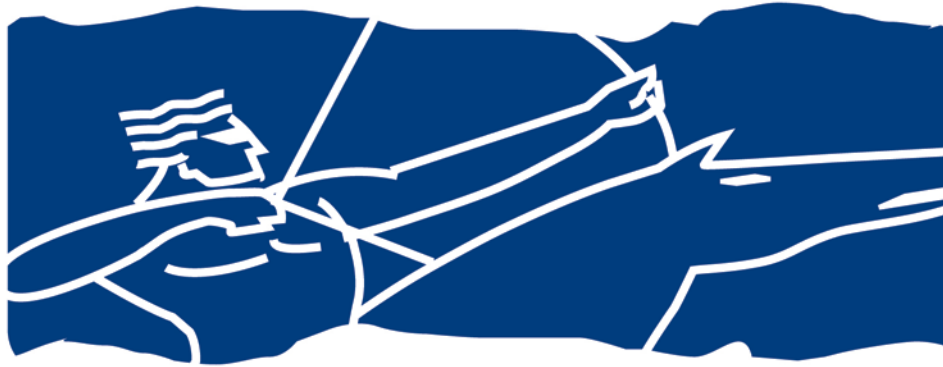


Part 2A of Form ADV: *Firm Brochure*

TODD-VEREDUS



ASSET MANAGEMENT LLC

Todd-Veredus Asset Management LLC

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3/28/2012

This brochure provides information about the qualifications and business practices of Todd-Veredus Asset Management LLC (TVAM). If you have any questions about the contents of this brochure, please contact us at (502) 585-3121. 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.

Todd-Veredus Asset Management LLC is a registered investment adviser. 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 to help you determine to hire or retain an adviser.

Additional information about Todd-Veredus Asset Management LLC also is available on the SEC's website at www.adviserinfo.sec.gov. You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 109473.

Item 2 Material Changes

The following are the material changes that have been made to our Brochure since our last annual update dated March 29, 2011:

1. Item 4 The amount of Managed Assets has been revised to reflect client assets on a discretionary basis of \$3,209,700,000 as of December 31, 2011. As of the last annual update dated March 29, 2011 this amount was \$3,508,900,000.
2. Item 5 Fees and Compensation – TVAM no longer provides services to investment partnerships. With this change the disclosure regarding Partnership Fee has been removed from the current brochure. This fee included a performance fee of 20% of net investment income.
3. Item 7 Types of Clients – TVAM no longer serves as general partner for Veredus Capital Partners LP (VCP). VCP was the general partner to Veredus Partners (VP), a hedge fund for accredited investors. VP was closed in 2011 with investments being sold and proceeds distributed to the limited partners. As these entities have wrapped up operations the disclosure regarding them has been removed from the current brochure.
4. Item 8 Investment Strategies – Since TVAM no longer provides management services to VP, the reference to this was removed from the Growth investment philosophy disclosure for the current brochure.
5. Item 10 Other Financial Industry Activities and Affiliations – Since VP has ceased investment operations, the reference in this section to VP and VCP has been removed.
6. Item 11 Code of Ethics – The black out period described in the narrative is to be changed from 7 days to 3 trading days. Also references to VP have been removed as the entity has ceased investment operations.

Our Brochure may be requested by contacting John Poole at (502) 585-3121 or by email at jpoole@toddveredus.com. Our Brochure is also available on our web site www.toddveredus.com.

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Item 4 Advisory Business

Todd-Veredus Asset Management LLC is a registered investment advisor, which began operations on June 1, 1998 as Veredus Asset Management LLC (VAM or Veredus). Effective May 1, 2009 VAM combined with Todd Investment Advisors, Inc. (TIA or Todd) through a series of transactions in which VAM acquired substantially all of the assets and identified liabilities of TIA in exchange for 45% of the equity units of VAM. TIA (and its predecessors) was founded in 1967 by Bosworth M. Todd. Upon the combination, Veredus Asset Management LLC changed its name to Todd-Veredus Asset Management LLC (TVAM). TVAM will continue to offer the same products that each individual firm offered prior to the combination, managed by the same individuals and process.

TVAM is 90% employee owned with 10% ownership held by private investors. No individual owns greater than 25% of the employee and investor units. See Item 10 for affiliations.

Our firm provides continuous advice to a client regarding the investment of client funds based on the product or investment objectives established by the client. Generally we manage these advisory accounts on a discretionary basis.

TVAM provides individualized investment management services for individuals and institutional investors. TVAM may also provide discretionary investment management services to clients as part of Separately Managed Account Programs (SAM), and non-discretionary investment management service to clients using a Model portfolio based on one of the investment products. Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors. Tax considerations may also come into play as part of the management process if requested. Further information on the types of clients of the firm can be found in item 7 of this Brochure.

Clients can select from products managed under the two main investment philosophies of the Firm. The growth philosophy is managed by investment professionals from Veredus while the intrinsic value philosophy is managed by investment professionals from Todd. Certain disclosures in this Brochure may reference these specific investment philosophies.

Types of investments which can be used as part of the products philosophy include:

- Exchange-listed securities
- Securities traded over-the-counter
- American Depositary Receipts (ADR)
- Foreign issuers
- Warrants
- Corporate debt securities (other than commercial paper)
- Commercial paper
- Certificates of deposit
- Municipal securities
- Variable annuities
- Mutual fund shares
- United States governmental securities
- Options contracts on securities
- Options contracts on commodities

Because some types of investments involve certain additional degrees of risk, they will only be utilized/recommended when consistent with the client's stated investment objectives,

tolerance for risk, and liquidity needs. Further information on the strategies managed according to the investment philosophies can be found in Item 8 of this Brochure.

AMOUNT OF MANAGED ASSETS

As of December 31, 2011, we were actively managing \$3,209,700,000 of clients' assets on a discretionary basis. This amount does not include assets others may manage using a model portfolio provided, as required under contract, by TVAM. Our firm does not have discretionary authority over these assets.

Item 5 Fees and Compensation

On a case-by-case basis, Todd-Veredus Asset Management LLC determines an appropriate fee structure based on the size, complexity and investment objectives of the client's account. Fee arrangements may include a combination of a management fee and performance fee, or may be solely limited to a management fee or a performance based fee. A performance fee has the annual fee adjusted up for an account out performing a selected benchmark or reduced if the account under performs a benchmark. The terms and conditions of the fee structure are mutually agreed upon prior to entering into an advisory agreement.

The basic fee schedules and bases of computation for investment management services are given below. All fees are calculated quarterly, and are payable, either in advance based on the value of the account as of the beginning of each billing period, or in arrears based on the value of the account at the end of the billing period. Clients may elect to be billed directly for fees or to authorize TVAM to directly debit fees from the client accounts. TVAM may also provide services on a fixed fee basis. The Account Management Fee is prorated for periods less than a full billing cycle and adjusted to cover any additional contributions or withdrawals made during the billing cycle. To the extent that fees have been paid in advance of the date of termination, they are refunded automatically on a pro rata basis.

Growth

Small Capitalized stocks:

Size of Account	Annual Fee
Below \$25,000,000	1.00% of all assets in the account
\$25,000,000 - \$49,999,999	0.85% of all assets in the account
Over \$50,000,000	0.75% of all assets in the account

Large Capitalized stocks:

Size of Account	Annual Fee
Below \$50,000,000	0.75% of all assets in the account
\$50,000,000 - \$99,999,999	0.65% of all assets in the account
Over \$100,000,000	0.55% of all assets in the account

For example the annual fee for a client that invests \$49 million, in a small cap account will be \$416,5000 (0.85% rate), whereas the fee for a client that invests \$51 million would be \$382,500 (0.75% rate). Should the market value of the assets under management as of the

last day of a calendar quarter fall below a tier minimum due to investment loss, the annual fee would remain at the lower rate previously established. For example if a small cap growth account's market value decreases below \$50 million from \$51 million, the annual fee would remain at 0.75% not increase to 0.85%.

Intrinsic Value

<u>Strategy</u>	<u>Annual Fee</u>
Large Cap Intrinsic Value	0.60% of all assets in the account
International Intrinsic Value	0.80% of all assets in the account
Intrinsic Value Opportunity	0.70% of all assets in the account
Global Intrinsic Value Equity Income	0.60% of all assets in the account
Balanced	0.50% on the first \$10 million 0.35% of all assets in excess of \$10 million
Individual Taxable (equity and balanced)	0.75% on the first \$1 million 0.50% on all assets in excess of \$1 million
ETF Lifestyle Accounts	0.50% on the first \$10 million 0.35% on all assets in excess of \$10 million

Prior to July 21, 2010 some of the strategies listed above had minimum annual fees as part of the standard fee schedule. These minimums are no longer part of the current standard fee schedule. The Intrinsic Value Opportunity and Individual Taxable (equity and balanced) fee schedule included a \$10,000 minimum annual fee. The Large Cap Intrinsic Value, Balanced, and ETF Lifestyle Accounts fee schedule included a \$15,000 minimum annual fee. The International Intrinsic Value fee schedule included a \$40,000 minimum annual fee.

Separately Managed Account Programs

TVAM's management fee schedule varies from 0.45% to 0.60% of assets under management. The highest all inclusive (TVAM and sponsoring broker) management fee to a client is 3.0%.

Performance-Based Fees

As an alternative to the basic fee schedule for individually managed accounts, TVAM also offers a performance-based fee ("Fulcrum Fee") to clients who meet the requirements of Section 205(b)(2) of the Investment Advisers Act of 1940. The Fulcrum Fee is based on the performance of the client's account relative to the stocks comprising a benchmark index agreed to by the client and TVAM ("Index"), such as the Standard and Poor's 500 Index ("S&P 500") or the Russell 2000 Growth Index. The performance-based fee calculation will not commence for any client until the client's account has been managed for four full calendar quarters.

The Fulcrum Fee is payable quarterly in arrears and is calculated in the following manner:

When a client selects the Fulcrum Fee as its advisory fee, the market value of the Index and the market value of the client's account (less any accrued management fee) are determined. The Fulcrum Fee is .25% per quarter through the first four calendar quarters (an annual rate

of 1% of assets under management). Thereafter, at the end of each quarter, the market values of the Index and the client's account as of the end of that quarter are calculated and compared to their values as of the quarter ended one year earlier. For each 100 basis points (1.00%) difference between the change in the market value of the Index and the market value of the client's account over the preceding year, the quarterly investment advisory fee of .25% is increased or decreased from the Fulcrum Fee accordingly by .03125% (or .125% annually). Fractions of a percentage point are adjusted up or down on the Fulcrum Fee according to the same ratio. The Fulcrum Fee determined will be applied to the average of the total assets in the account for each month of in the calendar quarter. As an example for the first four calendar quarters the annual fee rate would be 1.00%, after this point the account performance will be compared to the benchmark and the fee would be reset as follows:

Annual fee when account performance is:	Annual Rate
equal to the benchmark	1.00%
800 basis points above the benchmark	2.00%
800 basis points below the benchmark	0.00%
200 basis points above the benchmark	1.25%
200 basis points below the benchmark	0.75%

Mutual Fund Fee

Aston Asset Management (Aston) pays TVAM a fee equal to 50% of the net advisory fee paid to Aston by the funds sub-advised by TVAM. The annual rates the funds pay to Aston are 1.00% of its average daily net assets, net of any expense waiver, for the Small Cap Growth Fund, and 0.80% of its average daily net assets, net of any expense waiver, for Select Growth Fund. Please refer to Item 7 for additional information on these funds.

Under an investment advisory agreement with the Valued Adviser Trust, TVAM earns an advisory fee based on an annual rate of 0.65% of the average daily net assets of the TVAM International Intrinsic Value Fund. TVAM has an expense limitation agreement with the Trust. Please refer to Item 7 for additional information on this fund.

Wrap Fee Programs

For accounts in which TVAM provides a model portfolio or buy lists, and is not responsible for trade execution, or any other matter in regards to the account, it charges a fee from 0.25% to 0.75% of all assets under management under the model.

Todd may utilize mutual funds for its clients to achieve certain specific investment objectives that it cannot achieve efficiently through direct investments on its own. In such cases, the client will incur a layer of fees charged by the mutual fund company in addition to the management fee charged by Todd. In no case does the mutual fund rebate any fee to TVAM.

GENERAL INFORMATION

Limited Negotiability of Advisory Fees: Although TVAM has established the aforementioned fee schedules, we retain the discretion to negotiate alternative fees on a client-by-client basis. Client facts, circumstances and needs are considered in determining the fee schedule. These include the complexity of the client, assets to be placed under management, anticipated future additional assets, related accounts, portfolio style, account composition, and reports, among other factors. The specific annual fee schedule is identified in the contract between the adviser and each client.

Discounts, not generally available to our advisory clients, may be offered to family members and friends of associated persons of our firm.

Termination of the Advisory Relationship: A client agreement may be canceled at any time, by either party, for any reason upon receipt of 30 days written notice. As disclosed above, certain fees are paid in advance of services provided. Upon termination of any account, any prepaid, unearned fees will be promptly refunded. In calculating a client's reimbursement of fees, we will pro rate the reimbursement according to the number of days remaining in the billing period.

Wrap Fee Programs and Separately Managed Account Fees: Clients participating in separately managed account programs may be charged various program fees in addition to the advisory fee charged by our firm. Such fees may include the investment advisory fees of the independent advisers, which may be charged as part of a wrap fee arrangement. In a wrap fee arrangement, clients pay a single fee for advisory, brokerage and custodial services. Client's portfolio transactions may be executed without commission charge in a wrap fee arrangement. In evaluating such an arrangement, the client should also consider that, depending upon the level of the wrap fee charged by the broker-dealer, the amount of portfolio activity in the client's account, and other factors, the wrap fee may or may not exceed the aggregate cost of such services if they were to be provided separately.

Additional Fees and Expenses: In addition to our advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker dealers, including, but not limited to, any transaction charges imposed by a broker dealer with which an independent investment manager effects transactions for the client's account(s). Please refer to the "Brokerage Practices" section (Item 12) of this Brochure for additional information.

ERISA Accounts: TVAM is deemed to be a fiduciary to advisory clients that are employee benefit plans or individual retirement accounts (IRAs) pursuant to the Employee Retirement Income and Securities Act ("ERISA"), and regulations under the Internal Revenue Code of 1986 (the "Code"), respectively. As such, our firm is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, TVAM may only charge fees for investment advice about products for which our firm does not receive any commissions or distribution or shareholder servicing fees pursuant to rule 12b-1 under the Investment Company Act of 1940 as amended.

Advisory Fees in General: Clients should note that similar advisory services may (or may not) be available from other registered (or unregistered) investment advisers for similar or lower fees.

Limited Prepayment of Fees: Under no circumstances do we require or solicit payment of fees in excess of \$1,200 more than six months in advance of services rendered.

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

PERFORMANCE-BASED FEES

As described in Item 5 of this Brochure, our firm may enter into performance fee arrangements with certain qualified clients.

Clients should be aware that performance-based fee arrangements may create an incentive for us to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement. Advisory Clients should also recognize that such fee arrangements create an investment conflict as it creates an incentive to allocate profitable investments to such a client thereby enabling us to recognize increased compensation for our management services. TVAM believes it has developed adequate controls to address these potential conflicts.

Item 7 Types of Clients

TVAM provides advisory services to Individuals, high net worth individuals, investment companies (including mutual funds), pension and profit sharing plans (other than plan participants), Taft-Hartley plans, other pooled investment vehicles (e.g., UCITS funds), charitable organizations, state or municipal government entities, banks or thrift institutions, and corporations or other businesses not listed previously.

TVAM generally provides investment management services to accounts of at least \$5 million. TVAM reserves the right to waive or lower the minimum account requirement on a client-by-client basis. We may group certain related client accounts for the purposes of achieving the minimum account requirement and in determining the annualized fee.

The Growth investment team of TVAM currently serves as investment sub-adviser to the Aston/Veredus Small Cap Growth Fund (VAGF), and the Aston/Veredus Select Growth Fund (SELECT). Each is a series of the Aston Funds, a registered open-end management investment company.

The intrinsic value team of TVAM serves as an investment sub-adviser for several variable annuities, mutual funds, and UCITS fund following the Large Cap Intrinsic Value and various ETF strategies. They also are the advisor to the TVAM International Intrinsic Value Fund within the Valued Advisers Trust.

TVAM offers investment advisory services on a discretionary basis to clients of Separately Managed Accounts sponsors. TVAM is included in a list of managers that may be recommended by the brokerage firm/SMA sponsor. Under these programs, the sponsor offers investment management, custody, brokerage, and performance monitoring for a set fee (some bundled and some unbundled). TVAM is paid an advisory fee by the sponsor that is determined per agreement with the two entities. Although the sponsor is the primary contact

for clients, TVAM is available for discussions with the client at the client's request.

TVAM, as required under contract, may also provide investment management services to clients using a model portfolio based on an investment product of TVAM. For accounts in which TVAM acts as a model portfolio provider, TVAM is not responsible for trade execution, timing of trade placement, brokerage selection, negotiation of commission or other fees paid by investors in the program.

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

METHODS OF ANALYSIS

We use the following methods of analysis in formulating our investment advice and/or managing client assets:

Charting. In this type of technical analysis, we review charts of market and security activity in an attempt to identify when the market is moving up or down and to predict how long the trend may last and when that trend might reverse.

Fundamental Analysis. We attempt to measure the intrinsic value (Todd team) and/or earnings potential (Veredus team) of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is under priced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell).

Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

Technical Analysis. We analyze past market movements and apply that analysis to the present in an attempt to recognize recurring patterns of investor behavior and potentially predict future price movement.

Technical analysis does not consider the underlying financial condition of a company. This presents a risk in that a poorly-managed or financially unsound company may under perform regardless of market movement.

Cyclical Analysis. In this type of technical analysis, we measure the movements of a particular stock against the overall market in different market cycles in an attempt to predict the price movement of the security.

Quantitative Analysis. We use mathematical models in an attempt to obtain more accurate measurements of a company's quantifiable data, such as the value of a share price or earnings per share, and predict changes to that data.

A risk in using quantitative analysis is that the models used may be based on assumptions that prove to be incorrect.

Qualitative Analysis. We subjectively evaluate non-quantifiable factors such as quality of management, labor relations, and strength of research and development factors not readily subject to measurement, and predict changes to share price based on that data.

Mutual Fund and/or ETF Analysis. We look at the experience and track record of the manager of the mutual fund or ETF in an attempt to determine if that manager has

demonstrated an ability to invest effectively over a period of time and in different economic conditions. We also look at the underlying assets in a mutual fund or ETF in an attempt to determine if there is significant overlap in the underlying investments held in another fund(s) in the client's portfolio. We also monitor the funds or ETFs in an attempt to determine if they are continuing to follow their stated investment strategy.

A risk of mutual fund and/or ETF analysis is that, as in all securities investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a fund or ETF, managers of different funds held by the client may purchase the same security, increasing the risk to the client if that security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund or ETF, which could make the holding(s) less suitable for the client's portfolio.

Risks for all forms of analysis. Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

INVESTMENT STRATEGIES

We may use the following strategy(ies) in managing client accounts, provided that such strategy(ies) are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations:

Long-term purchases. We purchase securities with the idea of holding them in the client's account for a year or longer. Typically we employ this strategy when:

- we believe the securities to be currently undervalued or have under appreciated earnings potential, and/or
- we want exposure to a particular sector over time, regardless of the current projection for this sector.

A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantage of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the decision to sell.

Short-term purchases. When utilizing this strategy, we purchase securities with the idea of selling them within a relatively short time (typically a year or less). We do this in an attempt to take advantage of conditions that we believe will soon result in a price swing in the securities we purchase.

A short-term purchase strategy poses risks should the anticipated price swing not materialize; we are then left with the option of having a long-term investment in a security that was designed to be a short-term purchase, or potentially taking a loss.

In addition, this strategy involves more frequent trading than does a longer-term strategy, and will result in increased brokerage and other transaction-related costs, as well as less favorable tax treatment of short-term capital gains.

Trading. For certain products we may purchase securities with the idea of selling them very

quickly (typically within 30 days or less). We do this in an attempt to take advantage of our predictions of brief price swings.

Short sales. For certain products we may borrow shares of a stock for your portfolio from someone who owns the stock on a promise to replace the shares on a future date at a certain price. Those borrowed shares are then sold. On the agreed-upon future date, we buy the same stock and return the shares to the original owner. We engage in short selling based on our determination that the stock will go down in price after we have borrowed the shares. If we are correct and the stock price has gone down, the client account realizes the profit. If we are incorrect and the stock price has gone up, the client account realizes a loss.

Margin transactions. For certain products we may purchase stocks for your portfolio with money borrowed from your brokerage account. This allows you to purchase more stock than you would be able to with your available cash, and allows us to purchase stock without selling other holdings. While the use of margin and borrowed funds can improve an account's performance, such use may also increase the negative performance an account may have in the event the market price decreases on stocks purchased using margin.

Risks. Securities investments are not guaranteed and you may lose money on your investments. There can be no assurance that the investment objective of the philosophy will be achieved. When there is no willing buyer and investments cannot be readily sold at the desired time or price, an account may need to accept a lower price or may not be able to sell the security at all. This liquidity risk can adversely affect a client's account value or prevent the account from being able to take advantage of other investment opportunities.

Following is a basic investment philosophy for the Growth (Veredus) and Intrinsic Value (Todd) management teams:

GROWTH (VEREDUS):

The investment philosophy for our growth products is based on the premise that stock prices will follow their respective trends in expected earnings and that significant alpha can be generated at the portfolio level by focusing on those stocks with the greatest magnitude of change in their consensus earnings. Also, because the revision process is gradual and comes incrementally over time instead of a wholesale fashion, we believe that this leads to a higher degree of persistence and greater predictability than other investment styles. Furthermore, by using this as a starting point in our process, we find where the market is most inefficient at estimating earnings. Combining this with strong internal research and focusing on the real potential earnings power of a company allows us higher conviction in our ability to generate excess returns as well as provide a better risk/reward dynamic for the portfolio.

The success of our process is based on the fact that 1) sell side analysts consistently make inaccurate short-term AND long-term forecasts, leading to earnings surprises and revisions to estimate forecasts, and 2) the market does not discount earnings events instantaneously, meaning that stock prices fluctuate and create opportunity.

The sell discipline is instrumental to the success of our investment process; the avoidance of negative earnings events is certainly a goal, but is not always attainable. Prudent responses to negative surprise and negative estimate revisions are essential to generating positive investment performance. The decision to sell stocks is made when the street estimates have caught up to our internal estimates and we begin to reduce our holdings based on reduced expectation of upside earnings surprises. Therefore, we are not only reacting to negative

events, but we are proactively selling when the expectation for a positive earnings surprise is reduced.

One style of management is primarily invested in **small capitalized stocks** (capitalization from \$500 million to \$2.5 billion). Veredus also applies its management philosophy to stocks in the **large capitalization** (capitalization in excess of \$5 billion) range.

Investing in small cap stocks could include relatively new or unseasoned securities, and is more aggressive and could result in higher volatility than other investment strategies. These styles may result in frequent buys and sells of securities, or turning over the portfolio. A higher turnover rate may indicate higher transaction costs and may result in higher taxes from security selling for a taxable account. The growth philosophy may entail greater risks from sector concentration. At times a significant portion of the investments may be in one or more related economic sectors.

INTRINSIC VALUE (TODD):

We believe Price to Intrinsic Value is the most effective fundamental calculation available to determine the true worth of a stock. This calculation has been used by the Intrinsic Value team since 1986 and is used in the management of our Domestic, International and Opportunity products. All of our products focus on an experienced group of portfolio managers buying stocks with attractive valuations in the expectation of realizing that value because of fundamental developments and better market acceptance. Price to Intrinsic Value measures the price a private market buyer would be willing to pay for a given stock, and has been proven to work both in the stock market and in merger and acquisition valuations. Simply put, the intrinsic value of a stock is the present value of all future cash flows, and it is a calculation that has been used in financial circles since the first dividend discount model was introduced in 1938. Price to intrinsic value compares the market price to the intrinsic value, and allows skilled portfolio managers to compare companies across the full spectrum of stocks available for investment. Other valuation measures tend to have biases for or against certain groups, limiting the diversification possibilities for their portfolios.

While valuation is central to our philosophy, common sense dictates that it must be corroborated by company fundamentals and market acceptance. Valuable stocks can become value traps if a company's fundamental prospects do not support that value, or if the market chooses to ignore the valuation and fundamentals because of some other concern. We believe the combination of good valuation factors with positive fundamental prospects and market recognition of both of those elements provides the first step of a process that allows experienced portfolio managers to review a group of stocks with the potential of out performance. Combining value, fundamental and technical disciplines is what we do in all of our products because the more indicators that point in the direction of a stock being valuable and having that value recognized, the higher your potential of outperforming the market.

Experienced management sharing a common set of core beliefs and having the ability to recognize the underlying drivers for growth and value in individual stocks are the centerpiece of our strategies. We couple this with sell disciplines based on valuation and fundamentals for all of our strategies to limit the risks inherent in stock selection. We also maintain diversification requirements in our Large Cap Intrinsic Value and International Intrinsic Value strategies to ensure it is our stock selection that is providing the most value to clients. Our

Intrinsic Value Opportunity strategy is unconstrained and will allow for more sector concentration in its pursuit of value.

Following are various products offered by the Intrinsic Value (Todd) team

LARGE CAP INTRINSIC VALUE

The objective of the Large Cap Intrinsic Value product is to achieve competitive investment returns by purchasing equity securities of companies that are attractively priced and with positive fundamental and market acceptance characteristics. Equity securities are selected that also have a minimum market capitalization of \$1 billion and an internal quality rating of B- or better. A review of an invested security would be initiated when there is a deterioration of fundamental criteria or the target sell price is reached. Prior to March 2010, this product was known as the Relative Value Equity product. No change in the strategy was made in conjunction with the name change.

INTERNATIONAL INTRINSIC VALUE

The International Intrinsic Value strategy is a direct extension of our Price to Intrinsic Value methodology. We screen for ADRs that possess attractive valuation, positive and improving fundamentals and market acceptance of these factors. We then formulate a portfolio selecting from ADRs with a market capitalization of \$1 billion and above factors that can force recognition by the market of the intrinsic value. We tend to hold on average 75 to 100 positions balanced across multiple countries and industry sectors. We also can allocate up to 20% of the portfolio outside of EAFE countries. We modify the sector weightings against the EAFE. Our portfolio team maintains an active database of over 800 ADRs that are subjected to this methodology and reviewed regularly for purchase or sale candidates. ADRs represent ownership of securities in foreign stock and are issued by U.S. banks and trust companies. ADRs are denominated in U.S. dollars and are traded on a U.S. Exchange. In some cases ADRs may have liquidity risk, when there is no willing buyer and investments cannot be readily sold at the desired time or price. In situations where TVAM believes the volume of ADR shares is not sufficient for it to trade on the NYSE, TVAM will execute the trade with any number of brokerage firms, whereby the broker will convert the trade into the local currency of the security and purchase it on the respective ordinary exchange. The broker will then convert the trade back into dollar denominated ADRs. These liquidity issues may add additional risk to this style not typically associated with investing in U.S. companies. Prior to March 2010, this product was known as the International Equity product. No change in the strategy was made in conjunction with the name change.

INTRINSIC VALUE OPPORTUNITY

The Intrinsic Value Opportunity fund is an extension of our core Price to Intrinsic Value discipline that is based on a rules based process. We use the S&P 500 as the source for our stocks in the fund, and screen for the most attractively valued names in that universe. This first screen results in a pool of about 165 stocks that we use as our base group. We then screen for those stocks that have one of three additional qualities, market acceptance (as measured by technical indicators), financial strength (as measured by share repurchase) or gross profits as a percentage of assets. Once we have our list of companies with these attributes, we review the inputs into each component of the screen to ensure their accuracy. Our studies have found that when you purchase attractively valued stocks with either good technical strength or good financial strength that the portfolio typically outperforms the S&P

500 by a substantial margin over time. The portfolio is rebalanced every 3 months and typically results in between 40 and 80 holdings. It is not required to be diversified by sector, and should be considered a more sector concentrated, aggressive application of the price to intrinsic value discipline.

GLOBAL INTRINSIC VALUE EQUITY INCOME

The primary investment objective of this fund is to provide dividend income with a secondary objective being growth of income. Investors should expect to receive an above average portion of their total return in the form of dividend income. Total return will be a consideration, but will not be the main focus. The portfolio will be made up of both domestic and international large capitalized stocks with a quality rating of B- or better. The goal is to create a portfolio that achieves a yield that is 30% greater than Morgan Stanley's All Country World Index (ACWI) benchmark in companies with strong balance sheets and reasonable payout ratios.

BALANCED PRODUCT

The objective of the Balanced product is to make active asset allocation decisions that blend equity, fixed income, and cash equivalent securities to achieve stability of principal while earning competitive rates of return. We diversify exposure among asset classes in an attempt to reduce investment risk and decrease portfolio volatility. To formulate what we think is the optimum mix of securities, we analyze present economic data, interest rate trends, and stock market levels. Our flexible approach allows us to structure a balanced portfolio to meet the specific and unique parameters defined by each of our clients.

TAXABLE PRODUCT

The objective of the taxable (typically balanced) product is to provide guidance on asset allocation decisions as well as competitive returns in both the equity and fixed income (typically municipal) markets.

CONSERVATIVE ETF LIFESTYLE

The Exchange Traded Fund portfolios (ETFs) Lifestyle portfolios use a mix of eight or nine ETFs with varying asset allocations to meet investors' differing objectives. Conservative ETF Lifestyle seeks stability and income through an overweighting in fixed income. The Conservative ETF Lifestyle portfolio is rebalanced every 12 months. Performance returns are available beginning 10/01/2004. For comparison purposes, this composite uses a hybrid comprised of the S&P 1500 and the Barclay Aggregate Bond indices as the benchmark.

MODERATE ETF LIFESTYLE

The Exchanged Traded Fund (ETF) Lifestyle portfolios use a mix of eight or nine ETFs with varying asset allocations to meet investors' differing objectives. Moderate ETF Lifestyle seeks capital appreciation and income through employing a more balanced asset allocation of fixed income and equities. The Moderate ETF Lifestyle portfolio is rebalanced every 12 months. Performance returns are available beginning 10/01/2004. For comparison purposes, this composite uses a hybrid comprised of the S&P 1500 and the Barclay Aggregate Bond indices as the benchmark.

AGGRESSIVE ETF LIFESTYLE

The Exchanged Traded Fund (ETF) Lifestyle portfolios use a mix of eight or nine ETFs with varying asset allocations to meet investors' differing objectives. Aggressive ETF Lifestyle seeks capital appreciation through an asset allocation that relies more heavily on equities

than fixed income. The Aggressive ETF Lifestyle portfolio is rebalanced every 12 months. Performance returns are available beginning 10/01/2004. For comparison purposes, this composite uses a hybrid comprised of the S&P 1500 and the Barclay Aggregate Bond indices as the benchmark.

TACTICAL ETF ASSET ALLOCATION

The Exchanged Traded Fund (ETF) Lifestyle portfolios use a mix of eight or nine ETFs with varying asset allocations to meet investors' differing objectives. Tactical ETF Asset Allocation seeks capital appreciation through the use of a quantitative model. Our model selects four of the ETFs to overweight in the funds and four to underweight. The Tactical ETF Asset Allocation portfolio is rebalanced every six months. Performance returns are available beginning 10/01/2004. For comparison purposes, this composite uses a hybrid comprised of the S&P 1500 and the Barclay Aggregate Bond indices as the benchmark.

Item 9 Disciplinary Information

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

Our firm and our management personnel have no reportable disciplinary events to disclose.

Item 10 Other Financial Industry Activities and Affiliations

As a privately owned firm we have no other affiliations.

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

TVAM has adopted a Code of Ethics for the purpose of instructing all employees and officers in their ethical obligations and to provide rules for their personal securities transactions. All officers and employees owe a fiduciary duty to the Adviser's Clients. A fiduciary duty means a duty of loyalty, fairness and good faith towards Clients, and the obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code. Officers and employees shall have the duty at all times to place the interests of the investment companies and other clients for which TVAM acts as investment advisor ahead of their own interests. All personal securities transactions of such individuals shall be conducted in such a manner as to avoid any actual or potential conflict of interest, or any abuse of such individual's position of trust and responsibility to TVAM and its clients. All activities of personnel associated with TVAM shall be conducted in accordance with the fundamental standard that they shall not take any inappropriate advantage of their positions with TVAM in accordance with TVAM's Code of Ethics.

Our Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the firm's officers and employees. Our Code of Ethics also requires a covered associate to pre clear certain transactions with the Chief Compliance Officer prior to entering the transaction. These transactions include certain equity transactions as well as investments in a limited offering (e.g., private placement) or an initial public offering. The Code of Ethics contains a black out period on certain security transactions of 3 trading days on either side of

the trade. If a transaction, not exempt by definition of the Code, is made in a restricted security during the black out period an individual may be asked to either unwind the trade or disgorge any profit. This is assuming the individual's execution on the trade is better than that of a client's Account. Provided the Code of Ethics is followed, officers and employees may buy or sell securities recommend by TVAM to investment clients.

Todd-Veredus Asset Management LLC's Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. While we do not believe that we have any particular access to non-public information, all employees are reminded that such information may not be used in a personal or professional capacity. The Code of Ethics also has limits on the acceptance or provision of gifts, favors, or entertainment that could influence their decision making capacity.

These trading restrictions are disclosed in TVAM's Code of Ethics covering all employees of TVAM. A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by email to James Jenkins at jjenkins@toddveredus.com or by calling us at (502) 585-3121.

As noted in this document, TVAM may earn a performance fee on certain individual accounts. As conflicts may exist in which TVAM would allocate more profitable trades to these accounts, TVAM has developed procedures to address these conflicts

Through the Code of Ethics as well as trading review and other compliance procedures TVAM has put in place, it feels it has developed adequate controls to address all conflicts on trading both for the accounts with performance and employees.

Item 12 Brokerage Practices

For clients who ask TVAM to select broker-dealers for client account transactions, we require these clients to provide us with written authority to determine the broker dealer to use and the commission costs that will be charged to these clients for these transactions. This is generally part of the agreed upon Investment Management Agreement signed by TVAM and the client. Clients may include any limitations on this discretionary authority either as part of the Investment Management Agreement or in a separate written statement. Clients may change/amend these limitations as required. Such amendments must be provided to us in writing.

TVAM will endeavor to select those brokers or dealers which will provide the best services at the lowest commission rates possible. The reasonableness of commissions is based on the broker's stability, reputation, ability to provide professional services, competitive commission rates and prices, research, trading platform, and other services which will help TVAM in providing investment management services to clients.

TVAM may direct brokerage transactions for clients' portfolios to brokers who provide research and execution services to TVAM and, indirectly, to TVAM's clients. These services are of the type described in Section 28(e) of the Securities Exchange Act of 1934 and are designed to augment our own internal research and investment strategy capabilities. This may be done without prior agreement or understanding by the client (and done at our discretion). This act may cause the client account to pay more than the lowest available commission for executing a securities trade in return for research services. These payments above the lowest available commission are commonly referred to as "soft dollars". Research

services obtained through the use of soft dollars may be developed by brokers to whom brokerage is directed or by third-parties (examples of such products are detailed later in this section) which are compensated by the broker. TVAM does not attempt to put a specific dollar value on the services rendered or to allocate the relative costs or benefits of those services among clients, believing that the research we receive will help us to fulfill our overall duty to our clients. TVAM may not use each particular research service, however, to service each client. As a result, a client may pay brokerage commissions that are used, in part, to purchase research services that are not used to benefit that specific client. Broker-dealers we select may be paid commissions for effecting transactions for our clients that exceed the amounts other broker-dealers would have charged for effecting these transactions if TVAM determines in good faith that such amounts are reasonable in relation to the value of the brokerage and/or research services provided by those broker-dealers, viewed either in terms of a particular transaction or our overall duty to client accounts.

Certain items obtainable with soft dollars may not be used exclusively for either execution or research services. The cost of such "mixed-use" products or services will be fairly allocated and TVAM makes a good faith effort to determine the percentage of such products or services which may be considered as investment research. The portions of the costs attributable to non-research usage of such products or services are paid by our firm to the broker-dealer in accordance with the provisions of Section 28(e) of the Securities Exchange Act of 1934.

When TVAM uses client brokerage commissions to obtain research or brokerage services, we receive a benefit to the extent that we do not have to produce such products internally or compensate third-parties with our own money for the delivery of such services. Therefore, such use of client brokerage commissions results in a conflict of interest, because we have an incentive to direct client brokerage to those brokers who provide research and services we utilize, even if these brokers do not offer the best price or commission rates for our clients.

Following are products and services TVAM's management teams have obtained on a soft-dollar basis:

Research Provider	Description of Service
Bloomberg	Stock Research Service
FactSet Research Systems	Stock Research Service
D'Biasio (Insync)	Stock Mkt Quote & Research
Thomson Reuters (Markets)LLC	Stock Research Service
Briefing.com	Stock Research Service
Dorsey Wright	Stock Research Service
Lowry	Stock Research Service
NYSE/AMEX	Stock Research Service
Street Account	Stock Research Service
Telemet	Stock market Quotes
Morningstar	Stock Research Service
BCA	Stock Research Service

If TVAM believes that the purchase or sale of a security is in the best interest of more than one client, consistent with TVAM's duty to obtain best execution for all clients, it may (but is not obligated to) aggregate the securities to be sold or purchased to obtain favorable execution or lower brokerage commissions, to the extent permitted by applicable laws and

regulations. Aggregation should, on average, reduce slightly the costs of execution. Under certain circumstances a portfolio manager may need additional time to determine restrictions on accounts, tax implications, or other client requests, when deciding if and when an investment is suitable for the particular client. These factors could lead to clients eligible for the aggregated trade, executing a trade after the aggregated trade has been executed. Once a portfolio manager has determined an investment idea is suitable for these clients trading will proceed following normal trade procedures.

Where trades are aggregated, the transactions, as well as the expenses incurred in the transactions, will be allocated by TVAM according to a policy designed to ensure that such allocation is equitable (no advisory client will be favored over any other client) and consistent with TVAM's fiduciary duty to its clients (including its duty to obtain best execution of client trades). Pursuant to this policy, each client that participates in an aggregated order will participate at the average share price for all TVAM's transactions in that security on a given business day, with transaction costs shared pro rata based on each client's participation in the transaction. The accounts aggregated may include accounts in which TVAM's employees own interests. Before entering an aggregated order, TVAM will prepare a written allocation statement specifying the participating client accounts and how it intends to allocate the order among such accounts. Under limited circumstances, TVAM may allocate the order on a basis different from that specified in the allocation statement if all client accounts receive fair and equitable treatment.

A client may direct TVAM to use a particular broker-dealer for all or a portion of its portfolio transactions. Also a client may use a particular broker-dealer as the account's custodian. In these cases the client authorizes TVAM to effect all portfolio transactions at a commission rate agreed upon between the client and the broker-dealer. The client should consider whether such a designation may result in certain costs or disadvantages to the client. The client may pay higher commissions than it would if the client had not directed brokerage and may not receive best execution. Accordingly, the client should satisfy itself that the broker-dealer can provide adequate price and execution of most transactions. A client who directs the use of a broker-dealer may also be subject to certain disadvantages regarding allocation of new issues and aggregation of orders. In some situations, TVAM may be in a better position to negotiate commissions if the brokerage were not directed.

Client directed portfolio transactions may be aggregated with trades of other clients, if the broker-dealer selected by TVAM to execute the transaction, allows the directed trade to be separated or 'stepped out'. In such cases, the client's directed broker-dealer will receive a pro rata share of the commission for the aggregated trade. If a directed brokerage client's trade is aggregated with other non directed accounts, it is possible the directed client's account may have increased commission costs because the trade was executed away from its designated broker. This may occur when the directed broker is also serving as the custodian.

If TVAM is directed to execute transactions through a particular broker-dealer, and the trade cannot be handled through a 'step-out' from an aggregated trade, the directed trade generally will be executed after the aggregated order has been placed and completed. This could also affect the execution of the trade as the transaction price may differ from that achieved in the aggregated order. TVAM will work through those trades directed by the client in a pre determined rotation if necessary.

In selecting brokers for investment company transactions, TVAM will not take into account the broker's promotion or sale of shares of Funds advised by TVAM and will not enter into any direct or indirect arrangement to direct portfolio securities transactions to a broker in consideration for the promotion or sale of shares of a Fund advised by TVAM.

In effecting portfolio transactions for its brokerage SMA fee accounts, unless otherwise instructed by the client, TVAM places all transactions with the sponsoring brokerage firm for execution and does not negotiate the commission rate, since execution charges are included in the wrap fee. In some cases, the agreement between the client and broker may include commission fees, along with custody and investment management services in the broker's overall ("SMA") fee.

The authority for TVAM to provide discretionary management services under brokerage SMA programs is contained in the advisory agreement between the client and the brokerage firm.

Trades occurring in the SMA programs will be blocked where possible and when advantageous to clients. Blocking trades permits the trading of aggregate blocks of securities on behalf of multiple clients' accounts. Transaction costs will be shared equally and on a pro-rated basis between all accounts included in any such block. Block trading allows execution of equity trades in a timelier, equitable manner.

In carrying out OTC trades, TVAM uses large brokerage firms to execute trades on an agency basis. It is best execution that matters and in that case, you have confidence in the integrity of the firm you are using.

INITIAL PUBLIC OFFERINGS

From time to time Veredus receives shares in initial public offerings and secondary offerings (collectively "IPOs"). Upon receipt of these shares Veredus will follow the following allocation policy. When Veredus receives 25,000 or more shares of an "IPO", the shares will be spread over all accounts eligible to participate in "IPOs", with the allocation based proportionately on the prior day's market value of each eligible account.

If Veredus receives less than 25,000 shares of an "IPO" and the order can be split among accounts, then the shares will be allocated based on a rotation of clients eligible to participate in "IPOs" (the "Rotation"). The placement of accounts in the Rotation will not change, except that a new client account eligible to participate in "IPOs" will automatically be placed at the top of a new Rotation and will begin participating after the current Rotation is completed. When Veredus receives less than 25,000 shares of an "IPO", each eligible account in the Rotation will participate with a position limited to one and one-half percent (1 1/2%) of the prior day's market value of its account (for the Veredus Partners IPO sub account, the limit is 1 1/2%, respectively, of the market value of Veredus Partners), and the "IPO" shares will be allocated following the Rotation, until all shares in the "IPO" have been allocated. If a particular client account is the last account to participate in a particular "IPO", and that account does not participate up to the full 1 1/2% of its prior day's market value because there are insufficient "IPO" shares to acquire, that account will nevertheless be deemed to have fully participated in that "IPO" for the purposes of the Rotation.

If Veredus receives less than 25,000 shares, and the order cannot be split (i.e., one account

must receive the entire order), Veredus will follow the Rotation and allocate the shares to the first account both eligible to participate in "IPOs" and able to purchase the full allotment of shares. In this case, if one or more accounts eligible to participate in "IPO" are skipped because those accounts cannot purchase the full allotment of shares, Veredus will use the following procedure in the next "IPO" with less than 25,000 shares: Veredus will follow the Rotation starting with those accounts which were skipped in the prior "IPO" and skipping the account which participated in the prior "IPO".

This Allocation Policy is intended to deal fairly and impartially with all of Veredus' clients. However, it is possible that as a result of the size of certain "IPOs" (e.g., scenario directly above) and the size of certain clients' accounts which affects those clients' ability to participate in such offerings; some clients may participate proportionately in more "IPOs" than other clients. Also due to the business plan of certain "IPOs", Veredus may put in for an "IPO" for only certain accounts. For instance an "IPO" may come up with a larger capitalization, thus this "IPO" may be selected for the Large Cap accounts only versus those following a small cap philosophy.

Item 13 Review of Accounts

Growth (Veredus):

The investment team consists of:

- | | |
|-----------------------------|--|
| • B. Anthony Weber | Co-President, Chief Investment Officer |
| • Charles F. Mercer Jr. CFA | Ex. VP Portfolio Manager |
| • Michael E. Johnson CFA | VP Portfolio Manager |
| • John R. Prys CPA CFA | Portfolio Manager |
| • Katherine Kuntz CPA CFA | Portfolio Manager |

The members of the investment team meet each week to review the securities held by the accounts, securities that may be on watch for additions or reduction for accounts, the sector makeup of the portfolio as well as current economic and market environment.

Veredus sends each client a quarterly report which includes: (1) a statement showing income since the last period reported, (2) performance figures for the account reported on a quarterly, year to date and longer cumulative periods (one year, three year, etc), and (3) the holdings in the account, showing Cost and Market Value as of the Valuation Date. Each client should receive a report directly from the custodian, at least quarterly, detailing all transactions that occurred during the period, as well as period end investment balance in the account.

Intrinsic Value (Todd):

The investment team consists of:

- | | |
|----------------------------|--|
| • Curtiss M. Scott, Jr CFA | Co-President, Chief Investment Officer |
| • John J. White CFA | Senior Portfolio Manager |
| • John C. Holden CFA | Senior Portfolio Manager |
| • Robert Bordogna | Chairman |
| • Bosworth M. Todd | Chairman Emeritus |
| • Shaun C. Siers | Research Analyst |
| • James A. Kaelin | Research Analyst |

Mr. Scott, Mr. White, Mr. Holden, Mr. Todd, and Mr. Bordogna form the domestic investment committee that meets regularly to review market and client-related issues for the large cap domestic strategy. Mr. Scott, Mr. White, and Mr. Holden also form the international investment committee, which meets regularly to discuss similar issues as they relate to the international ADR strategy. On a daily basis, the portfolio managers evaluate the outlook for the stock and bond markets and make changes accordingly in their stock, bond and/or balanced accounts. Changes to Equity and Fixed Income are implemented across all accounts within each client's unique investment guidelines. New accounts may be assigned to one of the portfolio managers. While certain aspects of each account are reviewed on a daily basis, all accounts are scrutinized with an attribution analysis process on a monthly basis by the entire Investment Committee.

In addition to monthly reviews, reviews are also made when requested by a client or when otherwise deemed appropriate by the Investment Committee or portfolio manager. Factors that may trigger a review include changes in general market or economic conditions, consideration as to the purchase or sale of a security for an account, changes in a client's personal situation, changes in the approved list, tax considerations, and other similar factors. Matters reviewed depend in large part on the reason for the review. A general review usually involves a review of a client's investment objectives, individual securities owned, income being earned by the account, concentration of the portfolio, and similar matters. The sequence in which accounts are reviewed is flexible and not fixed. Client account records are generated by computer record keeping systems maintained by TVAM. This produces standard reports, usually on a quarterly basis (monthly if requested by client), which are used by the portfolio managers and also sent to clients. In addition, clients receive regular statements from custodians.

Item 14 Client Referrals and Other Compensation

CLIENT REFERRALS

Our firm may pay referral fees to independent persons or firms ("Solicitors") for introducing clients to us. Whenever we pay a referral fee, we require the Solicitor to provide the prospective client with a copy of this document (our *Firm Brochure*) and a separate disclosure statement that includes the following information:

- the Solicitor's name and relationship with our firm;
- the fact that the Solicitor is being paid a referral fee;
- the amount of the fee; and
- whether the fee paid to us by the client will be increased above our normal fees in order to compensate the Solicitor.

As a matter of firm practice, the advisory fees paid to us by clients referred by solicitors are not increased as a result of any referral.

It is Todd-Veredus Asset Management LLC's policy not to accept or allow our related persons to accept any form of compensation, including cash, sales awards or other prizes, from a non-client in conjunction with the advisory services we provide to our clients.

Item 15 Custody

We previously disclosed in the "Fees and Compensation" section (Item 5) of this Brochure that our firm directly debits advisory fees from client accounts.

As part of this billing process, the client's custodian is advised of the amount of the fee to be deducted from that client's account. On at least a quarterly basis, the custodian is required to send to the client a statement showing all transactions within the account during the reporting period.

Because the custodian does not calculate the amount of the fee to be deducted, it is important for clients to carefully review their custodial statements to verify the accuracy of the calculation, among other things. Clients should contact us directly if they believe that there may be an error in their statement.

In addition to the periodic statements that clients receive directly from their custodians, we also send account statements directly to our clients on either a monthly or quarterly basis. We urge our clients to carefully compare the information provided on these statements to ensure that all account transactions, holdings and values are correct and current.

Item 16 Investment Discretion

TVAM 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. 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, TVAM observes the investment policies, limitations and restrictions of the clients for which it advises. For registered investment companies, TVAM'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.

Investment guidelines and restrictions must be provided to TVAM in writing. Clients may also change/amend such limitations by providing us with written instructions.

Item 17 Voting Client Securities

Proxy voting is an important right of shareholders and reasonable care and diligence must be taken to ensure that such rights are properly and timely exercised. When TVAM is granted discretion by an advisory contract or comparable document to vote the proxies of its clients, it will vote those proxies in the best interest of its clients and in accordance with the policies set up by TVAM. We believe our policy integrates corporate governance and corporate social responsibility and has been tailored to reflect the specific contractual obligations. Our policies address issues involving boards of directors, proxy contests, auditors, tender offers, and executive and director compensation, in addition to material conflicts between our interest and

those of our clients. In an effort to assist TVAM in gathering information and voting, TVAM has engaged the services of Institutional Shareholder Services part of RiskMetrics Group ("ISS"). Through ISS, TVAM has the ability to prepare reports on the voting record for each account. For a more detailed description of TVAM's Proxy voting policy or to determine how votes have been cast, please contact the proxy administrator for Veredus, Amy Benningfield or for Todd, Jeremy Riddle at (502) 585-3121 or by mail 101 S. Fifth Street Suite 3100, Louisville, KY 40202.

Item 18 Financial Information

As an advisory firm we are required to disclose any financial condition that is reasonable likely to impair our ability to meet our contractual obligations. TVAM has no additional financial circumstances to report.