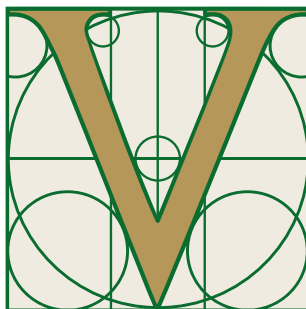


FORM ADV - PART 2A (FIRM BROCHURE)



Versant Capital Management, Inc.

SEC File Number: 801-63192

Item 1 Identification

Principal Business Address:

2390 East Camelback Road
Suite 425
Phoenix, Arizona 85016-3452
Main Telephone Number: 602-635-3760
Toll-Free Number: 866-303-2347
www.versantcm.com

Brochure Date: March 28, 2014

This Brochure provides information about the qualifications and business practices of Versant Capital Management, Inc. If you have any questions about the contents of this Brochure, please contact Versant Capital Management's Chief Compliance Officer, Beth A. Pragliola at (602) 635-3760 or bethp@versantcm.com. The information contained 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 Versant Capital Management, Inc. is also available on the SEC's website at www.adviserinfo.sec.gov.

Versant Capital Management, Inc. is a registered investment adviser. Registration of an Investment Adviser does not imply a certain level of skill or training.

Item 2 - Material Changes

Versant Capital Management, Inc. ("Versant" or "the Firm" or "we") is required to amend its Brochure and 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 of December 31. We will further provide you with a new Brochure as necessary based on material changes or new information, at any time, without charge upon request.

There have been no material changes made to Versant's Form ADV Part 2A – Brochure since the last other-than-annual amendment filing on August 31, 2013.

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Item 4 - Advisory Business

Section A - THE COMPANY

Versant is organized as a corporation under the laws of the State of Arizona. Versant was formed in March of 2004, and has been registered as an Investment Adviser with the United States Securities and Exchange Commission since May 2004. Versant is owned by the following two trusts: 1) The Connelly Family Trust U/A dtd 02/01/1994, for which Thomas J. Connelly and Shauna V. Connelly serve as Trustees; and 2) The Elizabeth M. Shabaker Revocable Trust U/A dtd 07/19/2013, for which Elizabeth M. Shabaker serves as Trustee.

Section B - TYPES OF ADVISORY SERVICES

As discussed below, Versant offers discretionary and non-discretionary investment advisory, financial planning, and related consulting services to high net-worth clients, including individuals, families and their related entities (e.g., trusts, estates, and private foundations) as well as pension and profit sharing plans, charitable organizations, corporations, and business entities.

Comprehensive wealth management services include investment advice, financial planning, estate planning and administration, succession planning, charitable planning, tax planning, as well as family governance and next-generation education.

Investment Advisory Services

Versant's investment advisory services are currently limited to the management of investment portfolios in accordance with the investment objectives of the client. The client can determine to engage Versant to provide discretionary and/or non-discretionary investment advisory services on a fee-only basis.

Versant provides Investment Advisory Services, defined as giving continuous advice to a client or making investments for a client based on the individual needs of the client. Through personal discussions and cash flow modeling, in which goals and objectives based on a client's particular circumstances are established, Versant develops a clients' personal investment policy and creates and manages a portfolio based on that policy. Accounts within the portfolio are managed in accordance with the stated objectives of the client (i.e., maximum capital appreciation, growth, income, or growth and income) and other considerations, including time horizon, tax issues, liquidity, and other relevant guidelines. Client portfolios are diversified across a variety of asset classes consistent with a client's suitability, overall investment strategy, and risk tolerance.

Comprehensive Investment Advisory, Financial Planning, and Consulting Services (Wealth Management)

Versant also provides comprehensive investment advisory, financial planning, and consulting services on a fee-only basis in accordance with the traditional fee table described in Item 5A, based upon the amount of the assets placed under management and the level and scope of the financial planning and consulting services (see *Comprehensive Investment Advisory, Financial Planning, and Consulting Services*). Comprehensive wealth management services include investment advice, financial planning, estate planning and administration, succession planning, charitable planning, tax planning, as well as family governance and next-generation education.

In the event a client requires extraordinary planning and/or consultation services (to be determined in the sole discretion of Versant), Versant may determine to charge for such additional services, the dollar amount of which shall be set forth in a separate written notice to the client.

Financial Planning and Consulting Services (Stand-Alone)

To the extent requested by a client, Versant *may* determine to provide financial planning and/or consulting services (including investment and non-investment related matters, including estate planning, insurance planning, etc.) on a stand-alone separate fee basis. Versant's planning and consulting fees are negotiable, but generally range from \$300 to \$500 on an hourly rate basis, depending upon the level and scope of the service(s) required and the professional(s) rendering the service(s). Versant may also provide consulting services on a mutually agreed upon fixed-fee basis. Prior to engaging Versant to provide planning or consulting services, clients are generally required to enter into a Financial Planning and Consulting Agreement between the parties, setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the portion of the fee that is due from the client prior to Versant commencing services. If requested by the client, Versant may recommend the services of other professionals for implementation purposes. The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from Versant. **Please Note:** If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. **Please Also Note:** It remains the client's responsibility to promptly notify Versant if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising Versant's previous recommendations and/or services.

Miscellaneous

Non-Investment Consulting/Implementation Services

If specifically requested by the client, Versant may provide consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, etc. Neither Versant, nor any of its employees, serves as an attorney or accountant, and no portion of Versant's services should be construed as same. To the extent requested by a client, Versant may recommend the services of other professionals for certain non-investment implementation purposes (i.e., attorneys, accountants, insurance, etc.). The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from Versant. **Please Note:** If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to see recourse exclusively from and against the engaged professional.

Independent Managers

Versant may allocate (and/or recommend that the client allocate) a portion of the client's investment assets among unaffiliated independent investment managers in accordance with the client's designated investment objective(s). In such situations, the Independent Manager[s] shall have day-to-day responsibility for the active discretionary management of the allocated assets. Versant shall continue to render investment supervisory services to the client relative to the ongoing monitoring and review of account performance, asset allocation, and client investment objectives. Factors which Versant shall consider in recommending Independent Manager[s] include the client's designated investment objective(s), management style, performance, reputation, financial strength, reporting, pricing, and research.

Please Note: Non-Discretionary Service Limitations. Clients that determine to engage Versant on a non-discretionary investment advisory basis **must be willing to accept** that Versant cannot effect any account transactions without obtaining prior verbal consent to any such transaction(s) from the client. Thus, in the event of a market correction during which the client is unavailable, Versant will be unable to effect any account transactions (as it would for its discretionary clients) **without first obtaining the client's verbal consent.**

Client Obligations

In performing its services, Versant shall not be required to verify any information received from the client or from the client's other professionals, and is expressly authorized to rely thereon. Moreover, each client is advised that it remains his/her/its responsibility to promptly notify Versant if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising Versant's previous recommendations and/or services.

Disclosure Statement

A copy of Versant's written Brochure as set forth on Form ADV Part 2A shall be provided to each client prior to, or contemporaneously with, the execution of an Agreement between Versant and the client (i.e., Investment Advisory Service Agreement and/or Comprehensive Investment Advisory Services with Financial Planning Agreement).

Section C - TAILORED ADVISORY SERVICES

Versant shall provide investment advisory services specific to the needs of each client. Prior to providing investment advisory services, an investment adviser representative will ascertain each client's investment objective(s). Thereafter, Versant shall allocate and/or recommend that the client allocate investment assets consistent with the designated investment objective(s). The client may, at any time impose reasonable restrictions, in writing, on Versant's services.

Section D - WRAP FEE PROGRAMS

Versant does not participate in a wrap fee program.

Section E - ASSETS UNDER MANAGEMENT

As of December 31, 2013, Versant had a total of \$607,562,296 in assets under management. Of this amount, \$514,306,229 is managed on a discretionary basis and \$93,256,067 is managed on a non-discretionary basis.

Item 5 - Fees and Compensation

Section A - COMPENSATION

The client can determine to engage Versant to provide the following types of advisory services on a fee-only basis.

Investment Advisory Services

If a client determines to engage Versant to provide discretionary and non-discretionary investment advisory services on a fee-only basis, Versant's annual investment advisory fee shall be based upon a percentage (%) of the market value and type of assets under the Registrant's manage (between negotiable and 1.2%) as follows:

Market Value of Portfolio	% of Assets
Up to \$500,000	1.20%
\$500,001 up to \$2,000,000	1.00%
\$2,000,001 up to \$5,000,000	0.75%
\$5,000,001 up to \$10,000,000	0.48%
\$10,000,001 up to \$20,000,000	0.31%
Over \$20,000,001	Negotiable

Comprehensive Investment Advisory, Financial Planning, and Consulting Services (Wealth Management)

Versant also provides comprehensive investment advisory services, financial planning, and consulting services on a *fee-only* basis in accordance with the traditional fee table below based upon the amount of assets placed under management and the level and scope of the financial planning and consulting services:

**Comprehensive Investment Advisory, Financial Planning
and Consulting Fee Schedule**

Assets Subject to Agreement			Base Fee	Annual Fees % in Addition to Base Fee			Of the Amount Over	Total Fees @ Category Max. as % of Assets
\$ -	to	\$ 2,000,000	\$ 20,000	+	0.00%		\$ -	1.000%
\$ 2,000,001	to	\$ 5,000,000	\$ 20,000	+	1.00%		\$ 2,000,000	1.000%
\$ 5,000,001	to	\$ 10,000,000	\$ 50,000	+	0.75%		\$ 5,000,000	0.875%
\$ 10,000,001	to	\$ 15,000,000	\$ 87,500	+	0.50%		\$ 10,000,000	0.750%
\$ 15,000,001	to	\$ 20,000,000	\$ 112,500	+	0.45%		\$ 15,000,000	0.675%
\$ 20,000,001	to	\$ 35,000,000	\$ 135,000	+	0.40%		\$ 20,000,000	0.557%
\$ 35,000,001	to	\$ 50,000,000	\$ 195,000	+	0.25%		\$ 35,000,000	0.465%
\$ 50,000,001	and	Above	\$ 232,500	+	0.15%		\$ 50,000,000	

Fees are negotiable. In the event that the client requires extraordinary planning and/or consultation services (to be determined in the sole discretion of Versant), Versant may determine to charge for such additional services, the dollar amount of which shall be set forth in a separate written notice to the client.

Versant offers a courtesy discount on gross annual fees for Comprehensive Advisory, Financial Planning, and Consulting Services to select 501(c)(3) organizations.

Financial Planning and Consulting Services (Stand-Alone)

To the extent requested by the client, Versant may determine to provide financial planning and/or consulting services (including investment and non-investment related matters, including estate planning, insurance planning, etc.) on a stand-alone separate fee basis. Registrant's planning and consulting fees are negotiable, but generally range from \$300 to \$500 on an hourly rate basis, depending on the level and scope of the service(s) required and the professional(s) rendering the service(s). Versant may also provide consulting services on a mutually agreed upon fixed-fee basis.

Section B - DEDUCTION OF ADVISORY FEES AND DIRECT BILLING

Clients may elect to have Versant's advisory fees deducted from their custodial account. Versant's Agreement (i.e., Investment Advisory Service Agreement and/or Investment Advisory Services with Financial Planning Agreement) and the custodial/clearing agreement may authorize the custodian to debit the account for the amount of Versant's investment advisory fee and directly remit that management fee to Versant in compliance with regulatory procedures. In the limited event that Versant bills the client directly, payment is due upon receipt of the invoice. Versant shall deduct fees and/or bill clients quarterly in arrears based upon the market value of the assets on the last business day of the previous calendar quarter.

Section C - OTHER FEES AND EXPENSES

As discussed below, unless the client directs otherwise or an individual client's circumstances require, Versant shall generally recommend that Charles Schwab and Co., Inc. ("Schwab") serve as the broker-dealer/custodian for client investment management assets. Broker-dealers such as Schwab charge brokerage commissions and/or transaction fees for effecting certain securities transactions (i.e., transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity and fixed income securities transactions). Clients will incur, in addition to Versant's investment management fee, brokerage commissions and/or transaction fees, and, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g., management fees and other fund expenses).

Section D - BILLING METHODOLOGY

Versant's annual investment advisory fee shall be prorated and paid quarterly, in arrears, and shall be based on the market value of the assets on the last business day of the previous quarter. Corporate cash management and charitable accounts may be billed at rates lower than above at Versant's discretion. Fees are payable on a pro-rated basis for periods covering less than a calendar quarter and are generally not negotiable.

Section E - COMPENSATION RELATED TO SALE OF SECURITIES

Neither Versant, nor any employee of Versant accepts compensation from the sale of securities or other investment products.

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

Neither Versant, nor any employee of Versant accepts performance-based fees and/or compensation.

Item 7 - Types of Clients

Versant's clients generally include high net-worth individuals, families and their related entities, including trusts, estates, and private foundations, as well as pension and profit sharing plans, charitable organizations, corporations and business entities.

Versant's basic fee schedule for Comprehensive Investment Advisory, Financial Planning and Consulting Services (Wealth Management) is generally subject to a minimum annual fee of \$20,000 and is further described in Item 5. Typically, Versant requires and a minimum asset level of \$2,000,000 for comprehensive services. Versant, in its sole discretion, may reduce or waive its annual minimum fee and/or require a lesser minimum asset level based upon certain criteria (i.e., anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.).

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

Section A - METHODS OF ANALYSIS

Versant may utilize the following methods of security analysis:

- **Charting** - A chart is a historical record of price movements. This type of technical analysis is performed using patterns to identify current trends and trend reversals to forecast the direction of prices. However, there is no guarantee in finding these tendencies and patterns or that historical records are an indicator of current or future movements.

- **Fundamental** - Fundamental analysis utilizes real data to evaluate a security's value and is performed on historical and present data, with the goal of making financial forecasts. For example, fundamental analysis can be performed on a bond's value by looking at economic factors, such as interest rates and the overall state of the economy, and information about the bond issuer, such as potential changes in credit ratings. For assessing stocks, this method uses revenues, earnings, future growth, profit margins, return on equity, etc., to determine a company's underlying value and potential for future growth. Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down with the overall market regardless of the economic and financial factors considered in evaluating a security.
- **Cyclical** - Cyclical analysis is performed on historical relationships between price and market trends, to forecast the direction of prices. There are industries in which profits rise and fall on a cyclical basis. As profits of companies follow cyclical patterns, so do their stocks; reflecting the current stage of the business cycle. There are a variety of industries that can be described as having distinct business cycles: oil and gas, semi-conductors, mining, home-building, etc. Their main feature is that their profits and thus stock prices follow similar rising and falling patterns over the long run. There is no guarantee that historical trends will indicate current cycles.

The main sources of information that Versant uses includes publicly available sources, including newspapers, company press releases, annual reports, corporate rating services, sources of independent investment analysis, as well as internal research developed by Versant's Chief Investment Officer.

Section B - INVESTMENT STRATEGIES USED WHEN IMPLEMENTING INVESTMENT ADVICE

Investment advice provided by Versant is based on a number of factors, including, but not limited to, client investment objectives, risk tolerance, time horizons, liquidity needs, asset-class preferences, as well as current market views. Versant will determine a client's investor profile and prepare a proposed investment policy (asset allocation) appropriate for that profile. Versant's investment strategies attempt to achieve diversification by investing over time, across asset classes, within asset classes, across investment styles, etc.

Versant may utilize the following investment strategies when implementing investment advice for clients:

- Long-Term Purchases (securities held at least a year).
- Short-Term Purchases (securities sold within a year)

Please Note: Investment Risk

Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by Versant will be profitable or equal any specific performance level(s).

Section C - INVESTMENT RISK

Versant's methods of analysis and investment strategies do not present any significant or unusual risks. However, every method of analysis has its own inherent risks. To perform an accurate market analysis Versant must have access to current/new market information. Versant has no control over the dissemination rate of market information; therefore, unbeknownst to Versant, certain analyses may be compiled with outdated market information, severely limiting the value of Versant's analysis. Furthermore, an accurate market analysis can only produce a forecast of the direction of market

values. There can be no assurances that a forecasted change in market value will materialize into actionable and/or profitable investment opportunities.

Versant's primary investment strategies - Long-Term Purchases, Short-Term Purchases - are fundamental investment strategies. However, every investment strategy has its own inherent risks and limitations. For example, longer term investment strategies require a longer investment time period to allow for the strategy to potentially develop. Shorter term investment strategies require a shorter investment time period to potentially develop, but as a result of more frequent trading, may incur higher transactional costs when compared to a longer term investment strategy.

Currently, Versant primarily allocates client investment assets among various equity securities, corporate debt securities, commercial paper, certificates of deposit, municipal securities, investment company securities, stocks, bonds, no-load, load-waived, front-load mutual funds, and Exchange Traded Funds on a discretionary and non-discretionary basis in accordance with the client's designated investment objective(s).

Versant will create a portfolio consisting primarily of stocks, bonds, no-load, load-waived, front-load mutual funds, and Exchange Traded Funds, and will allocate the client's assets among various investments taking into consideration the overall management style selected by the client. The mutual funds will be selected on the basis of any or all of the following criteria: fund costs, the fund's performance history; the industry sector in which the funds invest; the track record of the fund's manager; the fund's investment objectives; the fund's management style and philosophy; and the fund's management fee structure. Portfolio weighting will be determined by each client's individual needs and circumstances. Client will have the opportunity to place reasonable restrictions on the types of investments which will be made on the client's behalf. Clients will retain individual ownership of all securities.

Item 9 - Disciplinary Information

Versant has not been the subject of any disciplinary actions.

Item 10 - Other Financial Industry Activities and Affiliations

Section A - BROKER DEALER

Neither Versant, nor its employees, are registered or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

Section B - COMMODITY POOL OPERATOR AND COMMODITY TRADING ADVISOR

Neither Versant, nor its employees, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, commodity trading advisor, or a representative of the foregoing.

Section C - OTHER RELATIONSHIPS AND/OR ARRANGEMENTS MATERIAL TO VERSANT'S ADVISORY BUSINESS BANKING DISCLOSURE

Thomas J. Connelly, Versant's President and Chief Investment Officer, is a shareholder of National Advisor Holdings, Inc. ("NAH"), a Delaware corporation organized in August of 1999. Mr. Connelly holds less than 3%, in the aggregate, of the outstanding stock of NAH. NAH has chartered a new institution through the Office of Thrift Supervision to be known as National Advisers Trust Company ("NATC"). NATC provides trust services to clients of registered investment advisory firms such as the Registrant, across the United States.

Because Mr. Connelly has an interest in NAH, and therefore indirectly has an interest in NATC, fees earned by NATC will accrue to the benefit of Mr. Connelly, in his capacity as a NAH shareholder, and thus create a conflict of interest. However, the Registrant's clients will be able to make the determination as to whether to use the trust services of NATC and may choose to use another fiduciary and still retain the Registrant to provide investment advice to the client.

- **Conflict of Interest:** The recommendation by either Thomas J. Connelly, or other employee that a client utilize the trust services of NATC presents a material conflict of interest, as the receipt of compensation, indirect as it may be, may provide an incentive to recommend the trust services of NATC, rather than on a particular client's need. No client is under any obligation to engage the trust services of NATC. Clients are reminded that they may use other non-affiliated broker dealers for custodial services.

Section D - SELECTION OF OTHER INVESTMENT ADVISERS

Versant does not receive, directly or indirectly, compensation from investment advisers that it recommends or selects for its clients.

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

Section A - CODE OF ETHICS

Versant maintains an investment policy relative to personal securities transactions. This investment policy is part of Versant's overall Code of Ethics, which serves to establish a standard of business conduct for all Versant's employees that is based upon fundamental principles of openness, integrity, honesty and trust. A copy of Versant's Code of Ethics is available upon request.

In accordance with Section 204A of the Investment Advisers Act of 1940, Versant also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by Versant or any person associated with Versant.

Section B, C, and D - PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS

B. Neither Versant nor any employee recommends, buys, or sells for client accounts, securities in which Versant or any related person of Versant has a material financial interest.

C. Versant and/or employees of Versant may buy or sell securities that are also recommended to clients. This practice may create a situation where Versant and/or its employees are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. Practices such as "scalping" (i.e., a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon the rise in the market price which follows the recommendation) could take place if Versant did not have adequate policies in place to detect such activities. In addition, this requirement can help detect insider trading, "front-running" (i.e., personal trades executed prior to those of Versant's clients) and other potentially abusive practices.

Versant has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of Versant's "Access Persons". Versant's securities transaction policy requires that Access Persons provide the Chief Compliance Officer or his/her designee with a written report of their current securities holdings within ten (10) days after becoming an Access Person. Access Persons must provide the Chief Compliance Officer or his/her designee with a written report of the Access Person's current securities holdings at least once each twelve (12) month period, and must report their securities transactions quarterly, subject to limited

exceptions. Supervised Persons must also obtain pre-approval from the Chief Compliance Officer to invest in initial public offerings and private placements.

D. Versant and/or its employees may buy or sell securities, at or around the same time as those securities recommended to clients. This practice creates a situation where Versant and/or its employees are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. As indicated above in Item 11.C, Versant has a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each its Access Persons.

Item 12 - Brokerage Practices

Section A - SELECTION CRITERIA FOR BROKERS AND DEALERS

In the event the client requests that Versant recommend a broker-dealer/custodian for execution and/or custodial services (exclusive of those clients that may direct Versant to use a specific broker-dealer/custodian), Versant generally recommends that investment management accounts be maintained at Schwab. Prior to engaging Versant to provide investment management services, the client will be required to enter into a formal Agreement with Versant (i.e., Investment Advisory Services Agreement and/or Investment Advisory with Financial Planning Services Agreement) setting forth the scope of services and terms and conditions under which Versant shall manage the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Factors that Versant considers in recommending Schwab (or any other broker-dealer/custodian to clients) include historical relationship with Versant, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by Versant's clients shall comply with Versant's duty to obtain best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where the Versant determines, in good faith, that the commission/transaction fee is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, 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 a broker-dealer's services including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although Versant will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, Versant's investment management fee. Versant's best execution responsibility is qualified if securities that it purchases for client accounts are mutual funds that trade at net asset value as determined at the daily market close.

1. Research and Additional Benefits

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, Versant may receive from Schwab, without cost (and/or at a discount) support services and/or products, certain of which assist Versant to better monitor and service client accounts maintained at such institutions. Included within the support services that may be obtained by Versant may be investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by Versant in furtherance of its investment advisory business operations.

As indicated above, certain of the support services and/or products that may be received may assist Versant in managing and administering client accounts. Others do not directly provide such assistance, but rather assist Versant to manage and further develop its business enterprise.

Versant's clients do not pay more for investment transactions effected and/or assets maintained at Schwab as a result of this arrangement. There is no corresponding commitment made by Versant to Schwab or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.

2. Brokerage for Client Referrals

Versant does not receive referrals from broker-dealers.

3. Directed Brokerage

Versant does not generally accept directed brokerage arrangements (when a client requires that account transactions be effected through a specific broker-dealer). In such client directed arrangements, the client will negotiate terms and arrangements for their account with that broker-dealer, and Versant will not seek better execution services or prices from other broker-dealers or be able to "batch" the clients' transactions for execution through other broker-dealers with order for other accounts managed by Versant. As a result, client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

Please Note: In the event that the client directs Versant to effect securities transactions for the client's accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements that may available through Versant.

Section B - TRADING POLICY

To the extent that Versant provides investment management services to its clients, the transactions for each client account generally will be effected independently, unless Versant decides to purchase or sell the same securities for several clients at approximately the same time. Versant does not generally aggregate (also known as "block trade"), but on occasion may do so. In such circumstances, Versant may (but is not obligated to) combine or "bunch" such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among Versant's clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. Versant shall not receive any additional compensation or remuneration as a result of such aggregation.

Section C – SECURITIES LITIGATION CLAIMS FILING SERVICE

Versant utilizes the services of Broadridge, a third-party service provider to provide class action litigation monitoring and securities claim filing. Broadridge collects applicable documentation, interprets the terms of settlement, files appropriate proof of claim forms on behalf of clients, monitors claims, interacts with administrators, and distributes claim awards directly to Versant clients enrolled in the service. Charges for the processing of class action claims shall be subject to a contingency fee assessed directly by Broadridge in the event a recovery is made. The contingency fee shall be 20% of the total reimbursement of Securities Class Actions settlements Broadridge collects for the client. Class action recoveries and proceeds, less the contingency fee, shall be paid directly by the third-party to the client. This service is provided to all clients who have engaged Versant to provide

investment advisory, or investment advisory with financial planning services (including comprehensive wealth management services). Unless a client chooses to opt out of this service, they are automatically enrolled, and Versant provides transaction information to Broadridge to assist with the class action suit research. If a client prefers to file their own securities litigation claim forms, they must opt out by providing written notice to Versant. If clients do not participate in this service, they are responsible for pursuing their own claims.

Item 13 - Review of Accounts

Section A - PERIODIC REVIEWS

Versant's Chief Investment Officer reviews all funds and investment managers recommended by Versant and utilized in client portfolios on a regular basis to determine if investments are being managed in accordance with guidelines and whether fees and/or commissions are reasonable.

For those clients to whom Versant provides investment supervisory services, account reviews are conducted on an ongoing basis by Versant's Investment Counselors and client service team members. All investment supervisory clients are advised that it remains their responsibility to advise Versant of any changes in their investment objectives and/or financial situation. All clients (in person or via telephone) are encouraged to review financial planning issues (to the extent applicable), investment objectives, and account performance with his/her/its client service team on an annual basis.

Section B - OTHER PERIODIC REVIEWS

Versant may conduct more frequent account reviews on an other than periodic basis upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections, and client request.

Section C - CLIENT REPORTS

Clients are provided, at least quarterly, with written transaction confirmation notices and summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts, which should be considered your official record for all pertinent account information.

Versant also provides a written periodic report summarizing account activity and performance. Other customized reports are provided to clients on an ad hoc basis, upon request. Versant's reports are provided in a different format from that of the custodian and may vary in content and scope. Therefore, the client is urged to compare any report provided by Versant with the account statements received from the account custodian.

Item 14 - Client Referrals and Other Compensation

As referenced in Item 12.A.1. above, Versant may receive an indirect economic benefit from Schwab. Versant, without cost (and/or at a discount), may receive support services and/or products from Schwab.

Versant's clients do not pay more for investment transactions effected and/or assets maintained at Schwab as a result of this arrangement. There is no corresponding commitment made by Versant to Schwab or any other entity to invest in any specific amount or percentage of client assets in any specific mutual funds, securities, or other investment products as a result of the above arrangement.

Versant does not compensate any persons for client referrals.

Item 15 - Custody

Versant is not a qualified custodian and does not provide custodial services to its clients. Clients may select registered broker-dealers or banks that are "qualified custodians" to provide custody services for client assets. However, under the SEC's Custody Rule, Versant is deemed to have custody due to the fact that (a) Versant shall have the ability to have its advisory fee for each client debited by the custodian on a quarterly basis, and (b) in the exercise of its investment supervisory services, may have the ability to obtain (directly or indirectly) possession of client funds and/or securities pursuant to having been granted disbursement authorization and power of attorney to move money for purposes other than authorized trading (i.e., wires, journals to accounts of like-kind registration, etc.).

Versant provides written quarterly reports summarizing account activity and performance, as well as other reports upon request. Clients' are provided, at least quarterly, with written transaction confirmation notices and account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts, which should be considered your official record for all pertinent account information.

Please Note:

Versant's reports are provided in a different format from that of the custodian and may vary in content and scope. Therefore, the client is urged to compare any report provided by Versant with the account statements received from the account custodian. **Please Also Note:** The account custodian does not verify the accuracy of Versant's advisory fee calculation.

Item 16 - Investment Discretion

The client can determine to engage Versant to provide investment advisory services on a discretionary basis. Prior to Versant assuming discretionary authority over a client's account and investment assets, client shall be required to execute an Agreement between the parties (i.e., Investment Advisory Services Agreement and/or Comprehensive Investment Advisory Services with Financial Planning) naming Versant as the client's attorney and agent in fact, granting Versant full authority to buy, sell, or otherwise effect investment transactions involving the assets in the client's name in the discretionary account(s).

Clients who engage Versant on a discretionary basis may, at anytime, impose restrictions, **in writing**, on Versant's discretionary authority. The most common restrictions may include, but are not limited to, imposing limits the types/amount of particular securities purchased for an account, restricting ability to purchase securities with an inverse relationship to the market, limiting or proscribing Versant's use of margin, etc.

See Item 4 for additional information about Versant's discretionary and non-discretionary services.

Item 17 - Voting Client Securities

Versant has engaged Broadridge as its agent to provide services and support related to Versant's proxy voting policies, procedures, and processes. Unless the client directs otherwise in writing, Versant, through Broadridge, is responsible for voting client proxies (However, the client shall maintain exclusive responsibility for all legal proceedings or other type of events pertaining to the account assets, including but not limited to, class action lawsuits). Versant, through Broadridge,

shall vote proxies in accordance with its Proxy Policy and Procedures that reflect the firm's duty as a fiduciary to vote proxies in the best interests of clients. For ERISA plan clients, certain proxies are voted solely in the best interest of plan participants and beneficiaries. Certain clients have expressly retained proxy voting authority and in such instances, Versant has no proxy voting responsibility and may not take any action regarding those clients' proxies. In the event of any actual or potential conflicts of interests in the voting of any client proxies, Versant will make appropriate disclosures to clients and either request that the client vote the proxy(ies), abstain from voting, or vote the client proxies, depending on the circumstances.

Versant shall monitor corporate actions of individual issuers and investment companies consistent with Versant's fiduciary duty to vote proxies in the best interests of clients. The factors which Versant will consider when determining how it will vote may differ on a case by case basis, and may include, but are not limited to, a review of recommendations from issuer management, shareholder proposals, cost effects of such proposals, effect on employees and executive and director compensation. With respect to individual issuers, Versant may be solicited to vote on matters including corporate governance, adoption or amendments to compensation plans (including stock options), and matters involving social issues and corporate responsibility. With respect to investment companies (e.g., mutual funds), Versant may be solicited to vote on matters including the approval of advisory contracts, distribution plans, and mergers.

Versant shall maintain records pertaining to proxy voting as required pursuant to Rule 204-2(c)(2) under the Advisers Act of 1940. Copies of Rules 206(4)-6 and 204(2)(c)(2) are available upon written request. A copy of Versant's Proxy Policy and Procedures, as well as information pertaining to how Versant voted on any specific proxy issue is also available upon written request.

Item 18 - Financial Information

Versant is required in this Item to provide you with certain financial information or disclosures about the Firm's financial condition.

- A. Versant does not require or solicit pre-payment of more than \$1,200 in fees, per client, six months or more in advance.
- B. Versant is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary authority over certain client accounts.
- C. Versant has not been the subject of a bankruptcy petition.

QUESTIONS

Versant's Chief Compliance Officer, Beth A. Pragliola remains available to address any questions that a client or a prospective client may have regarding the above disclosures and arrangements.