

Form ADV Part 2 Brochure

Item 1 – Cover Page

Collegiate Capital Management, Inc.

Corporate Office

214 New Bern Place
Raleigh, North Carolina 27601

and

Georgia Branch Office

160 Clairemont Avenue, Suite 200
Decatur, Georgia 30030

Toll Free: 800-333-1701

Website: www.collegiatecapital.com

Email: contact@collegiatecapital.com

11 May 2011

This Brochure provides information about the qualifications and business practices of Collegiate Capital Management, Inc. If you have any questions about the contents of this Brochure, please contact us using one of the methods provided above.

Collegiate Capital Management, Inc. (CCM) is a registered investment adviser. Our firm provides investment advisory services to our clients subject to regulation by the United States Securities and Exchange Commission (SEC). A firm's registration as an Investment Adviser does not imply any specific level of skill or training. Certain members of our firm are also securities licensed, and as a result fall under the regulatory supervision of the Financial Industry Regulatory Authority (FINRA).

The oral and written communications of an Adviser provide you with information to determine whether to hire or retain an Adviser. The information in this Brochure, while required by the SEC to be included in this document, has not been approved or verified by the SEC or any state securities authority.

Additional information about CCM is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

11 May 2011

The purpose of this section is to inform individuals that have seen our most recent Brochure of any material changes since the completion of the previous version.

This Brochure is consistent with the SEC's new requirements. This document is materially different in structure and requires certain new information that our previous disclosure document did not require. If you are receiving this brochure for the first time this section may not be relevant to you since these changes are in subsequent sections.

CCM reviews and updates our brochure at least annually or when material changes within our firm have occurred. The last annual Brochure update by the firm occurred on 30 March 2011.

The following provides a summary of specific material changes made to the Brochure since the date referenced above.

- **Item 12 – Brokerage Practices**

Clarification regarding the various mutual fund trading platforms available and associated trading costs.

- **Item 13 – Review of Accounts**

Firm's transition to a new client reporting software, Black Diamond Reporting (BD)

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Item 4 – Advisory Business

Our firm was incorporated in July of 1994, and is currently regulated by the SEC. Dr. Tony W. Sigmon, the original founder of the firm, owns CCM. Dr. Sigmon and Mr. D. Grant Walker have been colleagues at the firm since 1999 and have enjoyed a successful collaborative effort that has benefited the firm's clients in many ways. Immediate members of Dr. Sigmon's family work at the firm in various positions. We believe this staffing structure offers our clients dedicated individuals that have a strong team bias and one that will provide our clients with continuity in the long-term. The following describes the responsibility of the firm's key employees:

Dr. Tony W. Sigmon – Chief Compliance Officer and Corporate President

Mr. D. Grant Walker – Chief Investment Officer and Corporate Vice President

Mr. Cory B. Capps – Chief Research Officer and Corporate Secretary

Mrs. Erin R. Capps – Director of Compliance and Corporate Treasurer

Ms. Jennifer Robinson – Director of Operations

Mr. Daniel Sigmon – Investment Research Analyst

T. Sigmon, Walker and C. Capps are investment advisor representatives (IAR) of CCM and are also securities licensed with Securities Service Network, Inc. (SSN). D. Sigmon is also securities licensed with SSN. T. Sigmon, Walker and C. Capps acting as IARs, work with the firm's clients daily, responsible for the management of each of their client's portfolios and for maintaining communications with their clients. D. Sigmon provides assistance to these three by supervising the completion of various research and analysis activities that provide insight for investment decisions made by the IARs and implementing those decisions in client portfolios. These four individuals form the Investment Committee of the firm.

Our firm serves primarily university faculty and staff. However, we do have many clients that do not fall within this population—most of which are introduced to us by an existing client.

The great preponderance of our clients has at least one university-sponsored retirement account that the firm manages. In each of these cases, the employer has provided the client with a small number of vendors that can act as custodian of their accounts. One of our roles as advisors is to suggest to the client one or more of these as vendors. In some cases, there is only one available custodian for a certain account. The decision as to the most appropriate custodian for a client will depend upon many factors including other accounts of the client, investment options made available by each custodian and flexibilities offered by each custodian.

In many cases, a restructuring of the client's accounts is in order to consolidate duplicative accounts, to take advantage of triggering events based on age and employment status that allow rolling over assets in an employer sponsored account into a IRA or to take advantage of specific attributes offered by a particular custodian. CCM completes for our client's signature, all forms necessary to transact these changes. No accounts can be opened or closed, nor can assets be transferred between accounts without the signature of our client on all required forms.

In many cases, our clients will have non-employer brokerage accounts. CCM's association with SSN facilitates the use of National Financial Services, LLC (NFS) and Pershing, LLC as brokerage, or clearing firms for our clients. NFS is part of the Fidelity Investments family of companies. Pershing is owned by the Bank of New York. A more detailed discussion of brokerage accounts is provided in Item 12.

CCM offers asset management services to clients pursuant to a properly executed Client Agreement. The Client-Relationship Addendum to the Client Agreement will elucidate any restrictions imposed by the client, including restrictions on investment in certain securities or types of securities. The firm's IARs develop an asset allocation strategy consistent with each individual client's investment objectives, financial and tax status, risk tolerance, and time horizon. The firm invests client assets in mutual funds, individual equities, fixed income options and other appropriate investments. The firm identifies the collection of all accounts of a client as the client's Portfolio.

When developing and executing an investment strategy for a client, the IAR will perform the following:

- a. Consult with the client and analyze the client's financial needs and objectives based upon the information provided by the client.
- b. Recommend investment strategies the IAR believes are suited to the client's financial needs and objectives.
- c. Review with the client, the performance of investment accounts in light of the client's needs and objectives on an annual or more frequent basis as needed.
- d. Provide the client with quarterly statements of portfolio holdings.

Once the appropriate asset allocation strategy has been determined, the firm assists with the transfer of a new client's existing assets to another custodian and invests in investment vehicles consistent with the agreed upon asset allocation. The fixed income allocation may include the following: (a) certificates of deposit, (b) money market funds; (c) U.S. government securities; (d) U.S. corporate debt; (e) municipal securities; (f) bond mutual funds; and (g) fixed accounts of annuity products. The equity portion of the allocation may include the following: (a) individual stocks that are exchange traded; (b) individual stocks that traded over the counter; (c) individual stocks issued by foreign corporations; (d) equity mutual funds; and (e) variable annuity products.

In most cases, university-sponsored accounts require investment in a limited number of mutual funds and stable value fixed income investments. Mutual funds offered in employer-sponsored accounts are available without loads to the account owner. In like manner, our firm only invests in no-load mutual funds in client brokerage accounts.

The firm does not make new investments in limited partnerships on behalf of our clients. However, on occasion, a new client may have such holding(s) that become part of the advisory assets. In these cases, the firm strives to act in the best interest of the client regarding a hold or sell decision.

The information that the client provides to CCM determines all investment analyses, recommendations, and decisions. It remains the client's responsibility to advise CCM of any changes in circumstances

(e.g. financial needs, objectives, goals and investments held with other firms) or any changes that impact the client's financial condition. Transactions in non-retirement accounts may trigger taxable consequences. The client should provide relevant information that might affect any investment decisions.

Although the firm's IARs believe that we can best serve our clients by acting on a discretionary basis, we do have client's that prefer that we have a non-discretionary relationship. Discretionary accounts are those for which the client has authorized the IAR to make trades at the IAR's discretion based on guidelines provided by the client. Non-discretionary accounts are those that require the IAR to receive the client's approval before initiating any trade. We believe that in many cases our work is time sensitive and that reaching out to a large number of clients before implementing investment decisions might not be in the client's best interest.

On occasion, the firm's IARs, acting as registered representatives of SSN, receive commissions from certain mutual funds for non-advisory assets. IARs may receive commission compensation for accounts that do not lend themselves to an investment advisory approach or for those accounts which the client has chosen to exclude from an advisory arrangement.

As of December 31, 2010, the firm managed \$104,100,000 in discretionary assets and \$25,800,000 in non-discretionary assets. These assets under management (AUM) are those for which the firm provides ongoing management. The custodian of each account reports these valuations to the firm.

Item 5 – Fees and Compensation

Advisory fees paid by the client compensate the firm for its services. All fees paid to CCM for investment advisory services are separate from fees and expenses charged to owners of mutual fund shares or variable annuity contracts by the product sponsor or the account custodian. CCM does not impose start-up, closing, annual maintenance fees, or penalty fees in connection with the portfolio, although the custodian of the account may impose such fees.

In most cases, our firm's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses. Clients may incur certain charges imposed by custodians, brokers, and other third parties such as fees charged by managers, custodial fees, short-term redemption fees, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Fund prospectuses disclose any management fees for mutual funds and exchange traded funds. Such charges, fees and commissions are exclusive of and in addition to our fee. Neither CCM nor its employees receive any portion of these commissions, fees, and costs for assets held in advisory brokerage accounts. Item 12 discusses our firm's use of brokerage accounts. Clients have the option to purchase products that our firm recommends through other brokers or agents that are not affiliated with CCM.

The firm does have a small number of variable annuities for which certain IARs receive a commission and the firm also receives advisory fees. These accounts are a product of the limited number of custodial

options available in the client's earlier employer-sponsored 403(b) plan. In these cases, CCM offsets the advisory fee by the amount of the commission received each quarter.

A linear structure determines client advisory fees. As AUM increase, the percentage fee decreases and vice versa. When a client reaches a different breakpoint, all of the AUM are charged at this new percentage rate. The fee percentage applied to each portfolio will only change during the normal quarterly billing period. With prior consent from each party, CCM combines assets of spouses, children, parents, siblings, partners living at the same address and corporate or trust assets for which any of these individuals act as corporate officer or trustee when determining the fee percentage that will apply to the assets of these individuals and entities.

The firm charges some clients an advisory fee based on a fee schedule that is different from that provided in this disclosure. These clients have previously executed client agreements that contained earlier versions of the firm's fee schedule. CCM charges all new portfolios an investment advisory fee based on the following fee schedule:

Asset Management Fee Schedule *

Portfolio Value	Annual Fee Percentage
Up to \$100,000	2.25%
\$100,001 - \$250,000	1.75%
\$250,001 - \$500,000	1.50%
\$500,001 - \$1,000,000	1.25%
Greater than \$1,000,000	1.00%
Greater than \$3,000,000	0.90%
Greater than \$5,000,000	0.80%

* CCM does not negotiate fees with clients

a. *Payment.* The fee will be payable quarterly, in advance, upon deposit of any funds or securities into the Portfolio. The first payment will be prorated to cover the period from the date the assets are first held by the agreed upon custodian through the end of the current calendar quarter. In cases where the quarterly advisory fee is a small amount or because of fee debiting expenses charged by the account custodian, CCM may choose to bill the advisory fee for that account annually in arrears.

b. *Calculation of Fee.* The firm computes the fee for each full calendar quarter based upon the value of the assets at the close of the market on the last business day (valuation day) of the previous quarter and the applicable fee percentage. For example, a client whose annual fee percentage is 1.25% will be billed for the second quarter based on the value of the assets at the close of business on March 31st (or the last business day of March) according to the following algorithm:

Fee = Value of Assets at the End of the Previous Quarter x (0.0125/4)

For new advisory assets, a partial fee will be billed based upon the fraction of the quarter for which the agreed upon custodian holds the assets. The firm uses 91 billable days per calendar quarter for this calculation. For example, if for this same client the assets fall under management on March 10th, the partial fee for that first quarter will be computed based upon the following algorithm:

Fee = Value of the Assets on March 10th x (0.0125/4) x (22/91)

c. *Computing Market Value.* In computing the market value of the portfolio, each equity security listed on a national securities exchange will be valued at the most recent market close. The custodian provides pricing for fixed income investments based upon information received from pricing matrix services. The price for any one fixed income instrument may not include such factors as liquidity, position sizes in any one account, or recent news concerning the issuer. The firm includes accrued interest in fixed income accounts as a part of the market value on client portfolio statements and considers this also a component of the client's billable assets. We believe the sources of our data to be reliable. However, the firm cannot guarantee the accuracy and completeness of the information provided. Discrepancies with custodial statements may arise due to different methodologies for calculating accrued interest for fixed income investments used by the custodian and the firm's portfolio management software. CCM does make a reasonable attempt to verify both securities and fixed income pricing provided by the account custodian using independent sources.

d. *Additions and Withdrawals.* Clients may make additions and withdrawals to the portfolio at any time, subject to IRS and employer constraints and the usual and customary securities settlement procedures. Additional assets received into the portfolio, other than regular bimonthly and monthly contributions; will be charged a pro rata fee based upon the number of days remaining in the quarter in the same manner described in (b) Calculation of Fee. The market value of the deposits used in the partial fee calculation will be the value of the deposit on the date of deposit into the account. CCM does not make fee adjustments for partial withdrawals or for the portfolio's appreciation or depreciation within a billing period.

e. *Termination.* Both CCM and the client have the authority to terminate the advisory relationship at any time. A pro rata refund of fees will be paid to the client according to (b) Calculation of Fee, if either the client or CCM terminate the agreement within a given quarter after the fee for that quarter has been received.

f. *Payment Method.* Authorization to bill specific accounts for fees is contained within the Client Agreement and Client-Relationship Addendum executed by the client and the firm. The firm receives advisory fees in one of the following two ways:

1. *Deducted from the client's Portfolio, when due.* The IAR selects the specific investment within an account from which to liquidate to generate cash. The client should not assume that the custodian determines or verifies the correct calculation of the fee. Authorization for the automatic deduction of fees from client accounts is contained in the Client Agreement. The client may instruct CCM to debit fees from one account for payment of the fee due for the management of one or more other advisory accounts. Quarterly and annual statements provided by the custodian of the account(s) will show the amount of the fee deducted. The client may terminate authorization for automatic fee deduction by notifying CCM or the custodian in writing.

2. *Paid by check.* Fees not directly debited from a client's portfolio should be paid check, consistent with the invoice provided by the firm. Checks should be made payable to Collegiate Capital Management, Inc.

Our firm is sensitive to the various conflicts that arise during the course of our business. We have developed and periodically review and update a Conflicts of Interest Matrix that identifies these conflicts and describes how we address these conflicts in order to mitigate risk. CCM conducts an annual review of our procedures to identify weaknesses and corrective actions. We will provide a summary of these conflicts when requested by the client.

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

Some advisory firms receive a portion of the appreciation in a client portfolio as full or partial payment for services. CCM does not receive compensation in the form of these performance-based fees.

Item 7 – Types of Clients

Our firm provides portfolio management services to individuals, high net worth individuals, charitable organizations, trusts and estates. The firm does not require a minimum portfolio value for our clients. However, because of our fee structure, we do not believe that it is necessarily in an individual's best interest to utilize our firm for the management of assets under \$100,000 unless this threshold is expected to be exceeded soon after entering the advisory relationship.

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

CCM follows a collaborative investment management approach that incorporates strengths of our staff in the fields of finance, business and science. The firm incorporates the different approaches to problem solving that these disciplines offer into our methodology. Each IAR accesses firm-wide research and analyses which supplement each IAR's own readings and investigations. Only each client's IAR has authorization to make trading decisions.

Each member of the investment committee of the firm is required to stay current with those matters that could affect the firm's investment decisions. Each member is constantly evaluating and updating their preferred sources of news and analysis. Areas of investigation include world and national events, macroeconomic trends and forecasts, current market drivers, analyses and projections of equity and fixed-income market conditions. Additionally, the firm purchases macroeconomic, equity and fixed income research from several sources.

The investment committee of the firm meets regularly to discuss market conditions, specific investment ideas, independent investigations completed by individual staff members, specific investment issues faced by IARs and ideas for future investigation. The results of all these efforts form the basis for investment decisions made by the firm's IARs.

We focus most of our collaborative efforts on the analysis and evaluation of mutual funds. A large percentage of the accounts we manage are employer-sponsored accounts and restricted to investment in mutual funds. CCM has developed various analytical methods of evaluation that are keys to the investment decisions made by our IARs. These analyses begin with a screening of mutual funds that do not satisfy criteria such as manager tenure, age of fund and relative ranking based upon a comparison of performance over different periods of time with other funds within the same asset class. CCM overlays the differences in asset class performance over time onto these data. The firm applies these methods to investment options available within particular employer-sponsored accounts and to a much broader population of funds that can be used in brokerage accounts.

Individual equities may be a part of a client's brokerage account depending upon several factors including the client's risk tolerance. The firm evaluates individual equities using the purchased research mentioned previously, as well as many publicly available resources including Morningstar and Bloomberg.

Our firm uses mutual funds, individual bonds, certificates of deposit, money market accounts, fixed annuities and stable value funds as fixed income investments. The firm evaluates fixed income investments using the same resources described above but also with input from the Bond Desk at SSN and Bond Trader Pro, which is a subscription source the firm uses to establish the availability and pricing of certain bond types. Many of our clients have access to stable value funds or fixed annuities in their employer-sponsored plans. IARs select these fixed income investments on their merits compared to other fixed income options available to a specific client.

Our methodology of portfolio management requires first that the client's portfolio have the correct allocation between fixed income and equity investments and to then focus on each of these groups to establish specific holdings. Holdings are selected based upon the types of accounts owned by the client,

the choice of investment options available in these accounts, the clients stated investment objectives, restrictions placed on the management of the portfolio by the client, anticipated performance of the various alternatives, any restrictions imposed by the custodian on the holding or trading of certain investment options and any other factor that the IAR deems appropriate.

Investing in securities involves certain risks including the loss of capital and clients should be prepared to bear that risk. Investors should be diligent to understand the risks associated with each of their investments and should also understand their exposure to other risks including interest rate risk, credit risk and longevity risk. We encourage our client's to seek our counsel and other sources that they may choose in order to obtain the best possible understanding of these risks. Nondiscretionary clients may incur added risk since some investment approaches are time sensitive and can best be implemented in a timely fashion.

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 Collegiate Capital Management, Inc. Our firm has no such events to report.

Item 10 – Other Financial Industry Activities and Affiliations

The IAR's of the firm are registered representatives of SSN. The relationship between T. Sigmon and SSN predates CCM's inception as an advisory firm in 1994. At that time T. Sigmon was acting exclusively as a broker and received commissions as compensation for his work with clients. A relationship with a broker/dealer such as SSN was required under those circumstances. SSN's role as broker/dealer is to provide compliance oversight of client brokerage accounts and the activities of its registered representatives. The evolution of our firm has been such that a relationship with a broker/dealer is no longer necessary. However, CCM has decided for now that such a relationship is in both our clients' and the firm's best interests. Our clients could access the same brokerage platforms offered by SSN, or others, directly without the involvement of CCM or SSN.

The firm's IARs have licenses to offer life and health insurance products. IARs maintain these licenses primarily for the purpose of engaging in general discussions regarding the suitability of life insurance products, and in limited cases, recommending the purchase of annuity products. While CCM does not receive any commissions for insurance recommendations, these individuals receive commissions on the sale of insurance products. This presents a conflict of interest because these individuals may have an incentive to recommend insurance products as a result of the commission received, rather than on the client's needs. In all cases, CCM will fully disclose any insurance commissions to the client. The insurance commissions are separate from and in addition to any fees that CCM receives for investment advisory services. Clients are not obligated to act upon any insurance recommendations or effect any transactions through these insurance agents if they decide to follow their recommendations. IARs allocate less than 5% of their time to this business activity.

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

The firm's IARs and all staff adhere to a strict Code of Ethics (COE). Each employee of the firm must certify annually, that they have read, understand and will abide by the COE. The COE addresses our (a) general standard of business conduct, (b) prohibition against insider trading, (c) personal securities transactions, (d) gifts and entertainment, (e) protecting the confidentiality of client information, (f) employee service as a Director or board member of any organization, (g) compliance procedures, (h) certification by employees of certain firm dictates and procedures, (i) maintenance of records, and (j) reporting violations and sanctions. CCM will provide a copy of our COE to any client or prospect upon request.

In order to avoid a potential conflict of interest, CCM prohibits employees to buy or sell for themselves individual equities that the firm recommends to clients. This is a change to our previous policy that allowed these transactions. For this reason there will be a period during which the staff will judiciously liquidate these holding from their personal accounts. Procedures are in place to oversee these trading activities. Employees of the firm may own the same mutual funds that our clients own.

Item 12 – Brokerage Practices

All of the firm's clients have one or more of the following account types:

Brokerage Accounts – This is an agreement between an investor and a licensed brokerage firm that allows the investor to place funds with the firm and make investment orders through the brokerage firm, which then carries out the transactions on the investor's behalf. When acting in our capacity as registered representatives (RR), the firm conducts all brokerage transactions through SSN. Brokerage accounts provide the flexibility to invest in a wide range of investment options. The firm utilizes the following criteria to annually evaluate its broker/dealer: (1) cost borne by the client; (2) accuracy and timeliness of transaction execution; (3) ability and willingness to correct errors; (4) range of securities offered; (5) adequacy of support staff and sufficient allocation of resources; (6) availability and accessibility of electronic account information; (7) paper records provided to the client; (8) adequacy of available clearing firms; (9) fraud protection; (10) overall financial stability; and (11) any potential or actual conflicts of interest.

Employer-sponsored account – We consider these accounts to be “custodial” accounts in which the employer has selected a group of qualified custodians that the participant may choose from. Our firm is continually evaluating these custodial options for our clients and recommending the custodian(s) that we believe are in our clients' best interest based on the following criteria: (1) Cost born by the client; (2) Accuracy and timeliness of transaction execution; (3) Ability and willingness to correct errors; (4) Range of securities offered; (5) Adequacy of support staff and sufficient allocation of resources; (6) Availability and accessibility of electronic account information; (7) Paper records provided to the client; (8) Fraud protection; (9) Financial stability; and (10) Other custodial options made available within an employer's sponsored plan. The choice of custodian rests with the client.

Non-employer sponsored accounts held at a product sponsor – We consider these accounts to be custodial accounts as well as generally non-advisory. The firm generally recommends opening these accounts when it anticipates that the account size will stay at a modest level for some time, simplicity of managing the account, no other custody options are available for a certain type of account or at the client's instruction. These are the types of accounts for which one of the IAR's may be acting as a RR of SSN and as such may receive compensation in the form of commissions. If the RR earns a commission, the assets are non-advisory and no advisory fee is charged. These non-advisory accounts require that the RR of record have the client's permission before making any trades in the account.

Although the firm does recommend SSN as broker/dealer for brokerage accounts, we do not have discretion to make this selection without the consent of the client. We recommend SSN to our clients based in part upon our relationship with the broker/dealer as RRs, which allows us to use SSN staff for operational support and to provide an extra layer of compliance oversight to our activities. Also, an electronic interface that CCM has with both brokerage firms offered by SSN facilitates our management of these accounts. Any transaction costs paid by our clients for activity in SSN brokerage accounts are at most the costs charged to our firm by SSN, and are not marked-up in order to receive a commission. CCM currently does not impose any transaction fees for the purchase or sell of mutual funds in NFS and Pershing brokerage accounts established at SSN.

A soft dollar arrangement is one in which one entity receives something of value in return for directing business to a second firm. Our firm does not have any soft dollar arrangement with SSN or any other entity. The firm does receive market research from a number of sources through SSN. However, CCM pays a monthly fee to SSN for this access.

The firm does not have an aggregated direct electronic interface with all of the custodians that our clients may use. For this reason, certain advisory accounts managed by CCM require that the firm's access persons use the client's personal login information to view certain account information. In these cases, CCM restricts our actions only to those necessary to carry out the firm's services as set forth in the executed Client Agreement. These logins do not allow a level of access that provides the ability to withdraw funds or securities or transfer them to an account not in the client's name at a qualified custodian.

From time to time, and after authorization has been received by the client, one of the firms' IARs will instruct the custodian that maintains a client account to remit funds or securities from the account to the same client at his or her address of record. Neither CCM nor its representatives have authorization to open accounts on behalf of the client or designate or change the address of record with a qualified custodian.

The firm carries out each client trade individually, unless CCM decides to purchase or sell the same securities for several clients at the same time. CCM may combine or "batch" orders to obtain best execution, obtain better pricing, negotiate more favorable transaction costs, or to obtain for clients differences in prices or other transaction costs by allocating equitably which might otherwise have not been received independently. Under this procedure, the firm sells or purchases the security or securities

at an average price. We then allocate these proceeds among CCM's clients pro rata. CCM does not receive any additional compensation as a result of this aggregation of trades. Trades for nondiscretionary clients are included in these batch orders only to the extent that discretionary clients are not be harmed by any delay in executing the trade.

Brokerage accounts held at NFS are allowed to trade in certain mutual funds at no transaction cost. These funds essentially are the same funds offered by Fidelity Brokerage Services as their Funds Network Funds. Over 6,000 additional funds are available through the Strategic Resource Management platform that provide for transaction free trading up to a maximum number of trades each year. Although some of these funds pay a trail type commission, neither CCM or its advisors receive any portion of these commissions.

In the event that CCM determines that a prorated allocation of a batch order is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include: (i) when only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates; (ii) allocations may give priority to one account when that account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased in other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account's assets after an order is placed); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a *de minimis* allocation in one or more accounts, CCM may exclude the account(s) from the allocation; the transactions may be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

Item 13 – Review of Accounts

CCM uses Black Diamond Performance Reporting (BD), as a portfolio management software tool. BD utilizes electronic interfaces with the custodians of our client accounts and market pricing sources to provide transaction and price data. The firm and its IARs use this information to provide daily updates of the quantity and value of client holdings. These data are then the basis of various holding, transaction and performance analyses.

The firm's staff utilizes BD to generate various performance and holding reports that allow the firm's IARs to readily identify current asset allocations as well as the performance of individual holdings, specific accounts, and groups of accounts over various time periods. The firm compares the performance of individual holdings with that of similar alternatives as well as various market indices. IARs make use of this information to identify and implement needed changes in client accounts. CCM also utilizes this software product to generate reports that identify accounts that hold certain securities or money

market/cash positions. Each IAR has access to BD on their desktop computer and is familiar with generating various portfolio management reports.

CCM has a four-tiered approach to the review of client portfolios. Our goal is to insure that we manage assets according to our client's wishes, that we do this with as few errors as possible and that we communicate with our clients in a manner that facilitates their understanding of our approach and results.

IAR Review – As a result of the investigations described in Item 8, the firm's IARs are aware of the short-term and long-term performance of various holdings in client accounts as well as the performance of similar alternative investments. Each IAR makes changes based upon the desired asset allocation, performance of individual holdings, as the client's investment objectives change, or in those cases that are judged by the IAR to be in the best interest of the client based upon any number of market and economic issues.

Peer Review – Members of the Investment Committee, cross review approximately half of another IARs accounts at least biannually. In this way each client's portfolio undergoes a peer review at least once per year. The purpose of this review is to insure that the management of accounts is consistent with the firm's policies and procedures, the client's investment instructions and certain criteria established by the investment committee of the firm. The latter criteria identify certain parameters that might expose the client to added portfolio risk and to set ranges of generally acceptable values for these parameters. Following identification of an issue during a peer review, it is the responsibility of the IAR assigned to the specific account to address and/or monitor the issue as appropriate.

Company Review – Each quarter all client portfolios undergo further review during billing and statement generation. The firm conducts tests to ensure that the firm accounts for and assigns each client account, individual asset values are correct, definition of proper asset class descriptions and advisory fees are correctly calculated. The firm provides each client with a quarterly portfolio statement. These statements show the individual holdings in each account, the asset class description, the quantity of each holding, its price, the current value of the holding, and the percentage that each holding represents of the total assets managed. CCM provides an asset allocation chart at the discretion of the IAR or at the request of the client, which shows a breakdown by asset class of the portfolio.

Client Review - The firm's IARs communicate with their clients through personal meetings, phone conversations or email at least annually during which various aspects of the client's accounts are reviewed. This review evaluates current holdings, allocations and performance, events that have or will impact their financial plans and any changes needed in our management approach. IARs use these interactions as a chance to share information that will assist the client in understanding the recent nature of the markets and other factors that have influenced our management decisions.

Item 14 – Client Referrals and Other Compensation

CCM does not provide investment advisory services to individuals and other entities unless they are clients of the firm. The firm also does not compensate any person or entity for client referrals. Employees

of CCM do not accept any gift from clients or members of the financial industry unless they are of minimal value.

Item 15 – Custody

Collegiate Capital Management, Inc. has limited custody of some of our clients' funds or securities when the clients authorize us to deduct our management fees directly from the client's account. A qualified custodian (generally a broker-dealer, bank, trust company, or other financial institution) holds clients' funds and securities. Clients should receive at least quarterly statements from the qualified custodian that holds and maintains client's investment assets. Collegiate Capital Management, Inc. urges its clients to carefully review statements provided by their custodian(s) and compare those records to the account statements that are provided by our firm. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities. Should there be a discrepancy between the custodian's records and the statement provided by CCM, the records of the custodian shall prevail.

We periodically request that our clients confirm that they are receiving custodial records, including statements and transaction confirmations directly from the custodian of each account and that the client is also receiving quarterly portfolio summaries from the CCM.

Item 16 – Investment Discretion

CCM usually receives discretionary authority from the client at the outset of an advisory relationship. Unless a client notes an exception in the Client-Relationship Addendum to the Client Agreement, each client grants the IAR discretionary authority to determine the specific security, the quantity, and the timing of the purchase or sale of each security. This authorization allows the firm's IAR's to select the timing of trades, the specific security and amount bought or sold without the clients' prior consent. In all cases, however, the firm exercises discretion in a manner consistent with the stated investment objectives of the client and any other restrictions invoked by the client in the Client-Relationship Addendum. For assets that the firm manages on a non-discretionary basis, the IAR executes trades only after receiving verbal or written authorization from the client. In no case are the firm's IARs empowered to open or close accounts or transfer assets between accounts without the client's consent and the client's signature on appropriate documents.

Item 17 – Voting Client Securities

As a matter of firm policy and practice, CCM does not have any authority to and does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. CCM will not provide advice to clients regarding the clients' voting of proxies. In this same way, CCM will not advise a specific course of action regarding participation in investment-related class action suits. We will however, provide to the client all information that the firm possesses to allow the client to make an informed decision regarding their

participation. Clients will receive their proxies or other solicitations directly from their custodian or a transfer agent.

Item 18 – Financial Information

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about Collegiate Capital Management, Inc.'s financial condition. Collegiate Capital Management, Inc. has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of any bankruptcy proceedings.