency.

#### ***Item 9 - Disciplinary Information***

WWM has no disciplinary events to report.

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

From time to time WWM may serve as a Sub-adviser for other investment advisers. In such



instances WWM normally provides assistance, for a fee, with the selection of individual stocks and bonds in certain portfolios of the other adviser.

WWM provides research services, for a fee, to financial planners and other service providers.

### ***Item 11 - Code of Ethics, Participation or Interest in Client Transactions and Personal Trading***

#### **Code of Ethics and Personal Trading**

WWM has adopted a Code of Ethics ("the Code"), the full text of which is available to you upon request. WWM's Code has several goals. First, the Code is designed to assist WWM in complying with applicable laws and regulations governing its investment advisory business. Under the Investment Advisers Act of 1940, WWM owes fiduciary duties to its clients. Pursuant to these fiduciary duties, the Code requires WWM associated persons to act with honesty, good faith and fair dealing in working with clients. In addition, the Code prohibits associated persons from trading or otherwise acting on insider information.

Next, the Code sets forth guidelines for professional standards for WWM's associated persons (managers, officers and employees). Under the Code's Professional Standards, WWM expects its associated persons to put the interests of its clients first, ahead of personal interests. In this regard, WWM associated persons are not to take inappropriate advantage of their positions in relation to WWM clients.

Third, the Code sets forth policies and procedures to monitor and review the personal trading activities of associated persons. From time to time WWM's associated persons may invest in the same securities recommended to clients. Under its Code, WWM has adopted procedures designed to reduce or eliminate conflicts of interest that this could potentially cause. The Code's personal trading policies include procedures for limitations on personal securities transactions of associated persons, reporting and review of such trading and pre-clearance of certain types of personal trading activities. These policies are designed to discourage and prohibit personal trading that would disadvantage clients. The Code also provides for disciplinary action as appropriate for violations.

#### **Participation or Interest in Client Transactions**

Because associated persons may invest in the same securities as those purchased in client accounts, WWM has established a policy requiring its associated persons to pre-clear transactions in these securities with the Chief Compliance Officer. The goal of this policy is to avoid any conflict of interest that may present itself in these situations. Certain securities, such as CD's, treasury obligations and open-end mutual funds are exempt from this pre-clearance requirement. However, in the event of other identified potential trading conflicts of interest, WWM's goal is to place client interests first.

Consistent with the foregoing, WWM maintains policies regarding participation in initial public offerings (IPOs) and private placements in order to comply with applicable laws and avoid conflicts with client transactions. If a WWM associated person wishes to participate in an IPO or invest in a private placement, he or she must submit a pre-clearance request and obtain the approval of the Chief Compliance Officer. If associated persons trade with client accounts (e.g., in a bundled or aggregated trade), and the trade is not filled in its entirety, the associated person's shares will be removed from the block, and the balance of shares will be allocated among client accounts in accordance with WWM's written policy.

## ***Item 12 - Brokerage Practices***

### **Best Execution and Benefits of Brokerage Selection**

When given discretion to select the brokerage firm that will execute orders in client accounts, WWM seeks “best execution” for client trades, which is a combination of a number of factors, including, without limitation, quality of execution, services provided and commission rates. Therefore, WWM may use or recommend the use of brokers who do not charge the lowest available commission in the recognition of research and securities transaction services, or quality of execution. Research services received with transactions may include proprietary or third party research (or any combination), and may be used in servicing any or all of WWM’s clients. Therefore, research services received may not be used for the account for which the particular transaction was effected.

WWM participates in the Fidelity Institutional Wealth Services (“FIWS”) program. While there is no direct link between the investment advice WWM provides and participation in the FIWS program, WWM receives certain economic benefits from the FIWS program. These benefits may include software and other technology that provides access to client account data (such as trade confirmations and account statements), facilitates trade execution (and allocation of aggregated orders for multiple client accounts), provides research, pricing information and other market data, facilitates the payment of WWM’s fees from its clients’ accounts, and assists with back-office functions, recordkeeping and client reporting. Many of these services may be used to service all or a substantial number of WWM’s accounts, including accounts not held at Fidelity. Fidelity may also make available to WWM other services intended to help WWM manage and further develop its business. These services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance and marketing. In addition, Fidelity may make available, arrange and/or pay for these types of services to be rendered to WWM by independent third parties. Fidelity may discount or waive fees it would otherwise charge for some of these services, pay all or a part of the fees of a third-party providing these services to WWM, and/or Fidelity may pay for travel expenses relating to participation in such training. Finally, participation in the FIWS program provides WWM with access to mutual funds which normally require significantly higher minimum initial investments or are normally available only to institutional investors.

The benefits received through participation in the FIWS program do not necessarily depend upon the proportion of transactions directed to Fidelity. The benefits are received by WWM, in part because of commission revenue generated for Fidelity by WWM’s clients. This means that the investment activity in client accounts is beneficial to WWM, because Fidelity does not assess a fee to WWM for these services. This creates an incentive for WWM to continue to recommend Fidelity to its clients. While it may be possible to obtain similar custodial, execution and other services elsewhere at a lower cost, WWM believes that Fidelity provides an excellent combination of these services.

### **Directed Brokerage**

Clients may direct WWM to use a particular broker for custodial or transaction services on behalf of the client’s portfolio. In directed brokerage arrangements, the client is responsible for negotiating the commission rates and other fees to be paid to the broker. Accordingly, a client who directs brokerage should consider whether such designation may result in certain costs or disadvantages to the client, either because the client may pay higher commissions or obtain less favorable execution, or the designation limits the investment options available to the client.

The arrangement that WWM has with Fidelity is designed to maximize efficiency and to be cost effective. By directing brokerage arrangements, the client acknowledges that these economies of scale and levels of efficiency are generally compromised when alternative brokers are used. While every effort is made to treat clients fairly over time, the fact that a client chooses to use the brokerage and/or custodial services of these alternative service providers may in fact result in a certain degree of delay in executing trades for their account(s) and otherwise adversely affect management of their account(s).

By directing WWM to use a specific broker or dealer, clients who are subject to ERISA confirm and agree with WWM that they have the authority to make the direction, that there are no provisions in any client or plan document which are inconsistent with the direction, that the brokerage and other goods and services provided by the broker or dealer through the brokerage transactions are provided solely to and for the benefit of the client's plan, plan participants and their beneficiaries, that the amount paid for the brokerage and other services have been determined by the client and the plan to be reasonable, that any expenses paid by the broker on behalf of the plan are expenses that the plan would otherwise be obligated to pay, and that the specific broker or dealer is not a party in interest of the client or the plan as defined under applicable ERISA regulations.

#### Aggregated Trade Policy

WWM may enter trades as a block where possible and when advantageous to clients whose accounts have a need to buy or sell shares of the same security. This blocking of trades permits the trading of aggregate blocks of securities composed of assets from multiple client accounts, so long as transaction costs are shared equally and on a pro-rata basis between all accounts included in any such block. Block trading allows WWM to execute equity trades in a timelier, equitable manner, and may reduce overall costs to clients.

WWM will only aggregate transactions when it believes that aggregation is consistent with its duty to seek best execution (which includes the duty to seek best price) for its clients, and is consistent with the terms of WWM's Investment Advisory Agreement with each client for which trades are being aggregated. No advisory client will be favored over any other client; each client that participates in an aggregated order will participate at the average share price for all WWM's transactions in a given security on a given business day, with transaction costs generally shared pro-rata based on each client's participation in the transaction. On occasion, owing to the size of a particular account's pro rata share of an order or other factors, the commission or transaction fee charged could be above or below a breakpoint in a pre-determined commission or fee schedule set by the executing broker, and therefore transaction charges may vary slightly among accounts. Accounts may be excluded from a block due to tax considerations, client direction or other factors making the account's participation ineligible or impractical.

WWM will prepare, before entering an aggregated order, a written statement ("Allocation Statement") specifying the participating client accounts and how it intends to allocate the order among those clients. If the aggregated order is filled in its entirety, it will be allocated among clients in accordance with the Allocation Statement. If the order is partially filled, it will generally be allocated pro-rata, based on the Allocation Statement, or randomly in certain circumstances. Notwithstanding the foregoing, the order may be allocated on a basis different from that specified in the Allocation Statement if all client accounts receive fair and equitable treatment, and the reason for different allocation is explained in writing and is approved by an appropriate individual/officer of WWM. WWM's books and records will separately reflect, for each client account included in a block trade, the securities held by and bought and sold for that account. Funds and securities of clients whose orders are aggregated will be deposited with one or more banks or broker-dealers,

and neither the clients' cash nor their securities will be held collectively any longer than is necessary to settle the transaction on a delivery versus payment basis; cash or securities held collectively for clients will be delivered out to the custodian bank or broker-dealer as soon as practicable following the settlement, and WWM will receive no additional compensation or remuneration of any kind as a result of the proposed aggregation.

#### Cross Trades

From time to time, WWM may direct a "cross trade" of securities (including, without limitation, fixed income securities) between client accounts, whereby WWM arranges for one client account to purchase a security directly from another client. In such cases, WWM will seek to obtain a price for the security from one or more independent sources. WWM is not a broker-dealer and receives no compensation from a cross trade; however, the broker-dealer facilitating the cross trade normally charges administrative fees to the clients' accounts.

WWM may direct a cross trade when WWM believes that the transaction is in the best interest of the clients, that no client will be disfavored by the transaction, and that the transaction receives the best execution.

#### ***Item 13 - Review of Accounts***

Managed portfolios are reviewed at least quarterly, but may be reviewed more often if requested by the client, upon receipt of information material to the management of the portfolio, or at any time such review is deemed necessary or advisable by WWM. These factors may include but are not limited to, the following: change in general client circumstances (marriage, divorce, retirement); or economic, political or market conditions. Mike Kayes, WWM's President, and Tom Searson, WWM's Managing Director, review all accounts.

Account custodians are responsible for providing monthly or quarterly account statements which reflect the positions (and current pricing) in each account as well as transactions in each account, including fees paid from an account. Account custodians also provide prompt confirmation of all trading activity, and year-end tax statements, such as 1099 forms. WWM will provide additional written reports as needed or requested by the client.

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

As noted above, WWM may receive some benefits from Fidelity based on the amount of client assets held at Fidelity. Please see ***Brokerage Practices*** for more information. However, neither Fidelity nor any other party is paid to refer clients to WHM.

#### ***Item 15 - Custody***

Fidelity is the custodian of nearly all client accounts at WWM. From time to time however, clients may select an alternate broker to hold accounts in custody. In any case, it is the custodian's responsibility to provide clients with confirmations of trading activity, tax forms and at least quarterly account statements. Clients are advised to review this information carefully, and to notify WWM of any questions or concerns. Clients are also asked to promptly notify WWM if the custodian fails to provide statements on each account held.

From time to time and in accordance with WWM's agreement with clients, WWM will provide additional reports. The account balances reflected on these reports should be compared to the

balances shown on the brokerage statements to ensure accuracy. At times there may be small differences due to the timing of dividend reporting, accrued interest on bonds, and pending trades.

#### ***Item 16 - Investment Discretion***

As described in the **Advisory Business** section, WWM will accept clients on either a discretionary or non-discretionary basis. For *discretionary accounts*, a Limited Power of Attorney ("LPOA") is executed by the client, giving WWM the authority to carry out various activities in the account, generally including the following: trade execution; the ability to request checks on behalf of the client; and, the withdrawal of advisory fees directly from the account. WWM then directs investment of the client's portfolio using its discretionary authority. The client may limit the terms of the LPOA to the extent consistent with the client's investment advisory agreement with WWM and the requirements of the client's custodian.

For *non-discretionary accounts*, the client also generally executes an LPOA, which allows WWM to carry out trade recommendations and approved actions in the portfolio. However, in accordance with the investment advisory agreement between WWM and the client, WWM does not implement trading recommendations or other actions in the account unless and until the client has approved the recommendation or action. As with discretionary accounts, clients may limit the terms of the LPOA, subject to WWM's agreement with the client and the requirements of the client's custodian.

#### ***Item 17 - Voting Client Securities***

With respect to securities selected on behalf of the client in a managed account or recommended to a client, WWM may vote proxies where required under client agreements. WWM seeks to vote proxies in the best interest of the client(s) holding the applicable securities. In voting proxies, WWM considers factors that WWM believes relate to the client's investment(s) and factors, if any, that are set forth in written instructions from the client.

In general, WWM believes that voting proxies in accordance with the following guidelines, with respect to such routine items, is in the best interests of our clients. Accordingly, WWM generally votes **for**:

- The election of directors (where no corporate governance issues are implicated);
- Proposals that strengthen the shared interests of shareholders and management;
- The selection of independent auditors based on management or director recommendation, unless a conflict of interest is perceived;
- Proposals that WWM believes may lead to an increase in shareholder value;
- Management recommendations adding or amending indemnification provisions in charter or by-laws; and
- Proposals that maintain or increase the rights of shareholders.

WWM will generally vote **against** any proposals that WWM believes will have a negative impact on shareholder value or rights. If WWM perceives a conflict of interest, WWM's policy is to notify affected clients so that they may choose the course of action they deem most appropriate.

A copy of our complete policy, as well as records of proxies voted; are available to clients upon request. As required under the Advisers Act, such records are maintained for a period of five (5) years.

***Item 18 - Financial Information***

WWM does not require nor solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, and therefore has no disclosure required for this item.

**Brochure Supplement for**  
**Lewis M. Kayes, III, CFA**

**CRD# 2955249**

**of**

**Willingdon Wealth Management, Inc.**

10224 Hickorywood Hill Avenue  
Suite 202  
Huntersville, North Carolina 28078

(704) 659-7810

[www.WillingdonWealth.com](http://www.WillingdonWealth.com)

April 30, 2012

This brochure supplement provides information about Mike Kayes, and supplements the Willingdon Wealth Management, Inc. ("WWM") brochure. You should have received a copy of that brochure. Please contact WWM at (704) 659-7810 if you did not receive WWM's brochure, or if you have any questions about the contents of this supplement.

Additional information about Mike Kayes is available on the SEC's website at  
[www.AdviserInfo.sec.gov](http://www.AdviserInfo.sec.gov).

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***Educational Background and Business Experience***

Mike Kayes (year of birth 1959) is President of Willingdon Wealth Management, Inc., which he founded in 2003. Mike began his investment career in the early 1980s in Columbus, OH as a research analyst at the Public Employees Retirement System of Ohio. He brings a 25+ year investment career to WWM, with extensive experience in fundamental analysis and portfolio management.

Mike earned his BBA from St. Bonaventure University in 1981 and his MBA from the University of Michigan in 1983. He holds the Chartered Financial Analyst® designation\* and is a member of the North Carolina Society of Financial Analysts.

Mike is active in the community through his participation in Stewards of the Game, a Christian youth sports organization he co-founded in 2001. He is the author of several books including, "Coaching Youth Basketball with Faith and Fundamentals, Calling Tom Canning, My Most Meaningful Bible Verses, and Eleven is Heaven."

\* The Chartered Financial Analyst® (“CFA”) designation is a professional designation given by the CFA Institute that measures the competence and integrity of financial analysts. The CFA Program is a graduate-level self-study program that combines a broad-based curriculum of investment principles with professional conduct requirements. Candidates are required to pass three levels of examinations covering areas such as accounting, economics, ethics, money management and security analysis. Before a candidate is eligible to become a CFA charterholder, he/she must meet minimum experience requirements in the area of investment/financial practice. To enroll in the program, a candidate must hold a bachelor’s degree.

### ***Disciplinary Information***

There is no disciplinary information to report regarding Mike.

### ***Other Business Activities***

Mike is not engaged in any other business activities.

### ***Additional Compensation***

Mike has no other income or compensation to disclose.

### ***Supervision***

Mike Kayes is the President of Willingdon Wealth Management, Inc. and Tom Searson is the Chief Compliance Officer. Both are Portfolio Managers and serve on the investment committee. Overall investment decisions are made as a team by the investment committee, and portfolio activity based on these decisions will be carried by these individuals, as assisted by other staff members of the firm.

Together Mike and Tom are responsible for providing supervisory oversight to the staff. Either one can be reached at (704) 659-7810.



**Brochure Supplement for**  
**Thomas Searson, CFA, CPA**

**CRD# 4915647**

**of**

**Willingdon Wealth Management, Inc.**

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February 16, 2012

This brochure supplement provides information about Tom Searson, and supplements the Willingdon Wealth Management, Inc. ("WWM") brochure. You should have received a copy of that brochure. Please contact WWM at (704) 659-7810 if you did not receive WWM's brochure, or if you have any questions about the contents of this supplement.

Additional information about Tom Searson is available on the SEC's website at  
[www.AdviserInfo.sec.gov](http://www.AdviserInfo.sec.gov).

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***Educational Background and Business Experience***

Tom Searson (year of birth 1976) is Managing Director and Portfolio Manager of Willingdon Wealth Management, Inc., and also serves as the firm's Chief Compliance Officer. Tom received his Master's in Business Administration from the Kenan-Flagler Business School at the University of North Carolina at Chapel Hill in 2004 with a concentration in investment management. He received his undergraduate degree in accounting from the University of Notre Dame in 1998. Tom holds the Chartered Financial Analyst® designation\*, is a Certified Public Accountant\*\* (CPA), and is a member of the North Carolina Society of Financial Analysts.

Tom spent four years at Ernst and Young LLP in Chicago providing audit services for public and private clients in all industries with a focus on the retail, distribution, and manufacturing segment. His largest two clients included a publicly traded leasing corporation and a worldwide logistics corporation. Tom gained investment experience as a high yield analyst at Turner Investment Partners, a firm with assets under management approaching \$13 billion.

Tom joined WWM in July of 2004. His primary responsibilities include research, analysis, and portfolio management. Tom's wife, Stacey, is a family practice physician for CMC Elizabeth Family Medicine. They have two children, Ellie and Jack.

\* The Chartered Financial Analyst® ("CFA") designation is a professional designation given by the CFA Institute that measures the competence and integrity of financial analysts. The CFA Program is a graduate-level self-study program that combines a broad-based curriculum of investment principles with professional conduct requirements. Candidates are required to pass three levels of examinations covering areas such as accounting, economics, ethics, money management and security analysis. Before a candidate is eligible to become a CFA charterholder, he/she must meet minimum experience requirements in the area of investment/financial practice. To enroll in the program, a candidate must hold a bachelor's degree.

\*\* A CPA is a Certified Public Accountant. ALL CPA candidates must pass the Uniform CPA Examination to qualify for a CPA certificate and license to practice public accounting. While the exam is the same regardless of where it is taken, every state/jurisdiction has its own set of education and experience requirements that individuals must meet. However, most states require at least a bachelor's degree and at least two years public accounting experience.

### ***Disciplinary Information***

There is no disciplinary information to report regarding Tom.

### ***Other Business Activities***

Tom is not engaged in any other business activities.

### ***Additional Compensation***

Tom has no other income or compensation to disclose.

### ***Supervision***

Mike Kayes is the President of Willingdon Wealth Management, Inc. and Tom Searson is the Chief Compliance Officer. Both are Portfolio Managers and serve on the investment committee. Overall investment decisions are made as a team by the investment committee, and portfolio activity based on these decisions will be carried by these individuals, as assisted by other staff members of the firm.

Together Mike and Tom are responsible for providing supervisory oversight to the staff. Either may be contacted at either one can be reached at (704) 659-7810.

**Brochure Supplement for**  
**Peter J. Hunt, CTFA**  
**CRD# 5645273**  
**of**  
**Willingdon Wealth Management, Inc.**

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February 16, 2012

This brochure supplement provides information about Pete Hunt, and supplements the Willingdon Wealth Management, Inc. ("WWM") brochure. You should have received a copy of that brochure. Please contact WWM at (704) 659-7810 if you did not receive WWM's brochure, or if you have any questions about the contents of this supplement.

Additional information about Pete Hunt is available on the SEC's website at  
[www.AdviserInfo.sec.gov](http://www.AdviserInfo.sec.gov).

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***Educational Background and Business Experience***

Pete Hunt (year of birth 1975) is Senior Wealth Advisor of Willingdon Wealth Management, Inc. Pete received his Master's in Business Administration from Campbell University in 1998. He received his undergraduate degree in Trust Management and minor in Financial Planning from Campbell University in 1998, as well. Pete is a member of the American Bankers Association, and a Certified Trust and Financial Advisor\* (CTFA). He is a member of the Charlotte Estate Planning Council and serves on the steering committee for Estate Planner's Day at Queens University.

Pete spent 5 years with Bank of America's Trust Department in Tampa, Florida as an account opening coordinator and team leader. He spent an additional 3 years with Bank of America's Wealth Management in Charlotte, North Carolina as a local Trust Officer. Prior to joining WWM, Pete spent the previous 3 years with First Charter Bank as a Trust Officer in Charlotte, North Carolina.

Pete joined WWM in February of 2009. His primary responsibilities include business development, customer service, and estate planning. His commitment to providing the highest level of personal service to WWM's clients will be an integral part of WWM's future success.

Pete's wife, Leslie, has worked in Trust & Wealth Management since 2003. They have two children, a daughter, Ava, and a son, Coleman.

\* The CTFA designation is the credential for financial services professionals whose primary function and expertise focus on the provision of fiduciary services related to trusts, estates, guardianships, and individual asset management accounts. This designation signifies that an individual working in this field has attained comprehensive training in Fiduciary & Trust activities, Financial Planning, Tax Law & Planning, Investment Management, and Ethics. A CTFA candidate must meet one of the following prerequisites: A minimum of three years of experience in wealth management as well as completion of one of the Institute of Certified Bankers (ICB) approved wealth management training programs; Five years of experience in wealth management and a bachelor's degree; or, ten years of experience in wealth management. To maintain a CTFA designation, CTFA professionals must pay an annual fee and complete 45 credits of continuing education every three years.

### ***Disciplinary Information***

There is no disciplinary information to report regarding Pete.

### ***Other Business Activities***

Pete is not engaged in any other business activities.

### ***Additional Compensation***

Pete has no other income or compensation to disclose.

### ***Supervision***

Tom Searson, Chief Compliance Officer, and Mike Kayes, President, are responsible for supervising Pete and for reviewing accounts. Either one can be reached at (704) 659-7810.

**Brochure Supplement for**  
**Brian Jones, CFP®**  
**CRD# 4508120**  
**of**  
**Willingdon Wealth Management, Inc.**

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Suite 202  
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February 16, 2012

This brochure supplement provides information about Brian Jones, and supplements the Willingdon Wealth Management, Inc. (“WWM”) brochure. You should have received a copy of that brochure. Please contact WWM at (704) 659-7810 if you did not receive WWM’s brochure, or if you have any questions about the contents of this supplement.

Additional information about Brian Jones is available on the SEC’s website at  
[www.AdviserInfo.sec.gov](http://www.AdviserInfo.sec.gov).

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***Educational Background and Business Experience***

Brian Jones (year of birth 1978) is Financial Strategist of Willingdon Wealth Management, Inc. Brian received his Bachelor’s degree in Economics from the University of North Carolina at Chapel Hill in 2000. Brian earned his CERTIFIED FINANCIAL PLANNER™ certification\* in 2006.

Prior to joining WWM, Brian worked in various roles for Bank of America over a nine year period. He brings a wide range of financial services experience to WWM. At BAC, he managed a banking center, was a Client Manager in the Premier Banking and Investments group and served as a Financial Advisor in the Wealth Management Division. In addition to helping clients with their investable assets, as a CERTIFIED FINANCIAL PLANNER™ practitioner, Brian offers guidance in virtually every area of personal finance including banking & lending, liquidity strategies, insurance, long term care, education, tax, estate and retirement planning.

Brian’s breadth of knowledge and diverse skill set significantly enhances WWM’s wealth management capabilities. Brian’s dedication to his clients and his commitment to the highest level of professionalism in all that he does will make him an integral part of WWM’s future success.

Brian serves on the Board of Directors of the Bruce Irons Camp Fund, a non-profit organization that sends low income children, nominated by their teachers, to a residential camp for five consecutive summers.

Brian's wife, Lindsay, is the Communications and Public Relations Manager of NPower, a non-profit technology consulting firm. Brian and Lindsay have a daughter, Ella, and a son, William.

\* The CFP® certification is granted by Certified Financial Planner Board of Standards, Inc. (CFP Board). To attain the certification, the candidate must complete the required educational, examination and experience requirements set forth by CFP Board. Certain designations, such as the CPA, CFA and others may satisfy the education component, and allow a candidate to sit for the CFP® Certification Examination. The Examination tests the candidate's ability to apply financial planning knowledge to client situations. The 10-hour exam is divided into three separate sessions over a 2-day period. At least 3 years of qualifying full-time work experience are required for certification. Qualifying experience includes work in the area of the delivery of the personal financial planning process to clients, the direct support or supervision of others in the personal financial planning process, or teaching all, or any portion, of the personal financial planning process.

### ***Disciplinary Information***

There is no disciplinary information to report regarding Brian.

### ***Other Business Activities***

Brian is not engaged in any other business activities.

### ***Additional Compensation***

Brian has no other income or compensation to disclose.

### ***Supervision***

Tom Searson, Chief Compliance Officer, and Mike Kayes, President, are responsible for supervising Brian and for reviewing accounts. Either one can be reached at (704) 659-7810.

**Brochure Supplement for**

**Theodore E. Ake**

**CRD# 1715634**

238 Lafayette Ave  
Chatham, NJ 07928  
(973) 635-1353

**of**

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April 30, 2012

This brochure supplement provides information about Ted Ake, and supplements the Willingdon Wealth Management, Inc. ("WWM") brochure. You should have received a copy of that brochure. Please contact WWM at (704) 659-7810 if you did not receive WWM's brochure, or if you have any questions about the contents of this supplement.

Additional information about Ted Ake is available on the SEC's website at  
[www.AdviserInfo.sec.gov](http://www.AdviserInfo.sec.gov).

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***Educational Background and Business Experience***

Ted Ake (year of birth 1955) joined WWM in 2012 as a Director. He has been working in the Fixed Income markets for the last 29 years. His last 7 years, Ted has been responsible for managing an institutional trading desk including developing both short and long term strategies. Most recently, Ted was a Managing Director responsible for building the US dollar Rates platform at Societe Generale Securities in New York City. Prior to that, Ted managed all taxable trading for Mizuho Securities, USA in New York. Ted has traded in New York, Chicago, San Francisco and Charlotte for working for a variety of securities firms focused on Rates products (US Treasuries and Agencies). Early in his career, he sold money market instruments including short term Treasuries and municipal securities.

Ted earned his BA from Northwestern University in Political Science and Economics and his MBA from the University of Illinois.

***Disciplinary Information***

There is no disciplinary information to report regarding Ted.

***Other Business Activities***

Ted is not engaged in any other business activities.

***Additional Compensation***

Ted has no other income or compensation to disclose.

***Supervision***

Tom Searson, Chief Compliance Officer, and Mike Kayes, President, are responsible for supervising Ted and for reviewing accounts. Either one can be reached at (704) 659-7810.



**Brochure Supplement for**  
**Valorie Elizabeth Ake**  
**CRD# 1156909**

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Chatham, NJ 07928  
(973) 635-1353  
**of**

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April 30, 2012

This brochure supplement provides information about Val Ake, and supplements the Willingdon Wealth Management, Inc. ("WWM") brochure. You should have received a copy of that brochure. Please contact WWM at (704) 659-7810 if you did not receive WWM's brochure, or if you have any questions about the contents of this supplement.

Additional information about Val Ake is available on the SEC's website at  
[www.AdviserInfo.sec.gov](http://www.AdviserInfo.sec.gov).

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***Educational Background and Business Experience***

Val Ake (year of birth 1960) joined WWM in 2012 as a Director. Val's career in Finance was a Senior Account Officer in Institutional sales servicing clients who manage investments for corporation, money market funds, and insurance companies. She sold fixed income products – US treasuries, money market instruments, mortgage-backed securities, and interest rate products.

Val earned her BA from Washington University in Economics with a double minor in Business Administration and History. She has been a full-time mother of two children and an active community volunteer for the past twenty years.

***Disciplinary Information***

There is no disciplinary information to report regarding Val.

***Other Business Activities***

Val is not engaged in any other business activities.

***Additional Compensation***

Val has no other income or compensation to disclose.

***Supervision***

Tom Searson, Chief Compliance Officer, and Mike Kayes, President, are responsible for supervising Val and for reviewing accounts. Either one can be reached at (704) 659-7810.