

Accolade Investment Advisory, LLC

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This Brochure provides information about the qualifications and business practices of Accolade Investment Advisory, LLC (“Accolade”) If you have any questions about the contents of this Brochure, please contact us at 850-701-4071 OR kfisher@accoladeadvisory.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 Accolade Investment Advisory, LLC also is available on the SEC’s website at www.adviserinfo.sec.gov.

Accolade Investment Advisory, 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 about which you determine to hire or retain an Adviser.

Item 2 - Material Changes

On July 28, 2010, the United State Securities and Exchange Commission published “Amendments to Form ADV” which amends the disclosure document that we provide to clients as required by SEC Rules. This Brochure dated January 1, 2011 is a new document and replaces our Form ADV Part II and Schedule F dated April 29, 2010. As such, this document is materially different in structure and requires certain new information that our previous brochure did not require.

In the future, this page will summarize material changes made to our Brochure. We will also reference the date of our last annual update of our brochure.

In the past, we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. In the future, we will send you a summary of material changes to our Brochure by April 30 of each year. We will also offer to send you a free copy of our Brochure. If there is any material information that could affect our relationship to you, even if it is not in our brochure, we will send it you promptly.

There is no charge for a complete copy of the Brochure. Contact Kathy Fisher, Chief Compliance Officer and Investment Advisory Associate at 850-701-4071 or kfisher@accoladeadvisory.com for a copy. Our Brochure is also available on our web site www.accoladeadvisory.com, also free of charge.

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Item 4 – Advisory Business

Accolade Investment Advisory, LLC (“Accolade”) is a wholly owned credit union service organization (“CUSO”) of Southeast Corporate Federal Credit Union (“Southeast Corporate”).

Accolade registered as an investment adviser with the U.S. Securities and Exchange Commission in January 2008. Accolade’s clients are credit unions and members (owners) of Southeast Corporate. Accolade is supported by the infrastructure that Southeast Corporate uses to manage its own portfolio.

Portfolio Management

Accolade provides portfolio management to credit unions and advises on asset/liability management (excess liquidity in cash and investments) needed by credit unions. Accolade’s services also include bond accounting and customized reporting packages.

Initially, we analyze your portfolio objectives and constraints. Our analysis includes:

- Review and, if necessary, revision of your investment policy
- Determining available funds by analyzing current liquidity
- Determining an appropriate duration benchmark by analyzing liability elasticity

The initial analysis allows us to construct our recommendations for your portfolio with consideration of interest rate risk, varied economic and interest rate scenarios, credit and interest rate risk parameters and regulatory concerns. Securities recommended are only those permitted under NCUA Rule 703. All advisory services are on a non-discretionary basis.

Portfolio management seeks to reduce the volatility of monthly amortization/accretion adjustments by using forecasted cash flows in the invested portfolio. Recommendations are primarily for the purchase and sale of fixed income securities. We research securities and their markets for the availability of investments that are appropriate to your needs. Once you approve our recommendations, we enter your orders and send you copies of tickets, confirmations, and documents used in investment analysis and recommendation. We also provide you with regulatory and management reports.

Our portfolio management is limited to managing your excess liquidity in cash and investments not required to be on deposit by Southeast Corporate. The custodian of your securities will be Alaska USA Trust Company (“AUTC”), 500 W. 36th Ave, Suite 200, Anchorage, AK 99503. You will authorize Southeast Corporate to send your excess liquidity to AUTC. Additionally, you will authorize AUTC to act upon Accolade’s instructions as to the investment of your account and as to the return of funds to Southeast Corporate when required to meet your liquidity deposit requirements with Southeast Corporate.

Asset/Liability Management

We provide you with dynamic income simulation and net economic value testing to provide timely interest rate risk and “what if” analysis. Our interest rate risk modeling is Internet based. Analysis is performed at the account level for loans, investments, notes payable and term deposits. This service should help you efficiently meet your regulator’s expectations of your asset/liability management program.

Bond Accounting

Our portfolio management seeks to reduce the volatility of monthly amortization/accretion adjustments by using forecasted cash flows in your invested portfolio. Accolade accounts for your securities by forecasting cash flows, instead of analyzing historical prepayment speeds to calculate accretion/amortization. We believe that by forecasting cash flows, there is a lesser chance of premium/discount surprises. Accounting entries are mapped to your general ledger system providing seamless entry of investment information.

Reporting

We recognize the investment constraints placed on credit unions by NCUA Rule 703 “Investment and Deposit Activities.” In order to assist you in meeting your compliance obligations under Rule 703, our services include:

- Providing an initial and an annual investment policy statement to present to your board of directors for approval prior to implementing advisory services.
- Ensuring that the credit union is provided with a confirmation of each purchase and sale of securities.
- Providing credit analysis documentation on investments.
- Limiting the handling of purchases and sales of securities to broker-dealers specifically approved by the credit union’s board of directors.
- Valuing securities before a purchase or sale by obtaining quotations from an industry-recognized information provider or at least two broker-dealers.
- Providing monthly and quarterly reports of securities holdings in conformance with Rule 703.12 “Monitoring Securities”.

Assets Under Management

As of December 31, 2011, Accolade managed \$1,153,000,000.00 in credit unions’ securities portfolios on a non-discretionary basis. We do not manage portfolios on a discretionary basis.

Item 5 – Fees and Compensation

Fees

While Accolade manages your credit union's total excess liquidity, we base our fees on a percentage of Total Assets under Management, after a deduction for the value of overnight and term investments held at Southeast Corporate. Southeast Corporate rather than AUTC reports the account values to us. Fees range from 12 bps/year with a minimum fee of \$2,500 per quarter/\$10,000 per year and are negotiable. Annual fees are calculated and payable in arrears at one-fourth of the annual rate multiplied by the most recently available quarter-end fee base.

Our fees do not include brokerage commissions/mark-ups, transaction fees, and other costs related to transactions, such as fees and taxes on securities transactions. You may incur charges imposed by AUTC such as custodial fees, wire transfer, and electronic fund fees.

Automatic Debiting of Fees

You will authorize Accolade to invoice AUTC for advisory fees. You will authorize the fees to be paid directly to Accolade by AUTC. Within approximately six (6) weeks after the end of the calendar quarter, Accolade will send you and AUTC a bill showing the amount of the fee, the value of the assets on which the fee is based, and the manner in which it was calculated. Your fee is found on AUTC's account statements, but we recommend that you review the bill for accuracy and immediately notify us of any discrepancies.

Termination of Advisory Services

You may terminate our services by sending Accolade written notice. Conversely, we may terminate our services by providing you with written notice. Upon termination, we will discontinue all services and responsibilities to you and you will release us from all responsibilities as of the effective date of termination. At termination, Accolade will have no obligation to sell or take any action with regard to your credit union's account.

You have the right to terminate our services without penalty within five (5) business days after entering into an Investment Advisory Agreement with Accolade. Termination will not affect the validity, liability and obligations of the Investment Advisor Agreement of actions taken before the termination, exercised by you or Accolade.

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

Performance fees are advisory fees based on a share of capital gains on, or capital appreciation of, the assets of a client. Accolade does not charge any performance-based fees.

Item 7 – Types of Clients

Accolade provides investment advisory services solely to credit unions.

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

We present an investment strategy for your portfolio on a quarterly basis. We consider the current economic and capital markets environment, the relative value represented by various sectors as well as your unique situation and characteristics. Investment strategies take into consideration the constraints created by NCUA Rule 703.

Security analysis includes review of factors such as account liquidity needs, duration/convexity parameters, and relative value considerations.

Sources of information include financial publications, research materials prepared by other organizations, rating services, prospectuses, and filings made with U.S. Securities and Exchange Commission. We consider pricing information we obtain from industry-recognized information providers and broker-dealers who regularly publish quotations in securities of a specific interest to credit unions.

Investments may or may not be insured by the National Credit Insurance Share Insurance Fund or by any other entity.

An investment in securities involves risk of loss that you should be prepared to bear, including the possibility that you may lose some or the entire principal amount invested. Fixed income securities are effected by interest rate risk, credit risk, call (timing) risk, event risk, inflation risk, legal risk, sector risk, etc. as well as risk from external factors. Accolade attempts to mitigate these risks through analytics and cash management. No amount of action on our part or your part can mitigate all risks involved in investing in securities.

Item 9 – Disciplinary Information

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

Item 10 – Other Financial Industry Activities and Affiliations

Accolade's Managing Member, Brad Lee Miller, is President and CEO of Southeast Corporate. Southeast Corporate board members are also board members of credit unions who are members (owners) of Southeast Corporate. Some of these board members may be officers and/or owners of Accolade's credit union clients. These relationships may create an appearance of conflicts of interest. However, we believe that the overall composition of Accolade's Board is sufficiently diverse so that the interests of our clients are reasonably protected from the individual interests of any one member.

Even though Accolade has established measures to operate independently of Southeast Corporate, conflicts of interest may exist, primarily with respect to recommendations made for investments offered by Southeast Corporate. Southeast Corporate does not provide or guarantee our services. Investment products offered by Accolade, other than share certificates or certificates of deposit of Southeast Corporate, are not obligations of Southeast Corporate.

Item 11 – Code of Ethics

Accolade has adopted a Code of Ethics describing high standards of business conduct and our fiduciary duty to our clients that we expect our supervised persons to follow. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things.

Our Code of Ethics is designed to assure that our supervised persons' transactions, activities and interests will not interfere with (i) making decisions in the best interest of our clients and (ii) implementing such decisions while, at the same time, allowing us to invest for our own accounts. Our Code of Ethics designates certain classes of securities as exempt transactions, based upon a determination that these would not interfere materially with the best interest of our clients. In addition, the Code requires pre-clearance of many transactions and restricts trading in close proximity to client trading activity. Nonetheless, because the Code of Ethics in some circumstances would permit us to invest in the same securities as clients, there is a possibility that we might benefit from market activity by a client in a security held by us. We monitor trading continually under the Code of Ethics, to prevent conflicts of interest between our clients and us. It is our policy that we will not affect any principal or agency cross securities transactions for client accounts.

You may request a copy of our Code of Ethics by contacting Kathy Fisher at 850-701-4071 or kfisher@accoladeadvisory.com.

Accolade will often recommend the purchase and sale of investments (usually certificates of deposit) offered by Southeast Corporate where Accolade believes that it is in the best overall interest of Accolade's credit union client. We believe that these recommendations have better transparency with Southeast Corporate than with other institutions because Accolade is in a better position to obtain a higher unpublished CD rate from Southeast Corporate than from other institutions. Accolade receives no additional advisory or sales related compensation in connection with recommending these investments.

Item 12 – Brokerage Practices

Products and services Accolade may receive from Southeast Corporate may include financial publications, information about particular companies and industries, research software,

assistance in communicating with AUTC, and other products or services that assists Accolade in the performance of its investment decision-making responsibilities. The benefits we receive do not depend on the amount of investment transactions directed to Southeast Corporate.

In seeking best execution for your transactions, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of broker-dealer or custodial services, including the value of research provided, execution capability, commission rates, and responsiveness. Prior to recommending a transaction through Southeast Corporate, and to assist your credit union in NCUA Rule 703 compliance, we obtain price quotations from at least two other sources or from an industry-recognized information provider.

Occasionally, we may make a recommendation to more than one client to purchase the same security. If more than one client agrees with our recommendation, we may aggregate the purchase and allocate the security among clients if the credit union's approval and the subsequent purchase were made at the same time. If approval from the credit union for the purchase of the bond is delayed, then the purchase is made at the prevailing price at that time for the individual credit union's bond.

Item 13 – Review of Accounts

Peter J. Gibson, President of Accolade Investment Advisory Services LLC., reviews excess liquidity (cash and investments) to assure that your investments are in agreement with your investment objectives. Reviews are daily. All accounts are reviewed at the same level with regard to the unique liquidity and investment needs of each individual credit union. Because accounts are reviewed daily, triggering factors are not implemented.

Accolade requires Mr. Gibson to consider the constraints upon your credit union's investments due to the requirements of NCUA Rule 703.

Each month, we provide written reports addressing the investment results and projections. The purpose of these reports is to provide your credit union management, board and regulators with an accounting of total cash positions and market value of investments. We provide other reports which are described in Item 1 above. Account statements and confirmations are provided by AUTC.

Item 14 – Client Referrals and Other Compensation

Referrals

Southeast Corporate employs people to develop and maintain member relationships with Southeast Corporate. If these member relationship managers refer a Southeast Corporate member to Accolade and that member becomes a client of Accolade, Accolade pays the

member relationship managers a one-time lump sum bonus (0.001% of investable assets of the assets under management) for the referral.

Southeast Corporate's financial strategists are paid a one time compensation, the referring financial strategist will be paid one-quarter of Accolade's projected annual revenue in the pay period following the contract signing. This revenue projection will be made by applying the contractual fee schedule to the investment portfolio at the time of contract signing.

Client References

From time to time, a prospective client may request a referral from a client of Accolade. Accolade has developed an ongoing client appreciation program that benefits clients who make referrals. In addition, relationship managers working for Southeast Corporate may choose to offer a name of an existing client that may recommend Accolade's services. Our policies to prevent the misuse of client relationships are:

Accolade will not compensate a client for a favorable reference.

Accolade will not provide the name and contact number of any client without the client's permission.

Accolade will choose a client as a reference on a random basis. (This policy does not necessarily extend to relationship managers employed by Southeast Corporate.)

Item 15 - Custody

To ensure the protection of your assets that we manage, you are required to establish an account with a qualified custodian who is not affiliated with Accolade or Southeast Corporate. Southeast Corporate has entered into a master services agreement with Alaska USA Trust Company (AUTC), a qualified custodian. This agreement requires AUTC to act as custodian to Southeast Corporate's clients.

AUTC provides account statements of funds and investments held by AUTC directly to you. You should carefully review the account statements. Additionally, Southeast Corporate provides monthly account statements electronically to you. These include portfolio reports (summarizing portfolio composition, sources and uses of funds), holding reports (summary of investments including par value, cost and market value), transactions (transactions are available for 90 days, searchable by date range), and current day projected settlement report (updated daily to project settlement for sales, purchases, and payments. Southeast Corporate provides full access to these statements and reports to Accolade. Accolade uses information from these reports to prepare reports that Accolade sends to you. We urge you to compare account statements received from AUTC to those you receive from Southeast Corporate and from us. You should contact Accolade immediately if you find any discrepancies.

Item 16 – Investment Discretion

Accolade does not accept discretionary authority to manage securities accounts on behalf of any client.

Item 17 – Voting Client Securities

Accolade does not accept authority to vote client securities on your behalf. AUTC will send proxies or other solicitations about your securities directly to you AUTC. If you have questions about a particular solicitation, you can contact Peter Gibson, President, at 850-701-4071 for advice. You are not obligated to follow Mr. Gibson's advice on voting your securities.

Item 18 – Financial Information

Registered investment advisers are required to provide you with certain financial information or disclosures about Accolade's financial condition. Accolade has no such financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients nor has it been the subject of a bankruptcy proceeding.

Item 19 – Requirements for State-Registered Advisers

This Item does not apply to Accolade.