

The Firm Brochure
of
WILLIS INVESTMENT COUNSEL, INC.

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December 31, 2014

This Brochure provides information about the qualifications and business practices of Willis Investment Counsel, Inc. If you have any questions about the contents of this Brochure, please contact us by telephoning Kelli M. Wright, Vice President Operations and Trading and Chief Compliance Officer of Willis Investment Counsel, at 770.718.0706, or by emailing Ms. Wright at kwright@wicinvest.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (commonly known as the “SEC”) or by any state securities authority.

Willis Investment Counsel is a Registered Investment Adviser with the SEC. Registration of an investment adviser does not imply any level of skill or training. The oral and written communications of an adviser provide you with information about which you determine to hire or retain an adviser.

Additional information about Willis Investment Counsel also is available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

This Brochure, dated December 31, 2014, effectively amends and supersedes The Firm Brochure of Willis Investment Counsel, Inc., dated December 31, 2014. No material changes have been made since our last annual update dated December 31, 2013.

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 after the close of our business's fiscal year, which ends on December 31st. 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, you may request a copy of our Brochure by contacting Kelli M. Wright, Vice President Operations and Trading and Chief Compliance Officer of Willis Investment Counsel, by telephone at 770.718.0706 or by email at kwright@wicinvest.com. Our Brochure is also available on our website (www.wicinvest.com), also free of charge.

Additional information about Willis Investment Counsel is also available via the SEC's website www.adviserinfo.sec.gov. The SEC's website also provides information about any persons affiliated with Willis Investment Counsel who are registered, or are required to be registered, as investment adviser representatives of Willis Investment Counsel.

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Item 4 – Advisory Business

Willis Investment Counsel or “WIC” is an independent investment advisory firm. By “independent,” we mean that we have no formal or legal relationship with any brokerage firms, mutual fund companies, banks, or other financial institutions. The principal owner of WIC (and only shareholder owning 25 percent or more of the stock of WIC) is Robert T. Willis, Jr.

James J. Kilroy IV and Kelli M. Wright also own shares of stock of WIC. WIC has operated continuously since its founding in 1979.

WIC provides advisory services to clients for their portfolios of investment securities, which typically include stocks, bonds, stock options, and cash and cash equivalents (for example, money market funds). Our clients include individuals and institutions such as corporations, foundations, endowments, and private investment funds.

The scope of our advisory services, which may vary among clients with different investment goals, objectives, and requirements, includes:

- Working collaboratively with investment consultants, investment committees, chief investment officers and financial advisors that utilize WIC’s strategies;
- Assisting clients in developing their specific investment goals, objectives and needs, including understanding their tolerance for possible investment losses and market volatility;
- Working with clients to develop investment policy guidelines that describe the types of investments in which they wish to invest. This includes such things as
 - providing recommendations on the types of investment securities that are appropriate for clients, and developing a strategy for how those securities might be apportioned, and
 - determining appropriate investment performance benchmarks against which performance of investment portfolios can be measured;

- Designing investment portfolios consistent with established investment policies;
- Creating investment portfolios through selection and purchase of appropriate securities;
- Managing investment portfolios by directing the purchase and sale of securities, continuously assessing portfolio performance, and adjusting portfolios to ensure that they are consistent with investment policies;
- Issuing to clients quarterly (and in some cases, monthly) reports, which include investment performance information, a current list of investment holdings, and a list of securities purchased and sold;
- Meeting and consulting with clients and/or their advisors about their investment portfolios as and when they wish to do so; and
- For clients for whom we do not manage investment portfolios, providing general advice and counsel with respect to their investments.

We tailor our advisory services to the individual investment goals, objectives and needs of our clients, taking into account their investment return expectations, their income requirements, their tolerance for possible investment losses and market volatility, and the time period over which they intend to be invested. For clients whose investment portfolios we manage, they may impose restrictions on specific securities or the types of securities in which we invest (for example, no investment in ABC Corporation or no investment in tobacco company stocks). These factors are important parts of the investment policies that we develop with our clients, and they guide our investment decision-making for them.

A central part of our advisory services involves managing portfolios of securities for our clients. The total amount of client securities or “assets” that we have under management is broken down into two categories: discretionary accounts and non-discretionary accounts. Discretionary accounts are the client accounts for which we have the authority to make purchase and sale decisions on behalf of our clients without their prior or subsequent approval. Non-discretionary accounts are the client accounts for which we do not have such authority.

As of December 31, 2014, the total amount of discretionary and non-discretionary client assets that we managed, including number of accounts was:

	<u>U.S. Dollar Amount</u>	<u>Total Number of Accounts</u>
Discretionary	\$1,366,719,089	165
Non-discretionary	\$184,768,089	3
TOTAL	\$1,551,487,383	168

Item 5 – Fees and Compensation

Investment management and advisory fees are WIC’s sole means of compensation. We receive no fees or compensation in connection with the purchase or sale of securities or other investment products on behalf of our clients, including such things as client referral fees, brokerage commissions, asset-based sales charges, or service fees from the sale of mutual funds. The specific manner in which we charge fees is established in the written engagement agreements that we enter into with our clients.

Investment Management Fees. We charge investment management fees for investment portfolios that we manage for our clients. Our management fees are:

- based on the market value of client assets under management;
- calculated and paid on a monthly or quarterly basis, in arrears, as of the end of each calendar month or quarter;
- prorated for any assets that we manage for less than a full calendar month or quarter; and
- deducted from client accounts at the end of each calendar month or quarter.

We do not bill clients in advance for our investment management fees, nor do we accept advance payment of investment management fees. All clients receive an accounting of our investment management fees with their quarterly or monthly reports.

Our investment management fee schedule for bond portfolios, stock portfolios, and portfolios that contain a mixture of stocks and bonds is as follows:

Bond Portfolio Fees. Our minimum bond portfolio account size is generally \$2 million. Our standard annual fee schedule for bond portfolios is computed at the rate of 0.55% of the

first \$2 million of portfolio value, plus 0.45% of the next \$1 million of portfolio value, plus 0.40% of the balance of the bond portfolio that exceeds \$3 million.

Stock and Stock and Bond Portfolio Fees. Our minimum account size for a portfolio of stocks, or a combination of stocks and bonds, is generally \$2 million. Our standard annual fee schedule for these portfolios is computed at the rate of 1.00% of the first \$2 million of portfolio value, plus 0.50% of the balance of the portfolio that exceeds \$2 million.

Our investment management fees are negotiable for portfolios whose values exceed \$10 million.

Advisory Fees. We occasionally provide investment advisory services for clients whose investment portfolios we do not manage. The advisory fees that we charge for such services, and the basis upon which the advisory fees are billed and paid, are negotiated with each client based upon the nature, scope, and duration of our advisory engagement.

Sub-Advisory Fees. We occasionally share management or advisory responsibilities with other advisors, consultants, or financial institutions. This is referred to as a “sub-advisor” relationship. If another advisor, consultant, or financial institution unrelated to WIC refers a client to us, or that person or entity is responsible for designated advisory or management responsibilities (such as investment asset allocation, a management supervisory role, or client relationship management), the WIC management fee may be shared with that person or entity to reflect such shared responsibility. The costs to our clients of any such sub-advisory arrangement are not increased beyond our customary fee schedule, and the arrangement is always disclosed to our clients and approved by them in advance.

Brokerage Commissions and Other Expenses. Our fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which are incurred by our clients. Clients may incur certain charges imposed by custodians, brokers, and other parties, such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange-traded funds also charge internal management fees, which are disclosed in each fund’s prospectus. Such charges, fees and commissions are exclusive of and in addition to our fees, and we do not receive any portion of them.

Item 12 further describes the factors that we consider in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (for example, commissions).

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

WIC does not charge 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

WIC offers/provides portfolio management services to individuals and institutions such as family offices, corporations, foundations, endowments, hospitals, private investment funds, corporate pension and profit-sharing plans, charitable institutions, trusts, family limited partnerships, and other U.S. institutions. Our minimum account size for a portfolio of stocks, bonds, or a combination of stocks and bonds, is generally \$2 million. We manage a number of private investment funds that have lower minimum investment requirements.

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

Stocks

Investment Strategy for Stocks. The WIC investment strategy for stocks is to recognize and take advantage of the potential for stock price increases over time. This potential is presented by companies whose stock prices have temporarily declined, based on our calculation of their value, but whose prospects for price recovery are good. We refer to our calculation of stock value as “intrinsic value.” This valuation strategy is integrated into our investment decision-making. We independently research potential investment opportunities using a combination of quantitative and qualitative criteria and financial modeling that we have developed over the years. In addition, we analyze and consider domestic and global economic trends and circumstances, and we try to capitalize on the emotional elements that influence the marketplace. Taking a long-term investment focus, we measure the risk and reward of buying and holding certain stocks by applying the information we have gathered from our analytical tools and independent research.

Method of Stock Analysis

Mispriced Stocks. The starting point of our stock analysis is screening across various industries and company sizes to identify potentially mispriced stocks. We search for anomalies, unexpected events, major dislocations, deviations from expectations, or anything that seems unusual in connection with a particular company. We believe the market is generally efficient, with two notable exceptions: it doesn’t absorb new

information well, nor does it easily deal with uncertainty. Investors dislike uncertainty and the result can be mispriced stocks.

Financial and Competitive Strength. We further screen for financially strong companies that have relatively low valuation multiples or ratios (for example, low price-to-earnings, price-to-book value, and/or price-to-sales multiples), or comparatively high dividend or cash flow yields. We seek companies that have generated sustained profitability over time, that have a history of reinvesting profits for company growth or distributing profits to shareholders, and that occupy secure, competitive positions in their respective industries.

Intrinsic Value. The heart of our stock analysis is our calculation of a stock's intrinsic value. We determine the intrinsic value of a stock by first calculating the present value of future cash flows based on reasonable estimates of sustainable corporate operations. We then apply many other quantitative and qualitative analyses to reach intrinsic value. In cases in which our calculation of a stock's intrinsic value is considerably above its current market price, we often purchase the stock for our clients' portfolios. This style of stock investing is often referred to as "value investing."

Risk Management. We employ a number of structural elements in our investment process that we believe substantially enhance risk management and performance of our clients' portfolios. These elements include a company stress-testing process, a graduated purchase process, and a systematic sale procedure.

- *Scenario Analysis/Stress Testing.* We employ an automated valuation and ranking technique, which calculates a company's intrinsic value under nine different scenarios. These nine scenarios span "worst case" to "best case" results. Candidate companies are then sorted mathematically by the ratio of price-to-intrinsic value using the lowest price-to-intrinsic value outcome for the company. This regimen creates, through scenario analysis and stress-testing, a robust idea generation tool designed to improve stock selection and reduce downside risk in our clients' portfolios.
- *Graduated Positioning.* As a value-oriented investment manager, we are mindful of the risk of buying a stock before its price decline reaches "bottom." To address this risk, once we decide to purchase a stock, rather than establish a full position at once, we "ease in," beginning with a 1.5 – 2.0 percent initial position size and gradually increasing the weighting in our clients' portfolios over time. We believe this approach acknowledges the tendency of value investors to purchase too early.

- *Systematic Sale Procedure.* Recognizing the fundamental importance of avoiding losses in our clients' portfolios and the impact on returns of a large loss, we have adopted a systematic sale or "stop-loss" procedure that injects additional objectivity into the management of any holdings that decline significantly in share price.

Bonds

Investment Strategy for Bonds

We believe most clients choose bonds for risk reduction and income-producing purposes. We therefore believe it is inconsistent with those purposes to invest in bond strategies that carry significant risk. We believe that, over long periods of time, 90 percent of bond returns come from the income stream (that is, the interest income paid with bonds), and that bonds that mature in five to ten years usually provide approximately the same level of total return as longer maturity (and riskier) bonds. Therefore, we focus on what is known as "investment grade" or "near-investment grade" (or "high quality") corporate bonds with maturities generally less than ten years. We also believe that strategies based on interest rate and yield curve slope forecasts are rather unreliable, so we minimize the use of such high risk strategies.

Method of Bond Analysis

Our bond investment goal is relatively simple and straightforward: to provide returns for our clients that exceed what they might otherwise achieve with "core" bond strategies. The objectives that we pursue toward achievement of our goal include:

- Generating an average yield-to-maturity that exceeds the Barclays Aggregate average (the index we use as a bond performance benchmark);
- Maintaining an average duration that is similar to the Barclays Aggregate duration;
- Maintaining a significantly higher corporate bond allocation than the Barclays Aggregate;
- Assuming comparable or less credit risk than the market; and
- Avoiding realized losses in our bond portfolios.

We begin our bond analysis by determining the amount, interest rate, and date of maturity of the bond or bonds that we wish to purchase for our clients' portfolios. We then screen inventories of available bonds that meet those investment criteria. Once we identify one or

more bonds that fit our clients' needs, we thoroughly analyze the issuing company or companies. As with stocks, we analyze the financial strength of each company, its credit ratings, the prospects for continued profitability and growth, and the competitive industry position that each company occupies. The most important criterion that we consider in purchasing a company's bonds is the ability of the company to timely and completely fulfill its financial obligations, particularly its bond indebtedness.

Risk of Loss Factors

Investing in securities of any type, including the types of stocks and bonds that WIC manages, involves significant risk. One such risk is loss of one's entire investment that clients should be prepared to bear. Examples of other risks include those described below. We advise clients and prospective clients to make such investigation and evaluation of risks as they conclude is appropriate, given their investment goals, objectives and requirements, as well as their tolerance for risk.

Stock Investments

Although stocks have a history of long-term growth in value, their prices fluctuate based on changes in a company's financial condition and prospects, and on overall market and economic conditions. Generally, there is no limitation on the types or sizes of the companies in which WIC may invest. We may invest not only in stocks of companies with large market capitalizations, but also in securities of medium-cap, small-cap and micro-cap companies. Smaller companies often have limited product lines, markets or financial resources, and may depend on one or few key persons for management. The stocks of such companies may be subject to more volatile market movements than stocks of larger, more established companies, both because the stocks typically are traded in lower volume and because the companies typically are more subject to changes in earnings and prospects.

Bonds

Bonds are subject to the risk of a company's ability to meet principal and interest payments on the obligation (known as "credit risk"), and may also be subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the company, and general market liquidity (all known as "market risk"). The market values of bonds tend to vary inversely with the level of interest rates. Yields and market values of bonds fluctuate over time, reflecting not only changing interest rates but the market's perception of credit quality and the outlook for economic growth.

Foreign Investment Considerations

WIC occasionally invests on behalf of its clients in the securities of foreign (non-U.S.) companies. Special risks associated with investments in securities of foreign companies add to the usual risks inherent in domestic investments. Such special risks include fluctuations in foreign exchange rates, political or economic instability in the country involved, and the possible imposition of exchange controls or other laws or restrictions. In addition, securities prices in foreign markets are generally subject to different economic, financial, political and social factors than are the prices of securities in United States markets. With respect to some foreign countries, there may be the possibility of expropriation or confiscatory taxation, limitations on liquidity of securities, or political or economic developments that could affect foreign investments. Moreover, less information may be publicly available concerning some foreign companies than is available concerning U.S. companies. Foreign companies are also generally not subject to uniform accounting, auditing and financial reporting standards or to practices and requirements comparable to those applicable to U.S. companies.

Economic Conditions

Changes in economic conditions, including such things as interest rates, credit availability, inflation rates, industry conditions, government regulation, competition, technological developments, political and diplomatic events and trends, tax and other laws and innumerable other factors, can affect the prospects of a company and investment in its stocks, materially and adversely. None of these conditions is within WIC control and we may not anticipate these developments. These factors may affect the volatility of stock prices and the liquidity of our clients' investments. Unexpected volatility or illiquidity can impair investment returns or result in losses.

Economic conditions also affect investment in bonds. For example, an increase in overall interest rates will depress the investment value and consequently the price of a bond. The value of a bond also may be affected by nonpayment of interest due on it or liquidation or dissolution proceedings with respect to the company that issued the bond.

Brokerage Commissions/Transaction Costs

WIC investment activity occasionally involves a higher than normal level of trading, and the turnover of a portfolio therefore may generate substantial transaction costs. These costs are borne by our clients and are unaffected by the profitability of the investments involved.

Item 9 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of WIC or the integrity of WIC's management. WIC has no information applicable to this Item.

Item 10 – Other Financial Industry Activities and Affiliations

WIC is the sole general partner in three private investment funds that are organized as limited partnerships under Georgia law. The purpose of each fund is to invest in various types of publicly-traded securities. The names of these funds are 1) WIC Value Fund, L.P., created in 1988, 2) Green Street Fund, L.P., created in 2009, and 3) WIC Managed Volatility and Income Fund, L.P., created in 2011. WIC is the investment adviser and manager of the investment portfolios owned by these three funds.

WIC offers and recommends to individuals and various institutions investment shares in the funds described above. Potential investors in the funds must be "accredited investors" as that term is considered in the Securities Act of 1933, as amended, and Regulation D that was issued in connection with the Act.

WIC has entered into a written engagement agreement with each of the private investment funds described above. Those agreements, which are in WIC's standard form of engagement agreement, provide for the payment to WIC of its customary investment management fees. Apart from the payment of those investment management fees, WIC has no other beneficial or financial interest in the funds or the securities owned by the funds.

Item 11 – Code of Ethics

WIC has adopted a Code of Ethics for all supervised persons of the firm describing our high standards of business conduct and fiduciary duty to our clients. The WIC Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition on the disclosure of firm-related information which is either confidential or proprietary, restrictions on the acceptance of compensation or benefits from those with whom we do business or might do business, and personal securities trading procedures. We require that all supervised persons at WIC acknowledge the terms of the WIC Code of Ethics annually, or as amended.

We anticipate that, in certain circumstances and consistent with clients' investment objectives, we may cause client portfolios that we manage to purchase or sell securities in which WIC employees or affiliates have a direct or indirect interest. The same likewise may

be done with respect to the portfolios of investment advisory clients or prospective clients whose portfolios WIC does not manage. In such circumstances, WIC's employees and affiliates are required to follow WIC's Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of WIC may trade for their own accounts in securities which are recommended to and/or purchased for WIC's clients.

The WIC Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of WIC will not interfere with (i) making decisions in the best interest of our clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the WIC Code of Ethics, publicly-traded mutual funds have been designated as exempt securities, based upon a determination that they would materially not interfere with the best interest of WIC's clients. In addition, the WIC Code of Ethics requires pre-clearance of many transactions, and restricts trading in close proximity to client trading activity. Nonetheless, because the WIC 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 WIC Code of Ethics to reasonably prevent conflicts of interest between WIC and its clients.

The following specific provisions are included in the WIC Code of Ethics regarding securities trading by WIC employees for their own account:

- To avoid any conflict of interest associated with trading, all WIC employees are prohibited, without obtaining the prior consent of the WIC Chief Investment Officer (CIO) or the WIC Chief Compliance Officer (CCO), from buying or selling securities on the same day WIC buys or sells the same securities for its clients. Generally, it is WIC's policy for employee trading to occur no earlier than the day after the same security is purchased for clients. Where the trading volume is sufficient and there is little risk WIC's trading, or the employee's trading, could materially affect market pricing, trading on the same day may be allowed.
- Every WIC employee must provide a copy of his or her monthly brokerage statements to the CIO or CCO for review. This includes all of his or her accounts, as well as spousal accounts and any accounts that the employee effectively controls. The CCO reviews those statements for any inappropriate trading activity, front-running risk, and other problem areas. Copies of the employee brokerage account statements are kept in WIC's SEC compliance

files. If an employee's only trades are in mutual funds, the mutual fund statements need not be submitted for review.

Certain WIC-affiliated accounts may trade in the same securities with client accounts on an aggregated basis when consistent with WIC's obligation of best execution. In such circumstances, the WIC-affiliated and client accounts share commission costs equally and receive securities at a total average price. WIC retains records of the trade order for each such trade (specifying each participating account) and its allocation, which is completed prior to entry of the aggregated order. Completed orders are allocated as specified in the initial trade order. Partially filled orders will be allocated on a *pro rata* basis. Any exceptions must be clearly and completely explained on the trade order.

WIC's clients and prospective clients may request a copy of the firm's Code of Ethics, free of charge, by contacting Kelli M. Wright, Vice President Operations and Trading and CCO by telephone at 770.718.0706; by email at kwright@wicinvest.com).

Item 12 – Brokerage Practices

Broker Selection and Compensation. We select brokerage firms to handle the purchase and sale of our clients' securities based on the following criteria:

- client input
- the firm's reputation for integrity
- our experience in working with the firm
- the firm's ability to effectively and efficiently execute our transaction orders
- the firm's commission structure and other charges
- accuracy and reliability of the firm's accounting information
- the firm's responsiveness to our needs and requirements
- the firm's ability to provide the best overall execution for our clients' trades.

We determine the reasonableness of brokerage firm compensation by comparing rate structures among firms, discussing firm candidates with our colleagues, reviewing brokerage compensation information in trade publications, evaluating "best execution" and comparing total annual commission costs as a percentage of total portfolio value with that reported for large institutional mutual funds.

Research and Soft Dollar Benefits. We receive research from brokerage firms with whom we deal, and from firms with whom we have no, or only a slight, trading relationship. We sell no products and do not share in any way with the brokerage commissions charged to our clients by brokerage firms. In addition, we do not participate in so-called "soft dollar" arrangements in which advisory firms receive benefits in exchange for research and other

consideration from brokerage firms. We receive only research from brokerage firms and do not obligate ourselves to any minimum level of trading or commissions.

Because investment research has become so readily available, and most of it is available without charge on the Internet and provided as a promotion, we do not believe there is any significant additional cost to clients. It is conceivable that a cheaper approach exists, but because our portfolio turnover is fairly low and because we conduct trades at a comparatively low rate, any savings likely would be insignificant. Moreover, the custodian function is important, and that is built into the commission rate. With few exceptions, the brokerage firms that we use also serve as our clients' securities custodian, so there is a component of the brokerage costs that should be allocated to custodial services, which makes any potential brokerage savings even more inconsequential. Generally, research received is of a general nature and is not client specific.

We have discretion to use multiple brokerage firms for most of our clients' portfolios. Accordingly, we are generally not obligated to use any one firm or to allocate a particular level of trades to any specific firm.

Directed Brokerage. We explain to our clients their brokerage alternatives and costs. In rare instances in which a client instructs us to use a specific brokerage firm and we know the costs may exceed what we normally incur, we explain the incremental costs to the client so the client can make an informed decision. We also explain that, in the case of directed brokerage, we may not be able to aggregate orders to reduce transaction costs, and we may be unable to achieve most favorable execution of trading transactions.

Block Trading and Allocation. Frequently, when we buy or sell a security for our clients' portfolios, we buy or sell the security in bulk (called a "block trade") and allocate the block among our clients' accounts. We strive to make the allocation fair, equitable, and impartial by using an average price across client accounts. Occasionally, slight differences in execution prices result in different prices being allocated among our clients. Likewise, we strive to minimize brokerage commissions and equally allocate brokerage commissions among all clients (unless a client requires us to use his or her brokerage firm). However, there may be unavoidable immaterial variations among brokerage firms and among clients as to brokerage rates.

Item 13 – Review of Accounts

All client investment portfolios are reviewed on an ongoing basis. In his capacity as CIO, Robert T. Willis, Jr. is ultimately responsible for all portfolio review and investment decision-making. James J. Kilroy IV, Peter D. Miller, and Brett S. Slattery also play an important role in portfolio review, as does Kelli M. Wright, our Vice President of Operations and Trading. A number of internal management schedules are used in the portfolio review process. These schedules are continuously updated and include such parameters as each client's (a) current asset allocation versus their investment policy levels, (b) cash levels versus minimum required cash levels, (c) total portfolio value, (d) amount of cash available for stock and bond allocations, (e) restrictions on types of holdings, and (f) current stock positions held in client portfolios versus pre-defined buy and sell targets. Average portfolio characteristics are compared to the firm's methodology parameters.

WIC uses the Advent portfolio accounting software system and provides quarterly (and in some cases, monthly) reports to clients. These reports include:

- a listing of all securities held, showing units, cost, current value, income, yield and percentage to total portfolio value
- a listing of every interest and dividend check received by the custodian by asset class, a listing of every expense item (for example, our management fees), and a resultant net income amount
- a schedule of realized capital gains and losses for securities sold
- a schedule of unrealized gains and losses that compares fair market value to cost and shows the unrealized gain or loss for each security and the portfolio as a whole
- an executive summary and year-to-date and since-inception rate of return (net of fees) data.

Our clients also receive certain reports on a regular basis from the portfolio custodian (See Item 15).

Item 14 – Client Referrals and Other Compensation

We do not require or receive any economic benefit (for example, monetary payments, sales awards, or prizes) from any outside person or firm to whom we refer our clients for investment advice or other advisory services. In addition, we do not compensate any outside person or firm for client referrals.

Item 15 – Custody

Custody for WIC non limited partnership clients is handled by an outside qualified custodian (e.g., a bank) that has no affiliation with WIC. For the three limited partnerships WIC manages, WIC is deemed to have custody of those portfolios because WIC is the general partner for the three limited partnerships. The three limited partnerships include the WIC Value Fund, L.P., the Green Street Fund, L.P. and the Managed Volatility and Income Fund, L.P.

In addition to the monthly or quarterly account statements that we send to our clients, they receive quarterly or monthly statements from the brokerage firm (custodian) that holds and maintains our client's investment assets. The limited partners of the WIC Value Fund, L.P., the Green Street Fund, L.P., and the Managed Volatility and Income Fund, L.P. have online access to the limited partnership portfolios and monthly statements through the custodian's website. We spend considerable time and effort reconciling all custodial statements with our portfolio accounting records, but we urge our clients to carefully review such statements and compare them to the monthly or quarterly account statements that we provide to them. Our statements often vary from custodial statements as to types of information supplied, accounting procedures, reporting dates, or valuation methodologies of certain securities.

Item 16 – Investment Discretion

WIC enters into a written engagement agreement with each client at the outset of our advisory relationship. The agreement contains comprehensive, detailed terms and conditions that govern our relationship and the services that we provide. Generally, for our discretionary client accounts (which comprise 90% of our client base), there are no limitations on the types or amounts of securities we are permitted to buy or sell, the broker we employ, or the brokerage commissions that we pay. However, our firm policies impose investment constraints, as does each client's investment policy, which is a critical part of the written engagement agreement. Some clients use our advisory service versus our discretionary management service, or occasionally a combination of the two. For those clients, or for the advisory component of their portfolios, we do not have the discretion or authority to buy or sell securities without first consulting the client, and we are frequently instructed to implement client preferences or recommendations.

Item 17 – Voting Client Securities

As a matter of firm policy, and except for our ERISA plan clients, WIC does not have authority to vote proxies, nor do we vote proxies for any securities owned by our clients. Clients retain the responsibility for receiving and voting proxies for all securities held in

their WIC portfolios. We may provide advice to clients, upon their request, regarding their voting of proxies.

For the ERISA plan clients for whom WIC votes proxies, we have adopted and implemented policies (and the procedures into which they are incorporated) that we believe are reasonably designed to ensure that proxies are voted in the best interest of our clients, and in accordance with our fiduciary duties under the applicable rules of the Investment Advisers Act of 1940, as amended. WIC's authority to vote the proxies of our ERISA plan clients is established in our written engagement agreement with those clients. Our proxy policies and procedures reflect the SEC requirements governing advisers and the long-standing fiduciary standards and responsibilities for ERISA accounts set out by the U. S. Department of Labor.

Proxy Voting: Procedures

For voting ERISA accounts, WIC maintains standing instruction voting options based on Egan-Jones Proxy Voting Principles and Guidelines. WIC has chosen to use Egan-Jones Principals to be our default for all votes. We chose this methodology after reviewing their Principals and Guidelines and determining that they were congruent with how we would vote. Some examples include their guidelines on: director independence, board operating procedures, shareholder rights, separation of Chairman and CEO, shareholder requirement for ratification of poison pill/golden parachutes/changing the size of the board and various other issues. Customized policies and guidelines can be associated with proposal categories and can be automatically assigned to a proposal vote. If the proxy subject matter does not fall within these guidelines, the CCO will ensure the proxy is voted in the clients' best interest. Voting records are maintained in a database at ProxyEdge and reports are available that comply with US Securities and Exchange Commission regulations (206(4)-6 and 30b1-4).

WIC's clients and prospective clients may request a copy of the firm's entire statement of Proxy Voting Policies by contacting Kelli M. Wright (by telephone at 770.718.0706; by email at kwright@wicinvest.com):

Item 18 – Financial Information

Since WIC has discretionary authority with respect to the management of client funds and securities, we are required to make the following disclosure to clients and prospective clients regarding our financial condition: WIC has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.

Appendix to The Firm Brochure
of
WILLIS INVESTMENT COUNSEL, INC.

December 31, 2014

Firm Brochure Supplement for

JAMES J. KILROY

of

Willis Investment Counsel, Inc.

710 Green Street
Gainesville, Georgia 30501

Telephone: 770.718.0706

Website Address: www.wicinvest.com

December 31, 2014

This Firm Brochure Supplement provides information about James J. Kilroy and supplements the Willis Investment Counsel, Inc. (WIC) firm brochure. You should have received a copy of that brochure. In the event you did not receive a copy, or in the event you have any questions concerning this Firm Brochure Supplement, please contact us by telephoning Kelli M. Wright, Vice President Operations and Trading and Chief Compliance Officer of WIC, at 770.718.0706, or by emailing Ms. Wright at kwright@wicinvest.com.

Additional information about James J. Kilroy can be reviewed on the website of the U.S. Securities and Exchange Commission at www.adviserinfo.sec.gov.

Education Background and Business Experience

James J. Kilroy (year of birth: 1972) is a principal and portfolio manager of WIC, having responsibility for security analysis and portfolio management. He also serves on the firm's investment committee, which is responsible for the development and implementation of the investment policy of the firm. Prior to joining WIC, Mr. Kilroy was an analyst with Abingdon Capital Management in McLean, Virginia, where he developed investment

models, qualitative reports, and scenario analysis utilized to identify mispriced securities. Mr. Kilroy's seven-year tenure at Abingdon Capital was preceded by two years as an equity research associate at Bear, Stearns & Co. in New York, and four years as an associate in the Real Estate Corporate Finance Division of SunTrust Equitable Securities in Atlanta.

Mr. Kilroy holds a BS in Business Administration from the Kenan-Flagler School of Business at the University of North Carolina, Chapel Hill, and an MBA from the Kellogg School of Management at Northwestern University.

Disciplinary Information

There is no disciplinary information to report regarding Mr. Kilroy.

Other Business Activities

Mr. Kilroy is not engaged in any other business activities.

Additional Compensation

Mr. Kilroy has no other income or compensation to disclose.

Supervision

Mr. Kilroy's activities on behalf of WIC and its clients are supervised by Robert T. Willis, Jr. the CIO of WIC. Mr. Willis can be contacted at the address and telephone number noted above.

Investment-related policy, practices, and decisions are made and monitored by the investment committee of WIC whose members include Mr. Kilroy; Brett Slattery, analyst and portfolio manager; Robert T. Willis, Jr., principal and chief investment officer; and Peter D. Miller, investment strategist and portfolio manager. Members of the investment committee can be contacted at the address and telephone number noted above.

Firm Brochure Supplement for

PETER D. MILLER

of

Willis Investment Counsel, Inc.

710 Green Street
Gainesville, Georgia 30501

Telephone: 770.718.0706

Website Address: www.wicinvest.com

December 31, 2014

This Firm Brochure Supplement provides information about Peter D. Miller and supplements the Willis Investment Counsel, Inc. (WIC) firm brochure. You should have received a copy of that brochure. In the event you did not receive a copy, or in the event you have any questions concerning this Firm Brochure Supplement, please contact us by telephoning Kelli M. Wright, Vice President Operations and Trading and Chief Compliance Officer of WIC, at 770.718.0706, or by emailing Ms. Wright at kwright@wicinvest.com.

Additional information about Peter D. Miller can be reviewed on the website of the U.S. Securities and Exchange Commission at www.adviserinfo.sec.gov.

Education Background and Business Experience

Peter D. Miller (year of birth: 1946) is investment strategist and portfolio manager at WIC, having responsibility for equity security analysis and portfolio management. Prior to joining WIC, he was Regional Chief Executive Officer of Regions Financial Corporation. Prior to becoming President and Chief Administrative Officer of First National Bancorp, which was acquired by Regions Financial Corporation in 1996, Mr. Miller served in a

variety of positions at the bank including, among others, security analyst, portfolio manager, and trust department head.

Mr. Miller's commitment to community service includes currently chairing the Brenau University Board of Trustees (having served Brenau as an instructor and chair of the Brenau Annual Fund Drive). He served as a trustee of Georgia State University Foundation, Inc., where he chaired the foundation's investment committee. He has chaired the Northeast Georgia Council Boy Scouts Capital Campaign and served as a member of the Board of Directors for the Georgia Chamber of Commerce.

Mr. Miller is a recipient of the Bronze Star from his service in the U.S. Army, and he holds a business degree in finance from Georgia State University.

Disciplinary Information

There is no disciplinary information to report regarding Mr. Miller.

Other Business Activities

Mr. Miller is not engaged in any other business activities.

Additional Compensation

Mr. Miller has no other income or compensation to disclose.

Supervision

Mr. Miller's activities on behalf of WIC and its clients are supervised by Robert T. Willis, Jr. the CIO of WIC. Mr. Willis can be contacted at the address and telephone number noted above.

Investment-related policy, practices, and decisions are made and monitored by the investment committee of WIC whose members include Mr. Miller; Brett Slattery, analyst and portfolio manager; James J. Kilroy, principal and portfolio manager; and Robert T. Willis, Jr., principal and chief investment officer. Members of the investment committee can be contacted at the address and telephone number noted above.

Firm Brochure Supplement for

ROBERT T. WILLIS, JR., CFA

of

Willis Investment Counsel, Inc.

710 Green Street
Gainesville, Georgia 30501

Telephone: 770.718.0706

Website Address: www.wicinvest.com

December 31, 2014

This Firm Brochure Supplement provides information about Robert T. Willis, Jr. and supplements the Willis Investment Counsel, Inc. (WIC) firm brochure. You should have received a copy of that brochure. In the event you did not receive a copy, or in the event you have any questions concerning this Firm Brochure Supplement, please contact us by telephoning Kelli M. Wright, Vice President Operations and Trading and Chief Compliance Officer of WIC, at 770.718.0706, or by emailing Ms. Wright at kwright@wicinvest.com.

Additional information about Robert T. Willis, Jr. can be reviewed on the website of the U.S. Securities and Exchange Commission at www.adviserinfo.sec.gov.

Education Background and Business Experience

Robert T. Willis, Jr. (year of birth: 1955) is the founding principal, chief executive officer, and chief investment officer of WIC. In addition, he serves on the firm's investment committee, which is responsible for the development and implementation of the investment policy of the firm. Prior to founding WIC in 1979, Mr. Willis was a tax accountant in the Atlanta office of Arthur Andersen & Company. He is a member of the CFA

Institute, and the Atlanta Society of Financial Analysts. He is also a former trustee and investment committee member of the State of Georgia Employee Pension Fund.

Mr. Willis is a Chartered Financial Analyst (CFA)¹. He holds a bachelor of business administration degree in accounting, with high distinction, from Emory University's Goizueta Business School.

Disciplinary Information

There is no disciplinary information to report regarding Mr. Willis.

Other Business Activities

Mr. Willis is not engaged in any other business activities.

Additional Compensation

Mr. Willis has no other income or compensation to disclose.

Supervision

Investment-related policy, practices, and decisions are made and monitored by the investment committee of WIC whose members include Mr. Willis; Brett Slattery, analyst and portfolio manager; James J. Kilroy, principal and portfolio manager; and Peter D. Miller, investment strategist and portfolio manager. Members of the investment committee can be contacted at the address and telephone number noted above.

¹ The Chartered Financial Analyst ("CFA") 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 examination covering such substantive subjects as accounting, economics, ethics, money management, and security analysis. Before a candidate is eligible to become a CFA charter holder, he or 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.

Firm Brochure Supplement for

Brett M. Slattery, CFA

of

Willis Investment Counsel, Inc.

710 Green Street
Gainesville, Georgia 30501

Telephone: 770.718.0706

Website Address: www.wicinvest.com

December 31, 2014

This Firm Brochure Supplement provides information about Brett M. Slattery and supplements the Willis Investment Counsel, Inc. (WIC) firm brochure. You should have received a copy of that brochure. In the event you did not receive a copy, or in the event you have any questions concerning this Firm Brochure Supplement, please contact us by telephoning Kelli M. Wright, Vice President Operations and Trading and Chief Compliance Officer of WIC, at 770.718.0706, or by emailing Ms. Wright at kwright@wicinvest.com

Additional information about Brett M. Slattery can be reviewed on the website of the U.S. Securities and Exchange Commission at www.adviserinfo.sec.gov.

Education Background and Business Experience

Brett M. Slattery (year of birth: 1973) Mr. Slattery is an Analyst and Portfolio Manager for Willis Investment Counsel. He also serves on the firm's investment committee. Prior to joining WIC in June 2012, Mr. Slattery was a senior portfolio manager at Harris SBSB (a unit of BMO Financial Group) for three years, and an equity research analyst at Abingdon Capital Management for six years.

Mr. Slattery is a Chartered Financial Analyst (CFA)². He holds an MBA from the McDonough School of Business at Georgetown University, and a bachelor of business administration degree from the University of Wisconsin at Whitewater.

Disciplinary Information

There is no disciplinary information to report regarding Mr. Slattery.

Other Business Activities

Mr. Slattery is not engaged in any other business activities.

Additional Compensation

Mr. Slattery has no other income or compensation to disclose.

Supervision

Mr. Slattery's activities on behalf of WIC and its clients are supervised by Robert T. Willis, Jr. the CIO of WIC. Mr. Willis can be contacted at the address and telephone number noted above.

Investment-related policy, practices, and decisions are made and monitored by the investment committee of WIC whose members include Mr. Slattery; James J. Kilroy, principal and portfolio manager; Robert T. Willis, Jr., principal and chief investment officer; and Peter D. Miller, investment strategist and portfolio manager. Members of the investment committee can be contacted at the address and telephone number noted above.

² The Chartered Financial Analyst ("CFA") 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 examination covering such substantive subjects as accounting, economics, ethics, money management, and security analysis. Before a candidate is eligible to become a CFA charter holder, he or 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.

Firm Brochure Supplement for

KELLI M. WRIGHT

of

Willis Investment Counsel, Inc.

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Website Address: www.wicinvest.com

December 31, 2014

This Firm Brochure Supplement provides information about Kelli M. Wright and supplements the Willis Investment Counsel, Inc. (WIC) firm brochure. You should have received a copy of that brochure. In the event you did not receive a copy, or in the event you have any questions concerning this Firm Brochure Supplement, please contact us by telephoning Kelli M. Wright, Vice President Operations and Trading and Chief Compliance Officer at 770.718.0706, or by emailing Ms. Wright at kwright@wicinvest.com.

Additional information about Kelli M. Wright can be reviewed on the website of the U.S. Securities and Exchange Commission at www.adviserinfo.sec.gov.

Education Background and Business Experience

Kelli M. Wright (year of birth: 1970) is Vice President of Operations and Trading, and Chief Compliance Officer of WIC, having responsibility for the firm's operations and trading. She also serves on the firm's Compliance committee, as Chief Compliance Officer, which is

responsible for the development and implementation of the compliance policies and procedures of the firm. Prior to joining WIC, Ms. Wright was a Private Banker with Wachovia Bank, N.A. (now Wells Fargo) in Gainesville, Georgia, where she assisted high net worth individuals with their borrowing and investment needs.

Ms. Wright holds a BS in Business Administration from Auburn University College of Business, Auburn, Alabama, and an MBA with a concentration in Finance from Auburn University College of Business, Auburn, Alabama.

Disciplinary Information

There is no disciplinary information to report regarding Ms. Wright.

Other Business Activities

Ms. Wright is not engaged in any other business activities.

Additional Compensation

Ms. Wright has no other income or compensation to disclose.

Supervision

Ms. Wright's activities on behalf of WIC and its clients are supervised by Robert T. Willis, Jr. the CIO of WIC. Mr. Willis can be contacted at the address and telephone number noted above.

Investment-related policy, practices, and decisions are made and monitored by the investment committee of WIC whose members include James J. Kilroy, principal and portfolio manager; Brett Slattery, analyst and portfolio manager; Robert T. Willis, Jr., principal and chief investment officer; and Peter D. Miller, investment strategist and portfolio manager. Members of the investment committee can be contacted at the address and telephone number noted above.