

Part 2A of Form ADV: *Firm Brochure*

Credo Capital Management LLC

225 E. Redwood Street
2nd Floor
Baltimore, Maryland 21202

Telephone: 410-244-6200
Email: melanie@credocapital.com
Web Address: www.credocapital.com

5/30/2012

This Brochure provides information about the qualifications and business practices of Credo Capital Management LLC ("Credo"). If you have any questions about the contents of this Brochure, please contact us at 410-244-6200 or melanie@credocapital.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Credo Capital 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 131535.

Item 2 Material Changes

The SEC adopted "Amendments to Form ADV" in July, 2010. The amended Firm Brochure, dated 5/31/2012, is our disclosure document prepared according to the SEC's requirements and rules. As you will see, this document is a narrative that is substantially different in form and content, and includes some new information that we were not previously required to disclose.

After our initial filing of this Brochure, this Item will be used to provide our clients with a summary of new and/or updated information. We will inform you of the revision(s) based on the nature of the updated information.

Consistent with the new rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. Furthermore, we will provide you with other interim disclosures about material changes as necessary.

This Brochure has been updated as of 5/30/2012.

Item 3	Table of Contents	Page
Item 1	Cover Page	1
Item 2	Material Changes	2
Item 3	Table of Contents	3
Item 4	Advisory Business	4
Item 5	Fees and Compensation, ERISA 408(b)(2) Disclosure	6
Item 6	Performance-Based Fees and Side-By-Side Management	10
Item 7	Types of Clients	10
Item 8	Methods of Analysis, Investment Strategies and Risk of Loss	10
Item 9	Disciplinary Information	12
Item 10	Other Financial Industry Activities and Affiliations	12
Item 11	Code of Ethics, Participation or Interest in Client Transactions and Personal Trading, Privacy Policy	12
Item 12	Brokerage Practices	16
Item 13	Review of Accounts	19
Item 14	Client Referrals and Other Compensation	20
Item 15	Custody	20
Item 16	Investment Discretion	20
Item 17	Voting Client Securities	21
Item 18	Financial Information	22

Item 4 Advisory Business

Credo Capital Management LLC ("Credo") is a SEC-registered investment adviser with its principal place of business located in Baltimore, Maryland. Credo Capital Management LLC began conducting business in April, 2004.

Listed below are the firm's principal shareholders (i.e., those individuals and/or entities controlling 25% or more of this company).

- Tedd M. Alexander III, Managing Partner

Credo offers the following advisory services to our clients:

SEPARATE ACCOUNT PORTFOLIO MANAGEMENT

Credo provides money management products and services for institutional investors. Currently, we offer separate account management for two U.S. equity strategies - mid cap growth and small cap growth.

Our fundamental objective is to provide superior investment performance over time and through all economic and market cycles. Our mission statement reflects this objective: We circumvent the impact of emotion in the market using proprietary forward-looking tools and disciplined processes to discover opportunities and to control risk for our clients.

Differentiating Characteristics

The abundance of traditional active U.S. equity managers has led to strong competition and fewer opportunities for differentiation in the industry. Yet, Credo has developed the capability to offer institutional investors a proven investment strategy with unique processes and elements for implementation.

Growth managers typically take one of several approaches which include GARP (relative value), momentum, aggressive growth, and core growth. In contrast to GARP which emphasizes valuation, momentum which emphasizes price trends, and aggressive growth which ignores the concept of mispriced securities, we pursue a core growth strategy.

Our investment process consists of three phases: idea discovery, fundamental research, and stock selection/portfolio construction. Our idea discovery process utilizes a proprietary expectations-based scoring model to identify growing companies with above-average odds of price appreciation. The model differs from widely used approaches in two significant ways. First, it applies algorithms to forward-looking data, and second, it scores and ranks the entire opportunity set of companies. This differs from common screening techniques which may exclude companies and thereby increasing the risk of omission; scoring models rank companies but do not exclude them.

The next step in our investment process, common among many active managers, is to conduct fundamental research on the companies identified during the idea discovery phase. At this stage in our research process, our objective is to thoroughly understand and analyze a company's growth prospects, investment requirements, and fundamental risks.

To take advantage of our expertise in industry and company selection, we construct portfolios in the Credo mid cap growth strategy to be sector neutral relative to the weightings of Russell Mid Cap Growth Index; and our small cap growth strategy to be sector neutral to the Russell 2000 Growth Index. Given that there are three dynamic levers we control, sector, industry, and company selection, we designed the strategy to isolate our stock selection skill and attribute relative performance only to those active decisions.

Desired Benchmark

(Mid Cap Growth)

The desired benchmark is the Russell Midcap Growth Index. Credo constructs U.S. equity mid cap growth portfolios in a benchmark aware manner with portfolio sector exposure closely resembling the benchmark. Industry exposures are a consequence of allocation decisions to specific companies.

(Small Cap Growth)

The desired benchmark is the Russell 2000 Growth Index. Credo constructs U.S. equity small cap growth portfolios in a benchmark aware manner with portfolio sector exposure closely resembling the benchmark. Industry exposures are a consequence of allocation decisions to specific companies.

Investment Universe

(Mid Cap Growth)

We define the mid cap universe as U.S.-traded equity securities (may include ADRs) with equity market capitalizations generally between \$900 million and \$13 billion at the time of purchase. We define our investment opportunity set to include, but not be limited to, the Russell Midcap Index member companies.

(Small Cap Growth)

We define the small cap universe as U.S.-traded equity securities (may include ADRs) with equity market capitalizations generally between \$250 million and \$2 billion at the time of purchase. We define our investment opportunity set to include, but not be limited to, the Russell 2000 Index member companies.

Portfolio Diversification

(Mid Cap Growth)

We seek to create relatively concentrated portfolios of roughly 45 to 65 names, which implies

a normal average position size of approximately 1.8%. We limit individual position sizes to no more than 5% of the portfolio at market. We expect that our non-benchmark exposure will represent an estimated 25% to 35% of the total portfolio. Our top 10 holdings typically represent 25% to 30% of portfolio weight, and the top 10 industries represent 45% to 50% of portfolio weight.

(Small Cap Growth)

We seek to create relatively concentrated portfolios of roughly 60 to 80 companies, which implies a normal average position size of approximately 1.5%. We limit individual position sizes to no more than 5% of the portfolio at market. We expect that our non-benchmark exposure will represent an estimated 25% to 35% of the total portfolio. Our top 10 holdings typically represent 30% to 40% of portfolio weight, and the top 10 industries represent 15% to 20% of portfolio weight.

Top Down Macro Forecasting

Neither macroeconomic nor geopolitical forecasting plays a primary role in the investment decision process. Credo focuses from the bottom up on company-level and industry-level fundamental factors.

Client Directed Restrictions

We adhere to certain client directed restrictions that include, but are not limited to, Sudan and Iran investment restrictions. Credo does not offer a socially screened portfolio.

AMOUNT OF MANAGED ASSETS

As of 03/31/12, we were actively managing \$689,318,914 of clients' assets on a discretionary basis - Credo does not manage non-discretionary assets.

Item 5 Fees and Compensation

MANAGEMENT FEES

Credo offers a negotiable fee schedule based on a percentage of assets under management. Credo provides investment advisory services to institutions, public and corporate pension plans, investment companies, endowments, foundations, unions, hospitals, and insurance companies on a separate account basis. We can assist clients in developing their objectives, constraints, and preferences. Client assets are managed in compliance with mutually agreed upon investment guidelines.

Clients will be invoiced in arrears at the end of each calendar quarter. The standard fee is calculated on the basis of the total market value of assets as of the close of business on the date preceding the commencement of each calendar quarter. The fee on terminated accounts will be pro-rated to the termination date stated in the termination letter. There are

no other charges related to terminated accounts.

The tiered fee schedules are:

Mid Cap Growth Strategy

0.70% on first \$50 million of assets
0.65% on next \$50 million of assets
0.60% on entire \$100 million - \$250 million of assets
0.55% on entire \$250 million + of assets

Small Cap Growth Strategy

0.95% on first \$25 million of assets
0.85% on next \$25 million of assets
0.75% on next \$50 million of assets
0.72% on entire \$100 million + of assets

A minimum of \$5,000,000 of assets under management is required for this service. This account size may be negotiable under certain circumstances. Credo may group certain related client accounts for the purposes of achieving the minimum account size and determining the annualized fee.

Limited Negotiability of Advisory Fees: Although Credo has established the aforementioned fee schedule(s), we retain the discretion to negotiate alternative fees on a client-by-client basis. Client type, size, and restrictions will be considered in any negotiation of the fee schedule. These include the complexity of the client, assets to be placed under management, anticipated future additional assets, related accounts, and reports, among other factors. The specific annual fee schedule will be identified in the contract between Credo and our clients.

GENERAL INFORMATION

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.

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

ERISA Accounts: Credo 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"). 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, Credo does not receive commissions or 12b-1 fees for any products in which we invest client assets

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.

ERISA 408(b)(2) - Indirect Compensation Disclosures

The following is a list of disclosures that all clients should consider in connection with the services provided by Credo. Should you have any questions concerning our services or compensation, please do not hesitate to contact Melanie Mendoza, Chief Compliance Officer.

Required Information	Description and/or Location
Description of the services that Credo will provide to your Plan.	Located in the individual Investment Advisory Agreement.
A statement concerning the services that will provide as an ERISA fiduciary and a Registered Investment Advisor.	Located in the individual Investment Advisory Agreement.
Compensation that Credo will receive from your plan (direct compensation).	Located in the individual Investment Advisory Agreement.
Compensation that Credo will receive from other parties that are not related to Credo (indirect compensation).	<p>Consistent with SEC Section 28(e) Safe Harbor and GIPS Soft Dollar Standards we engage in a soft dollar trading arrangement with BNY Brokerage at a rate of \$.05 cents per share. Soft dollar compensation is strictly used to pay for third party proprietary research and products or services that: a) fall within safe harbor; b) <u>will be allocated across all products and clients</u>; and c) will not pose a conflict of interest to our clients.</p> <p><u>Service - Annual Cost (2012)</u> Factset - \$193,228 Standard & Poors - \$10,028 Russell Investment Group - \$26,400 Thomson Financial - \$27,564 Gerson Lehrman Group - \$75,000 Netscribes - \$15,000</p> <p>Credo does receive benefit from certain Broker/Dealers that is used in the normal course of managing client assets. These benefits include, but are not limited to access to company management, participation in industry conferences, access to research analysts and printed research reports (see Item 12 for additional information).</p>

Compensation that Credo will receive if you terminate your service agreement.	None. There are no termination fees of any kind.
---	--

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

Credo does not offer performance-based fees.

Item 7 Types of Clients

Credo provides advisory services to the following types of clients:

- Pension and profit sharing plans (other than plan participants)
- Endowments and Foundations
- Hospitals
- Unions
- Insurance Companies
- Corporations or other businesses not listed above
- State or municipal government entities
- High Net Worth Individuals
- Investment Companies
- Other Investment Advisers

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

METHODS OF ANALYSIS

INVESTMENT STRATEGIES

We use the following strategies to manage client accounts, provided that such strategies are appropriate for the client and consistent with their investment objectives, risk tolerance, and time horizons, among other considerations:

U.S. Equity Mid Cap Growth
U.S. Equity Small Cap Growth

Our investment philosophy is centered on our belief that a sustainable opportunity exists to identify and exploit the market's inefficient pricing of growing companies arising from patterns of irrational, inconsistent, emotional, and backward-focused analysis and decision-making.

The Credo investment process is bottom-up and repeatable. The process was designed to encourage sound decision-making and intelligent and informed risk-taking. The investment process includes three important and interrelated steps: (1) idea discovery, (2) fundamental research, and (3) stock selection/portfolio construction.

Idea Discovery

Credo's idea discovery process is purely quantitative and proprietary. With our proprietary scoring model ABACUS, we analyze fundamental expectations of revenue and earnings, scoring and ranking companies based on their relative attractiveness using a set of twelve algorithms. Two important distinctions to our process is our the scoring methodology versus a screening methodology, and our analysis of fundamental expectations rather than historical fundamental data.

We use ABACUS to score and rank approximately 3,000 mid and small cap companies on a weekly basis in the Russell Midcap Growth and Russell 2000 Growth Indexes. Companies not included in either benchmark that fall within our market cap range for each strategy are also included. A weekly report is generated ranking the companies in their respective Russell economic sector and Factset industry. The strategy's portfolio manager is primarily responsible for analyzing the weekly results of potential mid cap growth/small cap growth research candidates which are then communicated to the rest of the investment team for further research.

We generate 100% of our investment ideas internally using ABACUS.

Fundamental Analysis

The objective of our fundamental research is to analyze businesses to (1) determine their prospects for *growth*, (2) understand the *investments* required for remaining competitive and sustaining growth, and (3) identify the inherent *risks* associated with the company's fundamentals. Our focus on growth, investments, and risks, or GIR, is applied uniformly to all initial company analysis and periodic company updates; and provides a common analytical framework to facilitate collaboration among the investment team, as well as leverage individual industry and company expertise.

Stock Selection

Our investment team makes a very important and deliberate distinction between how we define a good company and how we define a good stock. During the fundamental research process, our focus is not on the stock but rather on the company. During the stock selection process, we incorporate the knowledge gained from the fundamental research process to

answer the question “Is this a growing company that is potentially inefficiently priced?” In other words, does this meet our definition of a good stock?

We buy companies with expected earnings growth greater than their respective economic sector, companies with the potential to generate abnormal earnings (i.e. returns above their cost of capital), companies that appear to be inefficiently-priced on a risk-adjusted basis, and companies that offer a favorable risk/reward trade-off relative to their respective economic sector.

We sell companies when our price target is achieved, our fundamental outlook changes adversely, we identify an investment alternative with a better risk/reward payoff, or the market capitalization limit for either strategy is exceeded.

Risks for All Forms of Analysis

Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the firms that review these securities, the analysts who publish earnings and other financial information, 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.

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.

Credo has no reportable disciplinary events to disclose.

Item 10 Other Financial Industry Activities and Affiliations

Our firm and our related persons are not engaged in other financial industry activities and have no other industry affiliations.

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

Code of Ethics

Credo has adopted a Code of Ethics which sets forth high ethical standards of business conduct required of employees and includes compliance with applicable federal securities laws. All of us at Credo put the interests of our clients first and fully appreciate our obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code.

Our Code of Ethics includes policies and procedures for reviewing quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the firm's access persons. Among other things, our Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Our code also provides for oversight, enforcement and record keeping provisions.

Credo's Code of Ethics 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.

Credo and individuals associated with our firm are prohibited from engaging in principal and agency transactions.

Credo has adopted the following principles governing personal investment activities for all of our supervised persons:

- The interests of client accounts will at all times be placed first;
- All personal securities transactions will be conducted in such a manner as to avoid any actual or potential conflict of interest or any abuse of an individual's position of trust and responsibility; and
- Supervised persons must not take inappropriate advantage of their positions
- Credo and employees do not invest in the same securities that we recommend for our clients.

A copy of our Code of Ethics is available to our current advisory clients and prospective clients. You may request a copy by email sent to melanie@credocapital.com, or by calling us at 410-244-6200.

Privacy Policy

On June 22, 2000, the Securities and Exchange Commission (SEC) issued its final rule regarding the obligation of SEC-registered broker-dealers, investment companies and investment advisers to protect the financial privacy of their customers. The new rule, Regulation S-P, became effective on November 13, 2000, with mandatory compliance by July 1, 2001.

The privacy rule requires registered investment advisers to adopt policies and procedures that address administrative, technical, and physical safeguards for customer information. The safeguards should be reasonably designed to: (1) ensure the security and confidentiality of customer records and information; (2) protect against any anticipated threats or hazards to the security or integrity of customer records and information; and (3) protect against unauthorized access to or use of customer records or information that could result in substantial harm or inconvenience to any customer.

CATEGORIES OF INFORMATION

The privacy rule defines three basic categories of information:

1. Publicly available information – any information that the firm believes is lawfully made available to the general public from three types of sources: information from official government records; information from widely distributed media, such as telephone books or newspapers; and information that is disclosed to the general public as required by law, such as securities disclosure documents.
2. Personally identifiable financial information – any information the firm collects about a consumer (prospective client) in conjunction with providing a financial product or service. This includes information provided by the consumer during the application process when entering into an investment advisory contract, or obtaining a financial plan (e.g., name, phone number, address).
3. Nonpublic personal information (this is the category of information protected by the privacy rule) – any *personally identifiable financial information*, and any list or description or groupings of consumers created from such information.

Credo Capital does not disclose or share any nonpublic personal client information to anyone, except as required by law.

We use unaffiliated third-party service providers for the purpose of supporting our advisory services provided to our clients. Credo Capital provides these third parties with only the information necessary to carry out their assigned responsibilities and only for that purpose. These parties must agree to comply with stringent security and privacy policies and procedures.

Regulation S-P requires that contractual agreements between an investment adviser and nonaffiliated third party service providers include terms to ensure that the third party will maintain the confidentiality of any nonpublic personal information it may receive concerning the adviser's consumers or customers. Credo Capital will ensure that all service agreements contain adequate confidentiality contractual provisions. In addition, we will request a copy of the service providers' privacy policies and procedures, and will provide a copy of our privacy policy to these entities and obtain written certification that they have read, understand and agree to adhere to Credo Capital's policy statement.

Process

The privacy rule requires the adoption of policies and procedures that are reasonably designed to ensure the security and confidentiality of customer information. In addition, these policies and procedures must be designed to prevent unauthorized access to or use of customer records or information that could result in substantial harm or inconvenience to any customer.

To ensure that the systems that process and store information are operated and maintained in a secure and recoverable environment, safe from misuse, theft and foreseeable catastrophes, Credo Capital has adopted the following policies:

Administrative Safeguards

- a) Information owned by Credo must be treated with the same care as any other firm asset. All employees are responsible for the protection of information.
- b) All employees must understand and adhere to the firm's privacy policies. Employees, including temps, must acknowledge and review Credo's privacy policy, and must certify their compliance with the policy on an annual basis.

- c) Employees must safeguard information in their possession to prevent access by unauthorized individuals (e.g., conceal confidential client information). Departing employees must not take with them or disclose nonpublic customer information.
- d) Management must protect information used in their area, implement information protection standards and procedures, and ensure that all employees under their supervision understand and follow the firm's privacy policy.
- e) Management must limit access to client information to those employees that need access to the information to provide services to the client or conduct firm operations.
- f) To prevent unauthorized disclosure, employees should not give personal information out over the telephone or in response to an e-mail unless they have identified the person to whom they are communicating as either the client, a fiduciary representative of the client, or a party that needs information to complete a transaction for the client, e.g., broker-dealers and custodians.
- g) Employees must report any attempted violations of security controls to the Compliance Officer.

Physical Safeguards

- a) Client information should not be left in offices or conference rooms unattended.
- b) Make sure all client records are appropriately secured at the end of the day.
- c) Lock door to office(s) at the close of business.
- d) Destroy or shred documents containing client information prior to disposal.
- e) Regularly test any physical safeguards to confirm they are operating properly.
- f) Protect against destruction of customer information due to potential physical hazards, such as fire and water damage (i.e., smoke and water detectors).

Technical Safeguards

- a) All computer systems must limit access to authorized users.
- b) Access to client information must be restricted to those employees who need access to the information to service the client or conduct firm operations.
- c) Computer systems must be protected with individual user identifiers, each with a required password. Passwords must be kept confidential and secure.
- d) PCs with access to client information should not be left unattended.
- e) Access privileges previously granted to those who are terminated or whose responsibilities change must be promptly revoked.
- f) All emails sent that contain confidential client information should be accompanied with the following disclaimer: " This message may contain confidential information intended only for the use of the addressee(s) named above and may contain information that is legally privileged. If you are not the addressee, or the person responsible for delivering it to the addressee, you are hereby notified that reading, disseminating, distributing or copying this message is strictly prohibited. If you have received this message by mistake, please immediately notify us by replying to the message and delete the original message immediately thereafter. Thank you."
- a) All facsimiles sent that contain confidential client information should contain the following disclaimer on the fax cover: "CONFIDENTIALITY NOTICE: The information contained in this facsimile is intended for the confidential use of the above named recipient. If the reader of this message is not the intended recipient or person responsible for delivering it to the intended recipient, you are hereby notified that you have received the communication in error, and that

any review, dissemination, distribution, or copying of this communication is strictly prohibited. If you have received this in error, please notify the sender immediately by telephone at the number set forth above and destroy this facsimile message. Thank you.”

- b) All computers should be protected with approved anti-virus software or hardware. All occurrences of computer viruses must be reported promptly.
- c) Computer hardware must be installed in areas with restricted access and either be physically secured or stowed in a locked area when not in use. In addition, fax machines should have limited access and be located in secure areas.
- d) All systems/critical applications must be backed up each night.

SHARING DATA WITH LAW ENFORCEMENT AGENCIES

As a result of the September 11 terrorist attacks on America, Congress and Washington’s regulatory agencies requested from financial institutions all financial data that could lead investigators to individuals financing terrorism. In the event any regulatory agency requests customer personal/financial information for investigative purposes, we will fully comply with such requests and will provide the information under the following guidelines:

- a) Compliance should be immediately notified of any government or regulatory requests for customer personal information.
- b) Credo Capital will fully cooperate with law enforcement agencies and their investigative government authorities in terms of sharing customer information. Compliance must first verify that such authorities are employed with the government agency, and/or be provided with a signed judicial subpoena or compliance certificate from the law enforcement agency.
- c) Credo Capital will only provide the specific information requested, and not provide any additional or unsolicited information.

Item 12 Brokerage Practices

Without specific client consent, Credo determines the securities to be bought or sold, the amount, the broker dealer to be used, and the commission rates to be paid. Credo's policy regarding the selection of brokers and payment of commissions is to seek best available price and most favorable execution with respect to all portfolio transactions. We recognize that commission dollars are plan assets which belong to the beneficiaries.

Credo will endeavor to select the brokers or dealers that will provide the best services at the lowest commission rates possible 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 Credo provide investment management services to clients. Credo may recommend (or use) a broker who provides useful research and securities transaction services even though a lower commission may be charged by a broker who offers no research services and minimal securities transaction assistance. The research services we obtain may be useful to all our clients, and not all of such research may be useful for the account for which the particular transaction was effected but could vary according to the particular investment strategy.

Consistent with obtaining best execution for clients, Credo may direct brokerage transactions for clients' portfolios to brokers who provide research and execution services to Credo and, indirectly, to Credo's clients. These services are 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 at our discretion). Research services obtained through the use of soft dollars may be developed by brokers to whom brokerage is directed or by third-parties which are compensated by the broker. Credo 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. Credo 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 Credo 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 its ('brokerage') discretionary client accounts.

When Credo uses client brokerage commissions to obtain research or brokerage services, we receive a benefit to the extent that Credo does 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. In all events, Credo strives for best execution for our clients.

Within our last fiscal year, we have obtained the following products and services on a soft-dollar basis:

- Factset - Portfolio Analytics / Fundamental Database
- Standard & Poors - Compustat Fundamental Database
- Russell Investment Group - Russell Indexes and Constituents
- Thomson Financial - IBES Current and Historical Consensus Estimates
- Gerson Lehrman Group - Independent Research Provider
- NetScribes - Fundamental Research

Credo will aggregate trades where possible and when advantageous to clients. This aggregation of trades permits the trading of blocks of securities composed of assets from multiple client accounts, as long as transaction costs are shared equally and on a pro-rated basis between all accounts included in any such block.

Block trading may allow us to execute equity trades in a more timely, and equitable manner, at an average share price. Credo will typically aggregate trades among clients whose accounts can be traded at a given broker, and will rotate or vary the order of brokers used to trade for clients on any particular day. Credo's block trading policy and procedures are as follows:

- 1) Transactions for any client account may not be aggregated for execution if the practice is prohibited by or inconsistent with the client's advisory agreement with Credo.
- 2) The portfolio manager must determine that the purchase or sale of the particular security involved is appropriate for the client and consistent with the client's investment objectives and

with any investment guidelines or restrictions applicable to the client's account.

3) The portfolio manager must reasonably believe that the order aggregation will benefit, and will enable Credo to seek best execution for each client participating in the aggregated order. This requires a good faith judgment at the time the order is placed for the execution. It does not mean that the determination made in advance of the transaction must always prove to have been correct in hindsight. Best execution includes the duty to seek the best quality of execution, as well as the best net price.

4) The portfolio manager uses our automated order management system to enter all orders, including but not limited to aggregated orders. All orders are pre-allocated and approved by the portfolio manager at the time he/she is entering the order.

5) If the order cannot be executed in full at the same price or time, the securities actually purchased or sold by the close of each business day must be allocated pro rata among the participating client accounts in accordance with the initial order ticket or other written statement of allocation. However, adjustments to this pro rata allocation may be made to participating client accounts in accordance with the initial order ticket or other written statement of allocation. Furthermore, adjustments to this pro rata allocation may be made to avoid having odd amounts of shares held in any client account, or to avoid excessive ticket charges in smaller accounts.

6) Generally, each client that participates in the aggregated order must do so at the average price for all separate transactions made to fill the order, and must share in the commissions on a pro rata basis in proportion to the client's participation. Under the client's agreement with the custodian/broker, transaction costs may be based on the number of shares traded for each client.

7) If the order will be allocated in a manner other than that stated in the initial statement of allocation, a written explanation of the change must be provided to and approved by the Chief Compliance Officer no later than the morning following the execution of the aggregate trade.

8) Credo's client account records separately reflect, for each account in which the aggregated transaction occurred, the securities which are held by, and bought and sold for, that account.

9) Funds and securities for aggregated orders are clearly identified on Credo's records and to the broker-dealers or other intermediaries handling the transactions, by the appropriate account numbers for each participating client.

10) No client or account will be favored over another.

Directed Brokerage

As stated in Item 12, paragraph 3, Credo will use its best efforts to seek best execution with respect to all portfolio transaction executed for our clients. In those instances in which a client directs Credo to execute transactions with one or more specific brokers, Credo will follow such direction and assume no responsibility for seeking the best available price or obtaining the most favorable execution. In instances where a client has directed Credo to

provide a specified level of commissions to a specific broker in return for the provision of a service by that broker to the client, Credo will follow the client's instructions so long as they are deemed to be consistent with its contractual and legal obligations.

Item 13 Review of Accounts

RECONCILIATION

Client accounts are reconciled with each respective custodian bank on a daily and monthly schedule. Using an electronic system, we are able to pull daily trade, transaction, and equity/cash positions for each client account and reconcile that information with Credo's internal accounting system. This process ensures accurate accounting information for each of our client's.

REVIEWS

Grace O'Neill, Client Service Manager, is available to clients anytime for meetings or inquiries by phone. Additionally, we contact all clients on a quarterly basis to discuss performance and the firm. The portfolio manager, Chief Compliance Officer, and client service manager are available for client meetings on a quarterly basis, in house or at the client's location. We attempt to host client meetings in our offices at least once each year to offer the client the opportunity to meet our entire staff.

REPORTS

The client reporting we provide specifically related to the investment strategy includes a monthly performance and attribution report, a mid-quarter update letter, and quarterly performance and attribution report. Generally, communication with clients includes but is not limited to:

Monthly

Monthly summary – performance, performance discussion
Delivery of client specified due diligence/performance reports

Quarterly

Proactive client call
Delivery of client specified reports
Delivery of Credo Capital proprietary quarterly review:

- Attribution
- Performance
- Strategy Characteristics
- Risk Metrics

Publish (available on website):

- *ThinkForward* (quarterly newsletter)
- Strategy Review
- Firm Update

Annually

Delivery of client specified due diligence reports
Distribute ADV Parts I and II
Insurance Certificates

Unscheduled/Ad Hoc

Credo visit to client office
Client visit to Credo office
Meeting with board and investment committees
Presenting at industry conferences
Periodic firm updates

Item 14 Client Referrals and Other Compensation

It is Credo's policy not to engage solicitors or to pay related or non-related persons for referring potential clients to our firm.

It is Credo'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

Credo does not have actual or constructive custody of client accounts.

Item 16 Investment Discretion

Clients hire us to provide discretionary asset management services, in which case we place trades in a client's account without contacting the client prior to each trade to obtain the client's permission.

Our discretionary authority includes the ability to do the following without contacting the client:

- Determine the security to buy or sell;
- Determine the amount of the security to buy or sell;
- Determine the broker/dealer to execute the transaction;
- Determine the commission to be charged on a transaction.

Clients give us discretionary authority when they sign an investment advisory agreement with our firm. Clients may also change/amend such limitations by once again providing us with

written instructions.

Item 17 Voting Client Securities

Proxy voting discretion is detailed in the investment advisory agreement between Credo and our clients.

If Credo is given proxy voting authority, we will vote proxies in the best interests of our clients and in accordance with our established policies and procedures. Our firm will retain all proxy voting books and records for the requisite period of time, including a copy of each proxy statement received, a record of each vote cast, a copy of any document created by us that was material to making a decision how to vote proxies, and a copy of each written client request for information on how the adviser voted proxies. If our firm has a conflict of interest when voting a particular action, we will notify the client of the conflict and retain an independent third-party to cast a vote.

Clients may obtain a copy of our complete proxy voting policies and procedures by contacting Credo by telephone, email, or in writing. Clients may request, in writing, information on how proxies for their shares were voted. If any client requests a copy of our complete proxy policies and procedures or how we voted proxies for their account, we will promptly provide such information to the client.

We will neither advise nor act on behalf of the client in legal proceedings involving companies whose securities are held in the client's account(s), including, but not limited to, the filing of "Proofs of Claim" in class action settlements. If desired, clients may direct us to transmit copies of class action notices to the client or a third party. Upon such direction, we will make commercially reasonable efforts to forward such notices in a timely manner.

With respect to ERISA accounts, we will vote proxies unless the plan documents specifically reserve the plan sponsor's right to vote proxies. To direct us to vote a proxy in a particular manner, clients should contact Melanie Mendoza by telephone, email, or in writing.

You can instruct us to vote proxies according to particular criteria (for example, to always vote with management, or to vote for or against a proposal to allow a so-called "poison pill" defense against a possible takeover). These requests must be made in writing. You can also instruct us on how to cast your vote in a particular proxy contest by contacting Melanie Mendoza, Chief Compliance Officer, Credo Capital Management LLC, 225 E. Redwood Street, Baltimore, MD 21202, melanie@credocapital.com, (410) 244-6200.

Item 18 Financial Information

Credo has no additional financial circumstances to report.

Under no circumstances do we require or solicit payment of any fees in advance of any

services rendered.

Credo has not been the subject of a bankruptcy petition at any time during the past ten years.