

Part 2A of Form ADV: *Firm Brochure*

Chatham Advisors, LLC

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3/19/2012

This brochure provides information about the qualifications and business practices of Chatham Advisors, LLC. Please contact Malcolm Trevillian, Managing Member of Chatham Advisors LLC, if you have any questions about the contents of this brochure. 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. We are a Registered Investment Adviser. Registration of an Investment Adviser does not imply a certain level of skill or training. Additional information about Chatham Advisors is available on the Internet at www.adviserinfo.sec.gov/IAPD/. You can search this site by a unique identifying number, known as a CRD number. The CRD number for Chatham Advisors is 146937.

Item 2 – Material Changes

On July 28, 2010, the United State Securities and Exchange Commission published “Amendments to Form ADV” which amends the disclosure document that we provide to clients as required by SEC Rules. This Brochure is a new document prepared according to the SEC’s new requirements and rules. As such, this document is materially different in structure and requires certain new information that our Brochures prior to July 28, 2010 did not require.

Our last annual Brochure update was on March 7, 2011.

Our last interim Brochure update was on September 1, 2011. Since that time there have been no material changes to the Brochure.

If there are future material changes to the Brochure, this Item will discuss specific material changes that are made to the Brochure and provide clients with a summary of such 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 SEC Rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business’ fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

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

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Item 4 – Advisory Business

In 2008 Malcolm Trevillian, our principal owner, founded the firm. We are an SEC Registered Investment Adviser. Our focus is helping people prepare financially for retirement and helping retirees maintain and enhance their wealth. Our fiduciary standard is a higher standard of care than the suitability standard practiced by brokers and commission-based financial advisors. We are required by law to act in our clients' best interests.

Chatham Advisors offers investment advisory services and financial planning services to individuals and high net worth individuals, corporations, trusts, estates, or charitable organizations.

Investment Advisory Services

Our advisory services consist of:

- Providing continual investment management and advice to clients
- Making investments for our clients based on their individual needs
- Managing investment accounts on a discretionary and non-discretionary basis

Clients guide our services through stated objectives such as capital appreciation or income. We will create a portfolio that allocates clients' assets among various investments based on clients' objectives and their preferred management style. The portfolio may consist of individual equities, bonds, exchange traded funds, mutual funds, and other investment products.

Our mutual fund selection process puts the clients' interest first. We seek to minimize fees, and thus we select no-load and load-waived funds. We also consider:

- The fund's performance history and the track record of its manager
- The fund's management style and philosophy
- The industry style in which the fund invests

Clients will retain all ownership of securities and will have the opportunity to place reasonable restrictions on the types of investments we will make on their behalf.

Financial Planning Services

Chatham Advisors also provides financial planning advice that may or may not be directly related to the investments under management. Financial planning advice primarily involves the following areas:

- **RETIREMENT:** Analysis of current strategies and investment plans to help the client achieve his or her retirement goals
- **INVESTMENTS:** Analysis of investment alternatives and their effect on a client's portfolio

During the planning process we gather required information through in-depth personal interviews. This information includes a client's current financial status, future goals and attitudes towards risk. Clients supply us with related documents which we carefully review. During the financial planning process we may prepare a written report for the client.

Should a client choose to implement the recommendations contained in the plan with another advisor, Chatham Advisors suggests the client work closely with his/her attorney, accountant, insurance agent, and/or other financial advisor. The client will determine how to implement the financial plan's recommendations. Financial Planning recommendations are not limited to any specific product or service offered by a broker dealer or insurance company. All recommendations are of a generic nature.

Consulting

Clients can also receive investment advice on a more limited basis. This may include advice on only an isolated area(s) of concern such as estate planning, retirement planning, reviewing a client's existing portfolio, or any other specific topic. We also provide specific consultation and administrative services regarding investment and financial concerns of the client.

We also provide advice on non-securities matters. Generally, this is in connection with the rendering of estate planning, insurance, and/or annuity advice.

Wrap Fee Program

Chatham Advisors does not participate in a Wrap Fee program.

Assets Under Management

As of 12/31/2011, Chatham Advisors managed \$31,712,562 in discretionary assets and no non-discretionary assets.

Item 5 – Fees and Compensation

Portfolio Management Services

Chatham Advisors charges fees based on a percentage of assets under management, according to the following schedule:

Assets under management - Annual Fee (%)

- First \$1 million - 1.00%
- Next \$1 million - 0.70%
- All additional assets above \$2 million - 0.50%
- Fees may be negotiable under special circumstances.

Clients must pay fees in advance. We invoice clients at the beginning of each calendar quarter, and the fee is based upon the value of the client's accounts at the end of the previous quarter. We use the market value of assets or the fair market value when market value is not available. Fees will come directly from the client's account.

Chatham Advisors does not charge fees on the basis of a share of capital gains, capital appreciation of the funds, or any portion of the funds of an advisory client. In certain circumstances, all fees and account minimums may be negotiable.

Financial Planning/Consulting

Chatham Advisors provides financial planning and consulting as part of our portfolio management services. We may negotiate fees for consulting services should the client have a consulting need that will require an unusual amount of time,.

The fee will be based on the length of time it will take to complete the service and on the nature and complexity of the individual client's personal circumstances. If we negotiate an hourly fee, an estimate for total hours will be determined at the start of the advisory relationship.

Fees are due and payable upon completion of the service. Chatham Advisors may request a retainer upon completion of the fact-finding session with the client. There will be a limit of \$500 in advance payment for work that will not be completed within six months.

Mutual Fund and Other Fees

All fees paid to Chatham Advisors for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds to their shareholders. These fees and expenses are described in each fund's prospectus. They generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge.

Our services assist clients in determining which mutual fund or funds are most appropriate to their financial condition and objectives. A client could invest in a mutual fund directly, without the services of Chatham Advisors. In that case, the client would not receive the services provided by Chatham Advisors. For purposes of evaluation, the client should review both the fees charged by the funds and the fees charged by Chatham Advisors.

Clients may incur brokerage or other transaction costs. Item 12 describes the factors that we consider in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (e.g., commissions)

Refunds

Either Chatham Advisors or the client may cancel the relationship at any time for any reason, upon receipt of 30 days written notice. Upon termination we will refund any prepaid, unearned fees promptly while any earned, unpaid fees will be due and payable. We determine refunds based on the number of days remaining in the billing period. Malcolm Trevillian will be responsible for handling refunds. The client has the right to terminate an agreement without penalty within five business days after entering into the agreement.

Item 6 – Performance-Based Fees and Side-By-Side Management

Chatham Advisors does not charge any performance-based fees. Please see Item 5.

Item 7 – Types of Clients

Chatham Advisors offers investment advisory services and financial planning services to individuals and high net worth individuals, corporations, trusts, estates, or charitable organizations. We generally require a minimum of \$400,000 in assets, subject to negotiation.

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

Chatham Advisors uses the following overall investment strategies:

1. Asset allocation: We apportion assets among equities, fixed income, and other investments based on our clients' goals, their risk tolerance, and the length of time with which they can hold their investments.
2. Global diversification: Investing in different regions of the world both maximizes opportunities and hedges against risk.

3. Controlling expenses: Fees and hidden expenses can undermine the success of a client's portfolio. We aim to use low-cost investments such as index funds when possible. We are a fee-for-service firm and do not receive commissions on securities.

We may engage in short term purchases of securities, where the security is held for less than a year. We may engage in long term purchases which will hold the security for a year or more. We may actively trade securities, holding them for less than thirty days—but only when appropriate and in accordance with clients' tolerance for risk and expenses.

Our research methods consider information from ratings agencies, economists, and periodicals. We also use proprietary research methods. These methods include analysis of statistics on market activity as well as analysis on cyclical and secular economic trends.

Other Types of Transactions

For select clients Chatham Advisors may engage in option sales. An option is the right to purchase a certain number of shares in a stock by a certain date. We use this as a strategy for hedging and income generation. As another form of hedging we utilize short sales and "bear market" funds, which bet that a security will go down in price. For select clients we may also engage in margin transactions.

Risks

Investing in securities involves risk of loss that clients should be prepared to bear. Frequent trading could degrade portfolio performance and increase expenses for the client. Short sales can lead to losses should the price of a security increase instead of decrease. Margin transactions rely on borrowed money and can incur additional losses.

At Chatham Advisors we seek to understand our clients' tolerance for risk and take it into account when building and managing their portfolio. We take prudent steps to mitigate risk when possible.

Please contact Malcolm Trevillian with any questions about investment strategies, research methods, and investment risk.

Item 9 – Disciplinary Information

Chatham Advisors and its employees have no material legal or disciplinary events to disclose.

Item 10 – Other Financial Industry Activities and Affiliations

No management persons of Chatham Advisors serve as representatives or associated persons of a broker-dealer, commodities merchant, or similar entities. No employee has applications to be registered in those capacities.

No outside person provides commissions or other economic benefit to Chatham Advisors for giving advice to its clients. Chatham Advisors does not directly or indirectly compensate any persons for client referrals.

AFFILIATION WITH VERITY INVESTMENTS

Chatham Advisors is affiliated with Verity Investments, which provides investment advisory services, brokerage services, banking products, employer plan services and 403(b) plans. Chatham Advisors pays Verity Investments a portion of fees collected each quarter. Verity provides us with direct services including: office space, supplies, reception and meeting space, compliance oversight, research, data storage and e-mail services. Indirect services include the ability to work and share investment ideas with seasoned, like-minded investment professionals.

In addition to being a principal of Chatham Advisors, Malcolm Trevillian is also an employee of Verity Investments and serves on Verity Investment's Asset Management Committee. In his capacity as a Verity employee, Malcolm Trevillian will also serve clients of Verity Investments.

A conflict of interest could arise if Verity Investments and Chatham Advisors were to buy or sell securities at the same time. When trading, Malcolm Trevillian first verifies with Verity Investments that Verity is not actively trading the same securities at the same time.

Verity provides periodic and ongoing monitoring of Chatham Advisors' accounts and trades to check for conflicts of interest. In a representative sample of accounts, authorized Verity personnel periodically monitor account statements and trades to verify that they are consistent with clients' account objectives.

Contact information for Verity Investments is as follows:

Gordon Wegwart, President
280 South Mangum Street, Suite 550
Durham, NC 27701
Telephone: (919) 490-6717
Toll-free: (800) 247-6717
Fax: (800) 489-8939
Web: www.verityinvest.com

Item 11 – Code of Ethics

Chatham Advisors has adopted a Code of Ethics expressing the firm's commitment to ethical conduct. The Code of Ethics describes the firm's fiduciary duties and responsibilities to clients, and sets forth the practice of supervising the personal securities transactions of supervised persons with access to client information. Individuals associated with Chatham Advisors may buy or sell securities for their personal accounts identical to or different than those recommended to clients.

Block Trading and Employee Accounts

Chatham Advisors will use block trades through the company's master account. In a block trade, all clients will receive the same share price. Block trades are not relevant to commissions paid to the broker.

No person employed by Chatham Advisors shall prefer his or her own interest to that of an advisory client or make personal investment decisions based on the investment decisions of advisory clients. Employee and client accounts

may trade on the same day. It is our policy that, when not block trading, employee accounts will receive a worse price than any client account should they be trading the same security on the same day.

We require employees to report personal securities transactions to the Chief Compliance Officer quarterly. The Chief Compliance Officer must pre-approve investments in initial public offerings and private offerings. Verity Asset Management also provides compliance support in overseeing personal securities transactions. Item 10 discusses internal controls to handle situations which could arise where Chatham Advisors and Verity Investments may be trading the same securities.

Chatham Advisors will provide a complete copy of its Code of Ethics to any client upon request.

Item 12 – Brokerage Practices

Chatham Advisors does not pay “soft dollars” to broker-dealers, for benefits such as research or third party services. We also do not receive referrals from any broker-dealers. Chatham Advisors may receive research from a broker-dealer as an incidental service, but these services are in no way tied to client commissions.

Directed Brokerage

Chatham Advisors’ clients primarily utilize the brokerage and custody services of Charles Schwab & Company. We believe that Charles Schwab & Company has and will continue to provide excellent care and best execution of client accounts and transactions. We also believe that Charles Schwab & Company has sufficient financial strength to safeguard client assets. Subject to negotiation, we will take non-Schwab accounts under special circumstances, such as retirement accounts that cannot be moved.

Client transaction costs are determined by Charles Schwab & Company. The costs are based upon the amount of assets in custody and whether the client has elected to receive electronic communication in lieu of paper. Chatham Advisors does not have control over commission rates at Charles Schwab & Company on behalf of individual clients. A disparity in commission charges may exist between the commissions charged to other clients. Our general practice is to aggregate trades barring some exceptional circumstance.

Clients may request that brokerage transactions be directed to a particular broker or dealer and we will accommodate. Chatham Advisors may also provide investment management services through other brokerage firms or custodians designated by clients. For each of these accounts, clients provide a user name and password for Internet access. However, if Chatham Advisors believes that the use of that broker dealer would hinder us in meeting fiduciary obligations, we will not be able to accept the account or execute the transactions.

Schwab Institutional Services Program

Chatham Advisors participates in the Schwab Institutional Services program offered to independent investment advisers by Charles Schwab & Company, Inc., an NASD registered broker dealer. As part of the program, Chatham Advisors receives benefits that it would not receive if it did not offer investment advice. The benefits received do not depend upon the amount of transactions directed to Charles Schwab & Co., Inc.

The benefits of Schwab Institutional program include:

- access to client statements and tax reports via the Internet

- access to a trading desk serving program participants exclusively
- access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts
- ability to have investment advisory fees deducted directly from client accounts
- access to an electronic communication network for client order entry and account information
- receipt of compliance publications
- access to mutual funds which generally require significantly higher minimum initial investments or are generally available only to institutional investors
- access to certain research services via the internet

Item 13 – Review of Accounts

PORTFOLIO MANAGEMENT SERVICES

Chatham Advisors reviews accounts at least monthly, while continuously monitoring underlying securities within Portfolio Management Services. We review accounts in the context of each client's stated investment objectives and guidelines. We also may initiate more frequent reviews in light of material changes in variables such as the client's individual circumstances, or the market, political or economic environment.

In addition to the monthly statements and confirmations of transactions that Portfolio Management Services clients receive from their broker dealer, Chatham Advisors will provide quarterly reports summarizing account performance, balances and holdings.

Item 14 – Client Referrals and Other Compensation

Chatham Advisors does not receive outside compensation for advising its clients. Please see Item 10 for an explanation of our affiliation and fee arrangement with Verity Investments.

Item 15 – Custody

Charles Schwab serves as the custodian for most clients of Chatham Advisors. Clients have online access to their accounts and receive monthly statements. Chatham Advisors also sends quarterly statements. These statements could vary from custodial statements depending on accounting procedures, reporting dates, etc. We urge clients to review these quarterly statements and compare them to the custodian's records.

Chatham Advisors deducts fees directly from client accounts.

Item 16 – Investment Discretion

Chatham Advisors requires written authority from discretionary clients to determine which securities to buy or sell, and the amounts of these securities. We exercise this discretion in a manner consistent with the stated investment objectives for the particular client account.

The client shall include any limitations on this discretionary authority in the written authority statement. Clients may change/amend these limitations as required by submitting amendments in writing.

Any limitations on this discretionary authority shall be included in this written authority statement.

Item 17 – Voting Client Securities

New advisory clients may not elect to delegate their proxy voting authority to Chatham Advisors, although some existing clients have delegated this authority. Clients may, at their election, choose to receive proxies related to their own accounts, in which case Chatham Advisors may consult with clients as requested. When Chatham Advisors has discretion to vote proxies of its clients, it will vote those proxies in the best interests of its clients and in accordance with Chatham Advisors established policies and procedures.

The clients may obtain a copy of our complete proxy voting policies and procedures by contacting Malcolm Trevillian. Clients may request, in writing, information on how Chatham Advisors voted in past proxies for their account. We will promptly provide this information to the client.

Item 18 – Financial Information

Chatham Advisors has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients. We have not been the subject of a bankruptcy proceeding.

Item 19 – Requirements for State-Registered Advisers

Chatham Advisors has one principal executive officer. Please see attached supplement, ADV Part 2B, for more information.

We do not engage in other business outside of providing investment advice.

We do not accept performance-based fees, nor do any supervised persons.

Chatham Advisors has not been found liable of any arbitration claim, civil law suit, disciplinary proceeding, etc.

Brochure Supplement

Item 1 – ADV Part 2B Cover Page

MALCOLM M. TREVILLIAN
Chatham Advisors, LLC
280 South Mangum St
550 Diamond View II
(919) 489-8181
January 20, 2011

This brochure supplement provides information about Malcolm M. Trevillian that supplements the Chatham Advisors brochure. You should have received a copy of that brochure. Please contact Malcolm Trevillian if you did not receive Chatham Advisor's brochure or if you have any questions about the contents of this supplement.

Additional information about Malcolm Trevillian is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 – Educational Background and Business Experience

BORN: 1956

EDUCATION

Furman University, Greenville, SC, 1978 BA in Interdisciplinary Studies with an emphasis on Economics and Biology.

EMPLOYMENT HISTORY

President, Chatham Advisors, LLC 03/2008 to Present.

Investment Advisor Representative, Verity Investments 10/2008 to Present.

President, Director, Chapel Hill Investment Advisors, Ltd. from 01/2004 to 06/2008.

Director, Comperio Retirement Consulting, Inc. from 05/06 to 06/2008.

Senior Portfolio Manager and Analyst, Franklin Street Partners, Inc., Chapel Hill, NC from 06/94 to 12/03. Served on the firm's corporate Board of Directors.

Mutual Fund and Institutional Portfolio Manager, First Union Capital Management Group, Charlotte, NC, from 06/86 to 06/94.

EXAMINATIONS AND PROFESSIONAL DESIGNATIONS

Certified Financial Planner (CFP), 06/1985

Chartered Financial Analyst (CFA), 09/1989

Chartered Market Technician (CMT), 06/2006

CFP, CFA, and CMT designations require education through coursework, industry experience, examinations, and ethics training. These designations are usually held by established financial professionals with bachelors degrees.

A **Certified Financial Planner (CFP)** must meet education, examination, experience and ethics requirements. A CFP studies topics such as retirement planning, estate planning, employee benefits planning, and insurance planning. Industry experience, ethics training, and continuing education also give distinction to a CFP.

The **Chartered Financial Analyst (CFA)** is a globally respected, graduate-level investment credential established in 1962 and awarded by CFA Institute — the largest global association of investment professionals. The three levels of the CFA Program test a proficiency with a wide range of fundamental and advanced investment topics, including ethical and professional standards, fixed-income and equity analysis, alternative and derivative investments, economics, financial reporting standards, portfolio management, and wealth planning.

The **Chartered Market Technician (CMT)** is a professional designation that confirms proficiency in technical analysis of the financial markets. Technical analysis involves forecasting prices of securities based on the study of past data such as volume and price changes.

Item 3 – Disciplinary Information

There are no legal or disciplinary events material to a client or prospective client's evaluation of Malcolm Trevillian.

Item 4 – Other Business Activities

Malcolm Trevillian is an employee of Verity Investments and serves on Verity Investments' Asset Management Committee. As a member of the Verity Asset Management Committee, he helps oversee the investment approach of the firm. He is also a Registered Representative of Verity Investments and has a role in business development, with a focus on institutional clients.

A conflict of interest could arise if Verity Investments and Chatham Advisors were to buy or sell securities at the same time. When trading, Malcolm Trevillian first verifies with Verity Investments that Verity is not actively trading the same securities at the same time. Verity also monitors accounts and trading as part of its supervision of Chatham Advisors (please see Chatham Advisors Form ADV Part II Item 6).

Item 5 – Additional Compensation

Malcolm Trevillian does not receive any outside bonuses or other economic benefits for advising his clients.

Item 6 – Supervision

Authorized personnel from Verity Investments supervise Malcolm Trevillian as part of an agreement between Verity Investments and Chatham Advisors. Verity's supervision consists of:

- Continual monitoring of personal account statements and trade confirmations to verify no conflicts of interest relative to trading in Verity model portfolios
- Periodic monitoring of trading in representative sampling of Chatham accounts to verify no conflicts of interest relative to trading in Verity model portfolios.
- Periodic monitoring of account statements and trading activity in representative sampling of Chatham accounts to verify consistency with account objectives and overall suitability

Item 7 – Requirements for State-Registered Advisers

Malcolm Trevillian has not been found liable in any arbitration claims or other proceedings. Malcolm Trevillian has not been the subject of a bankruptcy petition.