



LEAVELL
INVESTMENT MANAGEMENT

Trusted Investment Solutions Since 1979

210 Saint Joseph Street
Mobile, Alabama 36602
251.433.3709 Toll Free: 877.853.9876

2712 18th Place South
Birmingham, Alabama 35209
205.879.1654 Toll Free: 800.657.3079

www.leavellinvestments.com

FORM ADV PART 2A: *Disclosure Brochure*
March 25, 2015

This brochure provides information about the qualifications and business practices of **Leavell Investment Management, Inc.** If you have any questions about the contents of this brochure, please contact us at 877-853-9876. 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 **Leavell Investment Management, Inc.** is also available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

On July 28, 2010, The United States Securities and Exchange Commission published “Amendments to Form ADV” which amends the disclosure document that we provide to clients and prospective clients as required by SEC Rules.

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

Currently, our Brochure may be requested free of charge by contacting us at one of the numbers or the website given on the cover of the Brochure.

Additional information about Leavell Investment Management, Inc. is also available via the SEC’s website, www.adviserinfo.sec.gov. The SEC’s website also provides information about any persons affiliated with Leavell Investment Management, Inc. who are registered as investment adviser representatives of Leavell Investment Management, Inc.

This Brochure was last dated July 29, 2014. Since that time, there has been one change that may or may not be material to your evaluation of Leavell Investments. This change includes:

1. The assets under management has been updated.

Item 3 –Table of Contents

Item 1 – Cover Page.....	i
Item 2 – Material Changes	ii
Item 3 –Table of Contents.....	iii
Item 4 – Advisory Business	1
Item 5 – Fees and Compensation	2
Item 6 – Performance-Based Fees and Side-By-Side Management.....	4
Item 7 – Types of Clients	4
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss	4
Item 9 – Disciplinary Information	9
Item 10 – Other Financial Industry Activities and Affiliations.....	9
Item 11 – Code of Ethics.....	10
Item 12 – Brokerage Practices.....	11
Item 13 – Review of Accounts	14
Item 14 – Client Referrals and Other Compensation	15
Item 15 – Custody	15
Item 16 – Investment Discretion	15
Item 17 – Voting Client Securities	16
Item 18 – Financial Information.....	17
Item 19 –Miscellaneous	17
A. <i>Class Action Claims</i>	17
B. <i>Business Continuity</i>	17

Throughout this Brochure, “Leavell”, “the Firm”, “Advisor”, “we”, “our”, or “us” refers to Leavell Investment Management, Inc., whereas “you”, “your” or “client” refers to the client or prospective client.

Item 4 – Advisory Business

A. *Principal Owners*

Leavell Investment Management, Inc. (“Leavell”), formerly T. Leavell & Associates, Inc., was established in 1979 in Mobile, Alabama, by Thomas W. Leavell. Today, Leavell employs fifteen investment professionals, has an additional office in Birmingham, and has become one of the larger independent investment counseling firms in the Southeast. Mr. Leavell was a principal owner until July 24, 2014. Currently, the majority of professionals in the company are shareholders but none owns 25% or more of the outstanding shares.

B. *Types of Advisory Services*

Leavell provides investment management services to its clients based on discretionary authority provided to the Firm by clients at the outset of the investment advisory relationship, which is discussed in more detail in Item 16. Clients of the Firm include individuals, families, and businesses; trusts; estates; pension and profit sharing plans; 401(k) plans; endowments and foundations; and three registered no-load mutual funds.

In developing the investment advisory relationship, we define a strategy we believe is best suited to achieve the client’s goals through the allocation of assets among various asset classes. Securities within these asset classes may include individual stocks and bonds, mutual funds, and exchange-traded funds. In addition, we utilize other types of investments, including but not limited to master limited partnerships, options, exchange-traded notes, REITs, covered call options, private placements, or long/short funds. See Item 8 for additional considerations on these investments.

Leavell also occasionally provides traditional financial planning for clients. Fees for these services vary by client. All financial plans include a report appropriate for the planning performed. The implementation of any recommendations contained in the report are at the discretion of the client. The financial plan may include, but is not limited to: cash flow planning (including a statement of net worth), risk management, investment review, tax planning, retirement planning, estate planning, and education planning.

C. *Individual Needs of Clients*

At Leavell, one of our goals is meeting the needs of our clients by tailoring an appropriate asset allocation and investment strategy to suit their individual objectives. Each account at Leavell is managed by a team of experienced financial professionals and receives a high level of personal service. An Investment Counselor works closely with the client to analyze needs, set objectives, and monitor the relationship. A Portfolio Manager is assigned to develop and implement investment strategies. The Firm’s investment philosophy seeks to achieve positive relative and absolute returns within the context of the client’s overall objectives. Investment goals are achieved over time through broad diversification, control of risk, and realization of the benefits of compounding. Although most of our clients seek our discretion in allocation of assets and investment in different types of assets, we also work diligently with clients who are more specific in their desires for investing in certain securities or types of securities. Additionally, clients may also direct the brokerage of their accounts, but only after a thorough discussion of the potential higher cost of trading at the specified brokerage firm. This potential failure to achieve “best execution” on

directed trades is further described in Item 12.

D. Wrap Fee Programs

Leavell Investment Management, Inc. provides portfolio management services to a small number of clients through a wrap fee program sponsored by a third party investment advisor. The “sponsor” firm generally enters into contracts with their clients to provide a variety of services, including advisory, brokerage and custodial services, for a predetermined fee. We receive a portion of the wrap fee for our services. It is the responsibility of the “sponsor” to notify the client of the services provided by Leavell Investment Management and the portion of the attributable fee paid. Investment management provided to wrap fee clients is substantially the same as that provided to non-wrap fee clients. However, practical restraints to the management of wrap fee accounts may exist. In addition, administrative restrictions imposed by wrap fee sponsors can result in differences as well.

E. Assets Under management

As of December 31, 2013, Leavell managed \$1,395,472,259 on a discretionary basis and \$1,650,496 of assets under management on a non-discretionary basis. These assets under management are determined by the same formula as in Form ADV Part 1.

Item 5 – Fees and Compensation

A. Fee Schedule

Leavell offers investment advisory services for a percentage of assets under management or a minimum management fee. Fees are negotiated on a case by case basis. Generally, each account is charged quarterly, in advance, based on assets under management up to 1.25%. Depending on the size of the account and the nature of the services provided, an account may be subject to an annual maintenance fee, rather than a fee based on assets under management. Assets held in any of The Government Street Funds are not subject to an asset-based fee.

B. Payment of Fees

The specific manner in which fees are charged by Leavell is established in a client’s written agreement with Leavell. Generally, Leavell invoices its fees on a quarterly basis, in advance, and clients authorize Leavell to directly debit fees from client custodial accounts. However, clients may elect to be invoiced directly.

Clients invested with Leavell through a wrap fee program will generally pay fees only to the program sponsor and not to Leavell directly. The wrap fee program sponsor will then pay Leavell the applicable management fee that is described in the wrap fee program disclosure documents, which may be different from Leavell’s stated advisory fees listed above.

C. Other Fees and Expenses of Advisory Services

Leavell may charge additional fees and/or out of pocket expenses (excessive travel costs, etc.) for ancillary services not outlined or related to investment management services. For example, with any account over which we are deemed to have custody under the Amended Custody Rule, there is an additional fee to cover the cost of the required surprise audit conducted by an independent accountant and report to be filed with the SEC. Such fee is payable by the client.

Leavell's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses charged by the qualified custodian and incurred by the client. Those fees should be disclosed in the statements sent by the qualified custodian of the account. Mutual funds and exchange-traded funds also charge internal management fees, which are disclosed in a fund's prospectus. With the exception of the Government Street Funds, such charges, fees and commissions are exclusive of and in addition to Leavell's fee.

Item 12 further describes the factors that Leavell considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (*e.g.*, commissions).

D. When Fees Are Paid or Refunded

The client's fee schedule is subject to review on an annual basis. Leavell reserves the right to modify the schedule of fees at any time, with 30 days written notice. If a client cancels a contract less than 13 months from the date the first quarterly fee is paid, the client agrees to pay the remaining amount of the first four quarters' fees as a cancellation fee, determined by the assets under management as of the effective date of cancellation. If a client cancels a contract more than 13 months from date of payment of its first quarterly fee, the fee paid for the quarter during which cancellation occurs will be prorated after 30 days from the effective date of cancellation.

E. Government Street Funds

Leavell Investment Management, Inc. manages three no-load mutual funds, The Government Street Funds, which are a series of The Williamsburg Trust and are discussed more in-depth in Item 10.C. Leavell receives a fee for the management of these Funds. Under the Investment Advisory Agreements between Leavell and The Williamsburg Trust, Leavell is entitled to compensation for its management of the Government Street Equity Fund, based on the Fund's daily average net assets at the following rate: on the first \$100 million, 0.60%; on assets over \$100 million, 0.50%. Compensation of Leavell with regard to the Alabama Tax-Free Bond Fund, based upon the Fund's daily average net assets, is at the following rates: on the first \$100 million, 0.35%; on assets over \$100 million, 0.25%. Compensation of Leavell with regard to the Government Street Mid-Cap Fund, based upon the Fund's daily average net assets, is at the annual rate of 0.75%. Leavell employees' first and foremost duty as a fiduciary is to the client's objectives, which is taken into consideration before recommending The Government Street Funds. Therefore, Leavell will only invest in these Funds when it is in the client's best interest. Leavell employees disclose this potential conflict of interest with clients and allow the client to opt out of investing in the Funds at the inception of the relationship. Leavell does not accept an asset-based fee from advisory clients on any client assets held in the Funds.

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

Leavell does not accept any performance-based fees (that is, fees based on a share of capital gains on or capital appreciation of the assets of a client).

Item 7 – Types of Clients

Leavell provides customized investment management services to individuals, families, and businesses; trusts; estates; pension and profit sharing plans; 401(k) plans; endowments and foundations; and three registered no-load mutual funds. There is no minimum asset size requirement for opening or maintaining an account with Leavell. However, there is a minimum \$5,000 annual fee per relationship, although this minimum fee can be waived on a case-by-case basis.

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

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

The investment philosophy of Leavell seeks to achieve positive relative and absolute investment returns. Investment goals are achieved over time through broad diversification, control of risk and realization of the benefits of compounding.

Building and managing portfolios to meet the objectives of individual clients encompasses a multitude of factors. Before beginning this process, however, Leavell assists the client in establishing realistic investment goals. Consideration is given to such factors as income requirements, liquidity needs, capital growth objectives, tax considerations, levels of risk tolerance, and investment time horizons.

Next, a strategy is defined to achieve those goals through the allocation of assets among various asset classes. Securities within these asset classes may include individual stocks and bonds, mutual funds, and exchange-traded funds. In addition, other types of investments are utilized, such as master limited partnerships, options, exchange-traded notes, REITs, covered call options, private placements, or long/short funds. See Item 8.C for information on risks associated with the types of securities in which Leavell clients are typically invested.

A. *Method of Analysis*

Leavell's primary method of analysis is fundamental. The main sources of information include Morningstar reports, fund prospectuses, S&P reports, Valueline reports, financial newspapers and magazines, research materials prepared by others, filings with the Securities and Exchange Commission, and annual reports. Employees of Leavell also, on occasion, visit with fund and portfolio managers, attend conference calls, and attend industry conferences.

B. *Investment Strategies*

1. *Equity Management*

Leavell's investment philosophy for equity management seeks to achieve long term capital growth while focusing on the control of risk in the portfolio. Equities have historically

provided superior long-term returns to other financial asset classes. Leavell attempts to capture these returns through the construction of a broadly diversified portfolio of high quality stocks, mutual funds and/or exchange-traded funds. Because of volatility in the stock market, the importance of having a long-term perspective when investing in equities is emphasized.

Depending upon the size of the account, equity management asset allocation is begun with a mixture of investments in individual securities, mutual funds and/or exchange-traded funds ("ETFs"). Leavell seeks further strategic asset allocation through investments in a variety of capitalization ranges (such as small capitalization ("cap")), or mid cap), sector variations (such as real estate investment trusts or other alternative investments), and global diversification through international investments in developed and emerging market equity securities.

The Firm employs a list of mutual funds, ETFs, and other investments that have been screened by the portfolio managers. Select portfolio managers are responsible for different segments of the market (e.g. large cap, mid cap, small cap, international and alternative). The investments are evaluated periodically and replaced when appropriate. A portfolio is constructed using these investments based on the return objectives and risk preferences of the client. To maintain the quality and diversification that is desired, the portfolio is periodically evaluated and re-balanced.

Leavell does not engage in "market timing" as related to the significant movement of assets into and out of the stock market. To the extent practicable and in accordance with the liquidity objectives of the client, the portfolio generally remains fully invested.

2. Fixed Income Management

Leavell's fixed income philosophy is designed to protect principal through management of risk and to provide a steady, reliable source of income for the client. Leavell builds quality bond portfolios with a short-to-intermediate term average life. This philosophy is consistent with the Firm's emphasis on risk control and income generation within a fixed income portfolio.

The Firm often employs mutual funds and ETFs to add diversification to client fixed income portfolios. Their use is typically dictated by account size or other considerations. Portfolios can include international and emerging market, as well as domestic funds and ETFs. The risk profile of each of these funds and ETFs will vary according to the credit quality of the individual bonds held within them.

When Leavell employs individual bonds in a client portfolio, the Firm seeks to ladder maturities over a period of years to achieve a desired average life for the portfolio. The range of the laddered portfolio will depend upon the outlook for interest rates and the current market environment. This strategy reduces the volatility of the portfolio and reduces the risk of missing reinvestment opportunities in periods of rising interest rates. This strategy also provides a way to adjust the average life of the portfolio without having to liquidate securities.

Portfolio turnover is kept to a minimum. Low portfolio turnover minimizes trading expenses which can have a significant impact upon the total return of the portfolio. Absent

some compelling reason (i.e. changes in credit quality or interest rate environments), fixed income securities are generally held to maturity.

Portfolios of taxable securities may include obligations of the U. S. Treasury, U.S. Government Agencies, corporate securities with a rating at time of purchase of A or better, and other fixed income securities. The portion of the portfolio invested in corporate securities is diversified among different economic sectors and industries. Where appropriate, the Firm will utilize securities exempt from either federal or state income taxes, or both. The tax-exempt securities will include bonds with ratings of A or better at time of purchase and will be diversified among different issuers.

C. Risk of Loss

All investment programs carry the risk of loss and there is no guarantee that any investment strategy will meet its objective. Our investment approach constantly keeps the risk of loss in mind. Depending on the types of securities held in a portfolio, a client may face the following risks:

Stock Market Risk. The value of an investment will fluctuate in response to stock market movements. Stocks and other equity securities are subject to inherent market risks and fluctuations in value due to earnings and other developments affecting a particular company or industry, stock market trends, general economic conditions, investor perceptions, interest rate changes and other factors beyond the control of Leavell. Stocks tend to move in cycles and may experience periods of turbulence and instability. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.

Large Capitalization Risk. Larger capitalization companies may be unable to respond quickly to new competitive challenges, such as changes in technology and consumer tastes, and may not be able to attain the high growth rate of successful smaller companies, especially during extended periods of economic expansion.

Mid- and Small-Capitalization Risk. Mid- and Small-capitalization companies often involve higher risks because they may lack the management experience, financial resources, product diversification and competitive strengths of larger companies. In addition, certain securities of mid- and small-capitalization companies may be traded only over-the-counter or on a regional securities exchange, and the frequency and volume of their trading is substantially less than is typical of larger companies. Therefore, the securities of mid- and small-capitalization companies may be subject to greater price fluctuations.

Mutual Fund Risk. An investment in a mutual fund generally presents the same primary risks as an investment in a conventional investment company, including the risk that the general level of security prices owned by the mutual fund may decline, thereby affecting the value of the shares of the mutual fund. In addition, mutual funds are subject to other risks including the risk of additional fees and expenses for managing the fund; excessive churning of investments in the fund may increase the capital gains distributed to the shareholder and decrease the rate of return; and, depending on the timing of the investment, investors may also have to pay taxes on capital gains distributions they receive for changes in investments in the months prior to their purchase.

Exchange-Traded Fund ("ETF") Risk. An investment in an ETF generally presents the same primary risks as an investment in a mutual fund, including the risk that the general level of security

prices owned by the ETF may decline, thereby affecting the value of the shares of the ETF. In addition, ETFs are subject to other risks including the risk that the market price of an ETF's shares may trade at a discount to its net asset value, or that an active trading market for an ETF's shares may not be developed or maintained. ETFs are also subject to the risks of the underlying securities or sectors that the ETF is designed to track.

Exchange-Traded Note ("ETN") Risk. An ETN is a senior, unsecured, unsubordinated debt security issued by an underwriting bank. An ETN's primary objective is to offer investors a return that tracks a particular market index. Similar to other debt securities, the credit of the issuer is the only backing for ETNs. Although performance contractually ties to whatever index the ETN is intended to track, ETNs do not have any assets, other than a claim against their issuer for payment according to the terms of the contract. Unlike traditional mutual funds, which can only be redeemed at the end of a trading day, ETNs trade throughout the day on an exchange. ETNs, as debt instruments, are subject to the risk of default by the issuing bank as counterparty. This is the major design difference between ETFs and ETNs: ETFs are only subject to market risk, whereas ETNs are subject to both market risk and the risk of default by the issuing bank.

Master Limited Partnership ("MLP") Risk. MLPs are often marketed as investments that combine the tax benefits of limited partnerships with the liquidity of publicly traded securities. An investment in MLP units, however, involves risks that differ from a similar investment in equity securities, such as common stock, of a corporation. Holders of MLP units have the rights typically afforded to limited partners in a limited partnership. As compared to common shareholders of a corporation, holders of MLP units have more limited control and limited rights to vote on matters affecting the partnership. Further, there are certain tax risks associated with an investment in MLP units, as MLP units are treated differently for tax purposes than common stock. Clients are advised to speak with their accountant to receive tax advice about MLPs.

Foreign Securities Risk. American Depositary Receipts ("ADRs"—negotiable certificates issued by a U.S. bank representing a specified number of shares in a foreign stock that is traded on a U.S. exchange), mutual funds, and ETFs investing in foreign securities are subject to risks similar to those associated with direct investments in foreign securities. Investment in foreign securities involves risks that may be different from those of U.S. securities. Foreign securities may not be subject to uniform audit, financial reporting or disclosure standards, practices or requirements comparable to those found in the United States. Foreign securities are also subject to the risk of adverse changes in investment or exchange control regulations, expropriation or confiscatory taxation, limitations on the removal of money or other assets, political or social instability, and nationalization of companies or industries. An additional risk is that overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country.

Emerging Markets Risk. The risks of foreign investing are of greater concern in the case of investments in emerging markets. Emerging market countries may have economic structures that are generally less diverse and mature than the economies of developed countries and may have less stable governments that are subject to sudden change. The markets of developing countries may have more frequent and larger price changes than those of developed countries.

Commodities Market Risk. Investing in instruments whose performance is linked to the price of an underlying commodity or commodity index exposes the client to the risks of investing in physical commodities. These risks include, but are not limited to, regulatory, economic, monetary and political developments, weather events and natural disasters, import controls and worldwide competition, exploration and production spending, tax and other governmental regulations and

market disruptions. Commodity prices may be subject to greater volatility than investments in traditional securities.

Interest Rate Risk. Fluctuations in interest rates may cause bond prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive generally, causing their market values to decline.

Inflation Risk. When inflation is present, the purchasing power of a dollar is eroding at the rate of inflation making a dollar received in the future worth less than the value of a dollar today.

Municipal Securities Risk. The return on and value of an investment in municipal securities will fluctuate with changes in interest rates or changes in the creditworthiness of an individual issuer. Generally, when interest rates rise, the value of municipal securities can be expected to decline. Securities with longer maturities generally are more sensitive to interest rate changes than shorter-term securities. The value of municipal securities is also dependent on the creditworthiness of an issuer. A deterioration in the financial condition of an issuer, or a deterioration in general economic conditions, could cause an issuer to fail to pay its principal or interest when due.

Risks Associated With Credit Ratings. A rating by a Nationally Recognized Statistical Ratings Organization (“NRSRO”) represents the agency’s opinion as to credit quality of a security but is not an absolute standard of quality or guarantee as to the creditworthiness of an issuer. Ratings of NRSROs present an inherent conflict of interest because such agencies are paid by the entities whose securities they rate. The credit rating of a security does not necessarily address its market risk (that is, the risk that the value of a security will be adversely affected due to movements in the overall financial markets or changes in the level of interest rates). In addition, a rating may not be revised promptly to reflect developments in the issuer’s financial condition.

Liquidity Risk. Investing in an illiquid (difficult to trade) security may restrict its ability to dispose of investments in a timely fashion or at an advantageous price, which may limit the ability to take full advantage of market opportunities. For example, the secondary market for certain municipal obligations tends to be less well developed or liquid than many other securities markets which may impact the client’s ability to sell these securities at or near their perceived value.

Credit Risk. There is a risk that issuers and counterparties will not make payments on the securities they issue. In addition, the credit quality of securities may be lowered if an issuer’s financial condition changes. Lower credit quality may lead to greater volatility in the price of a security which may affect liquidity and our ability to sell the security.

Call Risk. There is a risk that during periods of falling interest rates, the issuer of a bond will repay—or call—securities with higher coupons, or interest rates, before their maturity dates. Forced to reinvest the unanticipated proceeds at lower interest rates, the portfolio would experience a decline in income and lose the opportunity for additional price appreciation associated with falling interest rates. Some corporate bonds and municipal debt issues have sinking fund provisions which require the issuer to periodically retire a predetermined number of bonds which act like call provisions. Some corporate bonds have a “make-whole” call provision, which allows the issuer to redeem the outstanding bonds prior to maturity at a price determined by a formula described in the prospectus.

Real Estate Risk. Real Estate Investment Trusts (“REITs”), although not a direct investment in real estate, are subject to the risks associated with investing in real estate. The value of these

securities will rise and fall in response to many factors including economic conditions, the demand for rental property and changes in interest rates.

Management Risk. Our judgment about the attractiveness, value and potential appreciation of a particular asset class or individual security may be incorrect and there is no guarantee that individual securities will perform as anticipated.

Regulatory Risk. The value of investment securities can fluctuate when there are unanticipated changes in government regulation. This risk includes, for example, changes in tax laws and industry specific regulations.

Other risks. Option strategies, private placements, long/short funds and master limited partnerships are very specific per client and pose additional risks that can be discussed on an individual basis with any client where Leavell is considering the use of these investment vehicles.

Item 9 – Disciplinary Information

Leavell and/or its employees have not been involved in any legal or disciplinary events that would be material to a client's evaluation of the company or its personnel.

Item 10 – Other Financial Industry Activities and Affiliations

As briefly discussed above, Leavell provides investment advice to three no-load mutual funds, The Government Street Funds (the "Funds"), a series of the Williamsburg Investment Trust. The Trust's Board of Trustees engaged Leavell to provide investment management to all these Funds with the compensation arrangement as set forth in Item 5.E. Thomas W. Leavell is President of the Funds. For further detailed information about the Funds, please see the Funds' prospectus, available upon request or on our website, www.leavellinvestments.com.

During 1991, Leavell sponsored the organization of The Government Street Equity Fund (the "Equity Fund"), a no-load, open-end series of The Williamsburg Investment Trust (the "Trust"), a registered management investment company. The investment objective of the Equity Fund is long term capital appreciation through investment in a broadly diversified portfolio generally of common stocks and shares of exchange-traded funds.

During 1994, Leavell sponsored the organization of The Alabama Tax Free Bond Fund (the "Alabama Fund"), a no-load, open-end series of The Williamsburg Investment Trust. The investment objective of the Alabama Fund is to provide current income exempt from federal income taxes and from the personal income taxes of Alabama through investment in obligations of the State of Alabama and certain of its municipalities and other political subdivisions, and to preserve capital.

During 2003, Leavell sponsored the organization of The Government Street Mid-Cap Fund (the "Mid-Cap Fund"), a no-load, open-end series of The Williamsburg Investment Trust. The investment objective of the Mid-Cap Fund is to seek capital appreciation by investing generally in common stocks of mid-capitalization companies and shares of exchange-traded funds that invest primarily in common stocks of mid-cap companies.

Employees, officers and directors of Leavell may be shareholders of these Funds either individually or through Leavell's 401(k) Profit Sharing Plan. Leavell may invest clients in one or more of these funds for whom they would be appropriate. Assets held by clients in The Government Street Funds

are not subject to an asset-based fee on the advisory level. The Funds may redeem their shares by payment in kind when circumstances exist which would, in the opinion of Leavell, make it in the best interests of the Funds and their shareholders to do so. In such case, Leavell, under the supervision of the Trust's Board of Trustees and in accordance with the Trust's procedures, may authorize payment to be made in portfolio securities or other property of the Funds. Securities delivered in payment of redemptions would be valued at the same value assigned to them in computing the net asset value per share. An irrevocable election has been filed under Rule 18f-1 of the 1940 Act wherein each Fund commits itself to pay redemptions in cash, rather than in kind, to any shareholder of record of the Funds who redeems during any ninety day period, the lesser of (a) \$250,000 or (b) one percent (1%) of a Fund's net assets at the beginning of such period, unless the client provides authorization to redeem in kind. Shareholders receiving portfolio securities in a redemption in kind may incur brokerage costs when these securities are sold. It is Leavell's intention, at the present time, to reimburse shareholders for their brokerage costs and other fees or losses incurred by them in selling such securities immediately upon receipt thereof. This practice will apply to all redemptions in kind made in a particular day; however, Leavell may determine to discontinue this practice at any time without notice to shareholders.

Item 11 – Code of Ethics

Leavell has adopted a Code of Ethics for all supervised persons of the Firm describing its high standard of business conduct and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, restrictions on the acceptance of significant gifts, and personal securities trading procedures, among other things. All supervised persons at Leavell must acknowledge the terms of the Code of Ethics annually, or as amended.

Leavell's employees and persons associated with Leavell are required to follow Leavell's Code of Ethics. Subject to satisfying this policy and applicable laws, "covered persons" (as defined in the Firm's Code of Ethics) of Leavell and its affiliates may trade for their own accounts in securities which are purchased for Leavell's clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of Leavell will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code, certain classes of securities have been designated as exempt transactions, based upon a determination that these would not materially interfere with the best interest of Leavell's clients. In addition, the Code requires pre-clearance of many transactions, and restricts trading in close proximity to client trading activity. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code of Ethics to reasonably prevent conflicts of interest between Leavell and its clients.

Certain affiliated accounts, like the Government Street Funds, may trade in the same securities with client accounts on an aggregated basis when consistent with Leavell's obligation of best execution. In such circumstances, the affiliated and client accounts will receive securities at a total average price. Leavell will retain records of the trade order and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the Order. See Item 12 for further discussion of aggregated trades.

Leavell's clients, or prospective clients, may request a copy of the firm's Code of Ethics by contacting its Chief Compliance Officer.

It is Leavell's policy that the Firm will not participate in any principal or agency cross securities transactions for client accounts. Leavell also will not cross trades between client accounts. (Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer.)

Item 12 – Brokerage Practices

A. Benefits to Brokerage

Leavell currently does not engage in "soft dollar" arrangements with broker-dealers. These are arrangements in which advisers receive research or other services or products in exchange for directing clients to trade with that broker-dealer and pay a higher commission. Leavell also does not consider referrals when we select or recommend broker-dealers to clients.

Leavell does not maintain custody of client assets, although it is deemed to have custody of those assets if the client gives authority to withdraw assets directly from the account, as discussed in Item 15. Assets must be maintained in an account at a "qualified custodian," generally a broker-dealer or bank. Leavell seeks to use qualified custodians who will hold assets and execute transactions on terms that are, overall, most advantageous when compared to other available providers and their services. A wide range of factors is considered, including, among others:

- Combination of transaction execution services and asset custody services (generally without a separate fee for custody)
- Good execution of orders (speed, execution price—"good" price in term of daily trading patterns, commission and reporting services)
- Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- Breadth of available investment products (stocks, bonds, mutual funds, ETFs, etc.)
- Availability of investment research and tools that assist us in making investment decisions
- Quality of services with competitive pricing
- Well-organized and efficient "back office" operations which minimizes reporting errors
- Reputation, financial strength, and stability

Leavell may recommend that clients establish brokerage accounts with the Schwab Institutional division of Charles Schwab & Co., Inc. ("Schwab"), a FINRA-registered broker-dealer, member SIPC, to maintain custody of clients' assets and to effect trades for their accounts. Although Leavell may recommend that clients establish accounts at this or another qualified custodian, the client signs all of the qualified custodian's documents to open any account. Leavell is independently owned and operated and not affiliated with Schwab or any other broker-dealer or custodian.

Schwab provides Leavell with access to its institutional trading and custody services, which are not typically available to their retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a certain amount of the advisor's clients' assets are maintained in accounts with them. For Leavell's client accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through it or that settle into their accounts.

These institutional brokerage services include access to a broad range of investments products, the execution of securities transactions, and custody of client assets. The investment products available through Schwab include some which Leavell might not otherwise generally have access to or would require a significantly higher minimum initial investment.

Schwab also makes available to Leavell other products and services that benefit Leavell but may not directly benefit its clients' accounts. Many of these products and services may be used to service all or some substantial number of Leavell's accounts, including accounts not maintained at Schwab. Products and services that assist Leavell in managing and administering clients' accounts include software and other technology that (i) provide access to client account data (such as trade confirmations and account statements); (ii) facilitate trade execution and allocate aggregated trade orders for multiple client accounts; (iii) provide research, pricing and other market data; (iv) facilitate payment of Leavell's fees from its clients' accounts; and (v) assist with back-office functions, recordkeeping and client reporting.

Schwab Institutional also offers other services intended to help Leavell manage and further develop its business enterprise. These services include educational conferences and events and access to consultants on various issues such as compliance and technology. Schwab may discount or waive fees they would otherwise charge for some of these services. Schwab Institutional may also provide other benefits such as educational events or occasional business entertainment of Leavell personnel.

In evaluating whether to recommend that clients custody their assets at Schwab, Leavell may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors it considers and not solely the nature, cost or quality of custody and brokerage services provided by them, which may create a potential conflict of interest. Additionally, other broker-dealers or investment managers may, on occasion, provide benefits such as educational events or business entertainment of Leavell personnel, which would create the same potential conflict of interest as with Schwab. However, Leavell personnel rely upon their fiduciary duty to the client to determine what is in the best interests of the client.

Leavell is advisor to the Government Street Funds, which utilizes various channels of distribution including the Charles Schwab trading platform. Schwab currently waives, on our behalf, some of the fees an advisor would normally pay for use of this platform.

B. Best Execution

As an investment advisory firm, Leavell has a fiduciary and fundamental duty to seek best execution for client transactions. Leavell, as a matter of policy and practice, tries to obtain best execution for client transactions by seeking to obtain not necessarily the lowest commission but the best overall qualitative execution in the particular circumstances. The goal is to maximize the value of the client's portfolio over time by focusing on the process rather than the trade-by-trade results.

The majority of clients have authorized Leavell to use its discretion in determining securities to be bought and sold, the amount bought and sold, the broker to be used, and the commission rates to be paid, without having to obtain specific client consent for each transaction. There are relatively few clients who restrict Leavell's authority in these areas, but those that have such restrictions provide Leavell with specific instructions on where to direct brokerage or how to direct trading, discussed below.

For non-directed accounts, Leavell will consider any commission based on commission scales maintained by the Firm, the liquidity of the stock, the size of the trade, the exchange where the stock is traded and the overall experience, integrity, reputation and reliability of the executing broker. Once a trade is placed, the trader will document where the stock is trading for verification of best execution.

When a client has entered into an agreement with a wrap fee sponsor, Leavell is generally not free to seek best price or execution by placing transactions with other brokers or dealers and the client should recognize that Leavell is not negotiating brokerage commission on the client's behalf.

C. Directed Brokerage

Leavell does not request or require clients to direct transactions through a specified broker-dealer. Occasionally, the client may elect to direct trades to a particular broker. At the outset of the advisory relationship, the potential lack of best execution for such directed trades is discussed with the client, as stated in Item 4.C. Based on this discussion, clients should understand that they likely will pay a higher brokerage commission and may receive less favorable prices and execution than might be possible otherwise. In these situations, the client is expected to negotiate the commission rate and scale. Further, in broker directed accounts, it is unlikely that the client will benefit from volume discounts available to other clients in an aggregated order for the same security, as discussed below.

Leavell does not have discretionary authority to select the brokerage firm or the commission rates to be paid for the wrap fee accounts it sub-advises.

D. Aggregating Orders

As a matter of general practice, Leavell does not aggregate trades. It is the Firm's policy to provide individual advice and treatment to each of its clients. Leavell reviews each client portfolio individually and on its own merits. Orders are placed in clients' accounts separately as the portfolio manager deems appropriate given the market conditions. While Leavell has a fiduciary duty to seek best execution for its clients, it maintains that the determinative factor is not always obtaining the lowest possible price, but rather the best qualitative execution. Clients are not forfeiting reduced commission rates by placing individual trades as opposed to aggregating trades (*i.e.* aggregating orders will not decrease the per share execution costs for our clients) because the custodian charges each client their individual, agreed-upon commission amount.

On occasion, Leavell may elect to aggregate trading orders for its clients, including The Government Street Equity Fund, The Alabama Tax Free Bond Fund, or The Government Street Mid-Cap Fund, if it believes that such aggregation is consistent with its duty to seek the best execution for its clients and/or the Government Street Funds.

Leavell will not favor any advisory account over any other account, and each account that participates in an aggregated order will participate at the average share price for all transactions initiated by Leavell in that security on a given business day held by the same custodian. In these aggregated transactions, if the transaction is made through the broker of record, each client will pay his individual commission cost to the custodian. If the transaction is made through a brokerage outside the custodial account, the commission costs will be shared by each client pro-rata based on number of shares purchased.

Before entering an aggregated order, Leavell will prepare a written allocation statement detailing how the order will be allocated among the various accounts. If the aggregated order is filled in its entirety, it shall be allocated among the accounts in accordance with the allocation statement; if the order is partially filled, it shall be allocated pro-rata based on the allocation statement.

Notwithstanding the foregoing, the order may be allocated on a basis different than that which is specified in the allocation statement if certain conditions are met. First, all accounts of clients whose orders are allocated must receive fair and equitable treatment. Further, the reason for such different allocation must be explained in writing and must be approved in writing by Leavell's compliance officer or other designated person no later than one hour after the opening of the market on the trading day following the day on which the order is executed.

Within the wrap fee program for which Leavell is a sub-adviser, however, the policy is to aggregate trades in every account when possible and when in the client's best interests.

Item 13 – Review of Accounts

Generally, all accounts will have their assets reviewed quarterly by Investment Counselors or Portfolio Managers. During that review, all major asset categories will be evaluated for the continued application of their percentage allocation, also known as rebalancing, in order to meet the client's objectives. Additionally, maturities or other significant cash contributions or withdrawals (which are monitored on a daily basis) prompt thorough reviews of assets.

Communicating with clients openly, clearly, and on a regular basis helps keep everyone well-informed and ensures that Leavell is responsive to all ongoing needs and objectives. Leavell's Investment Counselors encourage periodic meetings with clients to review the status and performance of the portfolio, as well as meet with the client's tax and legal advisors whenever the need arises.

Quarterly each client receives a written portfolio summary of assets under management and both absolute and relative investment performance evaluations. Additionally, custodian statements are reconciled each month with Leavell's records to assure that similar accounting of the portfolio is being maintained by both the Firm and the qualified custodian.

In addition to the quarterly report, all clients receive an annual report that details the year's income and expenses, including investment advisory fees paid. These reports are in addition to the regular reports clients receive from their qualified custodians. In every quarterly statement, Leavell urges the client to review the custodian statement and compare it to Leavell's for continued accuracy.

Item 14 – Client Referrals and Other Compensation

On a discretionary basis, Leavell may provide a non-cash favor/gratuity in appreciation for referring prospective clients.

Item 15 – Custody

Leavell does not provide custodial services and encourages clients to work with a qualified custodian to custody their assets. Under the Amended Custody Rule, Leavell is considered to have custody over client assets because it has the authority from most clients to directly deduct fees from the clients' custodial accounts.

Leavell is also considered to have custody over one client's trust account because one of Leavell's Investment Counselors is its trustee. That account is subject to the surprise audit requirement in the Amended Custody Rule, and, as stated above, the client is responsible for the costs associated with the audit. It is not Leavell's intent to offer trustee services to clients because of this added expense, but prospective clients should be aware that if we are asked to perform this service for an account, the client will be responsible for the additional audit expense.

Clients should receive at least quarterly statements from the broker-dealer, bank or other qualified custodian that holds and maintains their investment assets. The qualified custodian takes possession of all securities, collects dividends and interest, and provides for the investment of cash. The qualified custodian regularly prepares a statement of the account which is reconciled by Leavell to assure that all transactions are properly recorded. Leavell urges you to carefully review your custodian's statements and compare such official custodial records to the account statements that we provide to you. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities. If you ever have a question about an entry on your Leavell statement, please call us immediately.

Item 16 – Investment Discretion

Leavell usually receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. Prior to assuming discretionary authority, clients are provided an Advisory Agreement, which includes the current Brochure: Form ADV Part 2A and Part 2B as an exhibit. By initialing the appropriate paragraph in the Agreement, clients grant Leavell discretionary investment authority over their accounts. Clients also sign a limited power of attorney which is included in the qualified custodian's account application for our primary qualified custodians. For accounts not held with our primary qualified custodians, clients may sign a separate limited power of attorney giving discretionary authority to Leavell. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account. When selecting securities and determining amounts, Leavell observes the investment policies, limitations and restrictions of the clients for which it advises. Additionally, suitability is assessed through conversations with clients and/or their consultants. Any investment guidelines and restrictions must be provided to Leavell in writing.

For the Government Street Funds, Leavell's authority to trade securities may also be limited by certain federal securities and tax laws that require diversification of investments and favor the holding of investments once made. These guidelines are more fully discussed in the Funds' prospectus, which is available on Leavell's website, www.leavellinvestments.com.

Item 17 – Voting Client Securities

Each client is given the option of allowing Leavell to vote his or her company proxies at the beginning of the adviser-client relationship. To vote these proxies, Leavell has instituted proxy voting policies and procedures as required by Rule 275.206(4)-6 of The Investment Advisors Act of 1940.

Leavell believes that its focus should be primarily concerned with maximizing the value of client portfolios relative to appropriate risk controls and to the agreed upon objectives for the accounts. Leavell normally votes in support of company management, but it votes against proposals which it believes negatively impact the value of its clients' ownership of the company's stock. Further, it is Leavell's policy to vote against proposals which appear overly complex or which are presented in such a manner that the shareholder's best interest is not clear.

Routine proposals are generally those which do not change the structure, bylaws, or operations of the company. These proposals are generally voted "for," which is with the management. Examples of such items include:

- Approval of Auditors
- Changes of Date and Place of Annual Meeting
- Election of Directors
- Changes in Company Name
- Indemnification Provision for Directors
- Stock Splits
- Share Repurchases

Non-routine proposals are potentially more likely to affect the value of a shareholder's investment. Each item in this category is reviewed on a case-by-case basis. Again, the fiduciary responsibility to vote the proxy "for" or "against" is governed by the attempt to best serve the ownership interest of the client. Examples of such non-routine items include:

- Mergers and Acquisitions
- Issuance of Securities to Meet Ongoing Corporate Capital Needs
- Restructuring
- Re-incorporation
- Increase in number of Directors
- Stock Option Plans or Retirement Plans
- Management Compensation
- "Golden Parachutes"
- Board Structure (Inside vs. Outside Directors)
- Cumulative Voting
- "Poison Pills"
- Director Stock Ownership Requirements
- Incentive Plans
- Tender Offers
- Debt Restructuring
- Director Tenure
- Stock Option repricing and Expensing
- Social Issues

Leavell occasionally may be subject to conflicts of interest in the voting of proxies due to business or personal relationships maintained with persons and/or companies having an interest in the outcome of certain votes. Conflicts of interest will be handled in various ways depending on the type and materiality. For example, potential conflicts which fall into the "Routine Proposal" category will usually be voted "for" management's position. In the "Non-Routine Proposal" category the potential conflict will be evaluated on a case-by-case basis. If it is the consensus of at least two reviewers that there is not a conflict, then in such event the proxy will be voted in accordance with normal voting procedures. If, however, it is determined that a conflict exists, then in such event the matter will be submitted to the client, and the proxy will be voted pursuant to the direction of the client.

Proxy records, or a copy of Leavell's proxy voting policy and procedures, may be obtained by any client of Leavell by requesting them in writing from the Compliance Officer.

Item 18 – Financial Information

Leavell has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and it has not been the subject of a bankruptcy proceeding.

Item 19 –Miscellaneous

A. Class Action Claims

Leavell does not file proofs of claim in class action settlements. Clients assume the sole responsibility of evaluating the merits and risks associated with any class action settlement proposal; therefore clients are responsible for filing proofs of claim. Leavell cannot provide legal advice and clients are encouraged to consult with their legal advisor when filing claims in securities class actions suits because the client's response to a settlement notice will impact the client's legal rights. Clients are welcome to contact Leavell for information about a particular class action settlement and Leavell will provide any information needed to file such a claim, if requested. If Leavell should inadvertently receive requests for proofs of claim for securities class action settlements in behalf of clients, we will immediately forward such information to clients, but will not take any further action with respect to the claim.

B. Business Continuity

As part of the fiduciary duty to our clients and as a matter of best business practices, Leavell Investment Management, Inc., has adopted policies and procedures for disaster recovery and for continuing Leavell's business in the event of an emergency or disaster. These policies are designed to allow Leavell to resume service to our clients in as short a period of time as possible after any man-made or natural disaster. More detail regarding these policies and procedures can be obtained by contacting us at (877) 853-9876.