

Item 1. Cover

Verger Capital Management LLC  
Form ADV Part 2A  
May 5, 2014

1834 Wake Forest Road  
Starling Hall  
Winston-Salem, NC 27106  
336-758-4240

[[www.vergercapital.com](http://www.vergercapital.com)]

This brochure provides information about the qualifications and business practices of Verger Capital Management LLC. If you have any questions about the contents of this brochure, please contact us at 336.758.4240. 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 Verger Capital Management LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). An investment adviser's registration with the SEC does not imply a certain level of skill or training.

## Item 2. Material Changes

This brochure is a new document prepared in accordance with the 2010 amendments to SEC Form ADV.

In the future, this item will discuss only specific material changes that are made to the brochure and provide clients with a summary of such changes and will reference the date of the last annual update of our brochure.

### Item 3. Table of Contents

#### Table of Contents.

Item 1. Cover .....	1
Item 2. Material Changes.....	2
Item 3. Table of Contents.....	3
Item 4. Advisory Business.....	4
Item 5. Fees and Compensation.....	5
Item 6. Performance-Based Fees and Side-By-Side Management.....	6
Item 7. Types of Clients.....	6
Item 8. Methods of Analysis, Investment Strategies and Risk of Loss.....	6
Item 9. Disciplinary Information.....	21
Item 10. Other Financial Industry Activities and Affiliations.....	22
Item 11. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	22
Item 12. Brokerage Practices.....	28
Item 13. Review of Accounts.....	29
Item 14. Client Referrals and Other Compensation.....	29
Item 15. Custody.....	29
Item 16. Investment Discretion.....	30
Item 17. Voting Client Securities.....	30
Item 18. Financial Information.....	31

## Item 4. Advisory Business

### The Company

Verger Capital Management LLC (“Verger Capital” or “the Firm”) is a Delaware limited liability company formed in 2013 and registered with the SEC as an investment adviser in 2014. Verger Capital is principally owned by Wake Forest University, a private, coeducational university located in Winston-Salem, North Carolina. The Firm’s investment professionals are part of the administration of Wake Forest University and are responsible for managing the Wake Forest University endowment funds.

As of March 31, 2014, Verger Capital has \$1,136,501,098 in assets under management on a discretionary basis.

The Adviser intends to provide investment advisory services to separately managed accounts and one or more private investment funds that will be exempt from registration under the Investment Company Act of 1940, as amended, and whose securities will not be registered under the Securities Act of 1933, as amended (the “Accounts”). The Adviser intends to provide investment advisory services to each of the Accounts in accordance with the limited liability company agreement (or analogous organizational document), offering documents, or separate investment advisory agreement of each such Account, as applicable.

While Verger Capital will provide advice with respect to a wide variety of securities, we generally invest in private investment funds that are managed by unaffiliated investment advisers (“Underlying Funds”). We will also enter into sub-advisory relationships whereby investment discretion of Verger Capital clients’ capital will be exercised by a diversified group of unaffiliated investment advisers (“Sub-Advisers”) who may invest capital of the Verger Accounts in a wide variety of securities and other instruments, including derivative instruments, pursuant to an investment management or similar agreement.

Verger Capital Management LLC has an application pending for registration as a commodity pool operator (“CPO”) with the Commodities Futures Trading Commission (“CFTC”) and a member of the National Futures Association (“NFA”).

Please see Item 8, “*Methods of Analysis, Investment Strategies and Risk of Loss*” below for more information regarding our investment strategies.

## Item 5. Fees & Compensation

Verger Capital generally receives an asset-based management fee as compensation for our investment advisory services. We negotiate the precise amount and manner of payment of the management fee with each client and the management fee may differ among Verger Capital clients. Management fees will generally be payable quarterly in

arrears. Verger Separate Account clients will generally be billed directly for management fees. If the investment management agreement is terminated before the end of the billing period, we refund a pro rata portion of any pre-paid fee to the client's accounts.

#### Other Fees or Expenses

Each client account will bear certain expenses relating to it, including, but not limited to, legal, accounting, audit, valuation agent, investment banking, consulting, research, brokerage, finders', placement agent, custody, transfer agent, registration, advisory board, directors' and officers' insurance, interest, taxes and extraordinary expenses, such as Verger Capital client's allocable share of non-routine expenses and fees generated in the course of evaluating potential investments, including investments which are not consummated, such as Verger Capital client's allocable share of non-routine expenses and fees incurred in the course of making investments, and other similar fees or expenses, as well as any other fees or expenses incurred by Verger Capital or such Verger Capital client in connection with such Verger Capital client's operations that are not specifically stated in such client's investment management agreement or offering documents as being paid by Verger Capital.

In addition, Verger clients invested in Underlying Funds or sub-advised accounts will bear fees and expenses charged or incurred by such Underlying Funds or Sub-Advisers. These fees may include fees, charges and expenses levied by the Underlying Funds or Sub-Advisers, costs associated with the purchase and sale of such Underlying Funds or of investments in an Underlying Fund or sub-advised account, clearing or custody costs, fees or commissions for securities transactions, costs associated with the temporary investment of funds in a cash management account, or other charges charged by the Underlying Funds or Sub-Advisers, including advisory, and in some instances, performance or incentive-based fees (including carried interest, special allocations, etc.).

For additional information regarding brokerage practices, please see Item 12, "Brokerage Practices" below.

#### Additional Compensation

Neither Verger Capital nor its employees accept compensation, including asset-based sales charges or service fees, from any person for the sale of securities or other investment products.

## Item 6. Performance-Based Fees and Side-by-Side Management

We do not have any arrangements that involve performance-based fees.

## Item 7. Types of Clients

We primarily provide investment advisory services to institutional investors, including charitable institutions, foundations and endowment funds. Investors Verger Separate Account clients are generally organizations described in Internal Revenue Code (“IRC”) Section 501(c) to which contributions may be made that are deductible under IRC Section 170 and are “qualified purchasers” as defined in the Investment Company Act of 1940 as amended (the “Investment Company Act”).

We do not yet have a minimum size for Verger Accounts.

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

Verger Capital specializes in asset allocation, portfolio construction and manager selection. We take a holistic view of the portfolio and aim to gain a deep understanding of the factors that are driving the portfolio’s risks and returns. Unlike asset classes, risk factors are flexible and they afford us deeper insight into the portfolio. Armed with this deeper understanding, we combine risk factors in such a way that maximize the portfolio’s chances of success. The result of this process is a well-balanced, diversified, and robust portfolio that is well positioned to weather storms that periodically erupt in capital markets. Lastly, we employ a factor based approach to create a customized portfolio hedge to limit losses and reduce volatility.

Our manager selection process is driven by our focus on separating talent from luck. Our process focuses on both a qualitative evaluation as well as a quantitative analysis. The qualitative evaluation researches the organization (background, structure, depth, and compensation scheme), analyzes its particular edge in sourcing opportunities, and evaluates the rigor of portfolio construction, risk management and strategy implementation. The quantitative analysis helps us thoroughly evaluate both return and risk by comparing historical results to both appropriate benchmarks as well as to managers with similar investment strategies.

We may use a variety of resources or services to help form an investment idea or strategy including, but not limited to, financial publications and corporate rating services; annual reports, prospectuses and other SEC filings; information provided by investment fund managers and private investment funds; direct dialogue (either phone calls or in-person meetings) with investment fund managers ; and information provided by third parties including, but not limited to, research memoranda, periodicals, offering memoranda, and due diligence memoranda.

Verger Capital analyzes certain characteristics of Underlying Funds and Sub-Advisers, including their return expectations, expected contribution to risk, liquidity, and their fit

within the portfolio for a given client, prior to allocating capital to each Underlying Fund or Sub-Adviser. While the capital of Verger Capital clients will typically be allocated to Underlying Funds that are privately offered or to accounts managed by a Sub-Adviser, we may also invest in mutual funds, exchange traded funds or other types of pooled investment vehicles, as well as derivative instruments and other hedging instruments.

Material Risks for Significant Investment Strategies

The following is only a summary of some material risks for the investment strategies discussed above.

**Limited Track Record** – Verger Capital was formed in 2013 and certain Underlying Funds may be recently formed and may have no independent operating history upon which to evaluate their potential performance. Similarly, Sub-Advisers may have limited or no track records and/or operating histories. Past results of Underlying Funds and Sub-Advisers are not necessarily indicative of future performance. No assurance can be made that profits will be achieved or that substantial losses will not be incurred.

**Key Personnel** – Verger Capital may rely on key personnel to provide investment advisory services to Verger Clients. The departure of any such key personnel or their inability to fulfill certain duties may adversely affect the ability of Verger Capital to effectively implement the investment programs of Verger Clients. Similar risks may apply in respect of certain key personnel of the Underlying Funds or Sub-Advisers.

**Underlying Funds & Sub-Advisers Risks** – A Verger Capital Client’s performance depends, in significant part, on the skill of Verger Capital in selecting, overseeing, and allocating the Verger Client’s assets to the Underlying Funds and Sub-Advisers. The Underlying Funds and Sub-Advisers may underperform the market generally or underperform similar funds or other investment advisers, as applicable, that could have been selected for a Verger Client.

**Liquidity Risks** – Verger Capital Management may impose limitations on liquidity, such as minimum holding periods, limited dates for redemptions, significant redemption notice periods or redemption fees, and/or redemption holdbacks, among others. During periods of limited liquidity and higher price volatility, the ability of a Verger Client to acquire or dispose of its investments at a price and time that Verger Capital deems advantageous may be impaired. From time to time, assets of Verger Clients may be segregated, including illiquid or difficult to value assets, through the use of “side-pockets,” and may suspend, gate or otherwise further limit redemptions, make distributions in-kind in connection with redemption requests, or liquidate their positions. The timeframe for the recovery of illiquid assets is typically unknown, and it may be a significant period of time before a Verger Client is able to redeem its investment or to liquidate any assets received in respect of a distribution in-kind. In addition, in order to obtain better fee terms or other favorable arrangements, Verger Capital may require that a Verger Client invest on certain terms that are more restrictive or less advantageous to such Verger Client than may be available to other investors.

Alternatively, Verger Capital Management may have the authority to compulsorily redeem the investments of certain Verger Clients at times when Verger Capital may not

otherwise have wanted to redeem such investments. Such compulsory redemptions may adversely affect the performance of a Verger Client.

The same liquidity risks described herein may also be applicable to a Verger Client's investment in an Underlying Fund or Verger Client's capital allocated to a Sub-Adviser. Such layered liquidity concerns may further exacerbate the liquidity issues experienced by a Verger Client seeking to redeem or liquidate its positions.

**Restrictions on Transfer** – Interests in partnerships or limited liability companies, such as interests in certain Underlying Funds, generally are not registered under the Securities Act or applicable state securities laws. As such, there may be no secondary market for interests in a partnership or limited liability company, and such a market may not be expected to develop. Further, transfers of partnership and limited liability company interests may be subject to numerous restrictions, including obtaining consent of a general partner, managing entity or board to transfer interests or withdraw.

**Multiple Levels of Fees and Expenses** – Verger Clients will bear any Management Fees charged by Verger Capital Management in addition to any asset-based fees, performance-based fees and expenses (including organizational and offering expenses, operating costs, sales charges, brokerage expenses and administrative fees) charged by an Underlying Fund or Sub-Adviser. Management Fees will generally be charged on all assets of a Verger Client, including cash and cash equivalents. A Verger Client may be subject to performance-based fees or allocations in respect of certain Underlying Funds and Sub-Advisers, irrespective of the performance of the Verger Client account generally. Accordingly, an Underlying Fund or Sub-Adviser with positive performance may receive performance-based compensation from a Verger Client, even if the Verger Client's overall performance (based on the performance of all of its Portfolios) is negative.

**Portfolio Balance Risks** – Verger Capital Management will attempt to choose Underlying Funds and Sub-Advisers for each Verger Client that further such Verger Client's investment objectives. Furthermore, Verger Capital may periodically attempt to reallocate the capital of each Verger Client among Verger Capital, Underlying Funds and/or Sub-Advisers to balance the overall Portfolio of each Verger Client. However, an Underlying Fund or Sub-Adviser may deviate from its stated strategies, and unexpected changes in the strategy of an Underlying Fund or Sub-Adviser may adversely affect the performance of a Verger Client that has allocated capital to such Underlying Fund or Sub-Adviser. Furthermore, Verger Capital may at certain times be unable to reallocate a Verger Client's assets among portfolios as it determines is advisable in order to achieve the Verger Client's investment objective due to a number of factors including, without limitation, those described under "Liquidity Risk" herein. If imbalances in the allocations occur because a Verger Client is unable to reallocate on a timely basis, losses occurring as a result may be significantly greater than would have been the case had the Verger Client's allocation goals been achieved. A Verger Client may hold cash or may invest any portion of its assets that is not invested in an Underlying Fund or with a Sub-Adviser in cash equivalents, short-term securities, money market securities, or other securities or instruments pending allocation to Underlying Funds or Sub-Advisers. During the time that a Verger Client's assets are not invested in Underlying Funds or with Sub-Advisers, that portion of the Verger Client's assets may not be invested in a manner that pursues the Verger Client's investment objectives.



**Conflicting or Offsetting Investments** – Underlying Funds and Sub-Advisers generally make investment decisions independently of other Underlying Funds and Sub-Advisers, as well as independently of Verger Capital Management. This may cause a Verger Client to hold economically offsetting positions. Consequently, a Verger Client could indirectly incur costs, including transaction costs and taxes, without accomplishing any net investment result. Furthermore, it is possible that from time to time, Verger Capital, various Underlying Funds and Sub-Advisers may be competing with each other for the same positions in one or more markets. Verger Capital, Underlying Funds and Sub-Advisers may at certain times hold large positions in a relatively limited number of the same or similar investments. Greater concentration of positions across multiple portfolios likely will increase the adverse effect on a Verger Client of any problems experienced in the market, sector, or industry in which the positions are concentrated.

**Compliance Risks** – Verger Capital Management will select and monitor the Underlying Funds and Sub-Advisers, but Verger Capital relies heavily upon information provided by the Underlying Funds and Sub-Advisers, and will generally have limited access to other information regarding the Underlying Funds' and Sub-Advisers' portfolios and operations. There is a risk that an Underlying Fund or Sub-Adviser may knowingly, negligently or otherwise withhold or misrepresent information regarding the Underlying Fund's or Sub-Adviser's actions or performance, including the presence or effects of any fraudulent or similar activities. Verger Capital, an Underlying Fund or a Sub-Adviser and its operations could be materially adversely affected if Verger Capital, the Underlying Fund or the Sub-Adviser becomes the subject of (or is otherwise involved in) any formal or informal investigation by a governmental or regulatory agency or is otherwise suspected to have engaged in or be involved in any wrongdoing (including through reports in the press). Verger Capital Management's proper performance of its monitoring functions may not give Verger Capital the opportunity to discover such situations prior to the disclosure of the presence or effects of any fraudulent or similar activities. In addition, certain service providers and consultants to Verger Capital, Underlying Funds or Sub-Advisers may also engage in fraudulent or similar activities, and Verger Capital, the Underlying Funds and Sub-Advisers may be materially adversely affected as a result.

In connection with Verger Capital Management's ongoing review of Underlying Funds and Sub-Advisers, Verger Capital may identify certain deficiencies with or other concerns relating to an Underlying Fund or Sub-Adviser. Verger Capital may decide not to withdraw its capital from the Underlying Fund or terminate a Sub-Adviser despite the identification of such deficiencies or concerns for various reasons. Additionally, due to the illiquidity of some private funds and certain investments, Verger Capital may not be able to withdraw a Verger Client's capital from an Underlying Fund or fully terminate a Sub-Adviser in the desired timeframe. If such Underlying Funds or Sub-Advised Accounts suffer losses during this period, Verger Clients could be materially adversely affected. Alternatively, Verger Capital Management may determine to withdraw or attempt to withdraw Verger Client assets from an Underlying Fund or Sub-Advised Account as a result of such deficiencies or concerns, but may be unable to do so for a significant period of time, and Verger Clients may be adversely affected.

**Limited Regulatory Oversight** – The Underlying Funds, in which Verger Clients invest, generally are not registered as investment companies, and Verger Clients are not provided the protections of the 1940 Act. In addition, certain Sub-Advisers and investment advisers to Underlying Funds may not be registered as investment advisers under the Investment Advisers Act of 1940, as amended (the “Advisers Act”). Therefore, any Verger Client invested in an Underlying Fund or with a Sub-Adviser may not have the benefit of certain protections otherwise afforded to investors had the Underlying Fund or Sub-Adviser been more heavily regulated.

**Legal and Regulatory Risks** – Legal, tax and regulatory changes could occur that may adversely affect a Verger Client, Underlying Funds or Sub-Advised Accounts. The regulatory environment for private investment funds and their investment advisers is evolving, and changes in the regulation of private investment funds or their investment advisers may adversely affect the value of investments held by a Verger Client, Underlying Fund or Sub-Advised Account and the ability of a Verger Client, Underlying Fund or Sub-Advised Account to obtain the leverage it might otherwise obtain or to pursue its trading strategies. In addition, the securities and futures markets are subject to comprehensive statutes, regulations and margin requirements. The SEC, other regulators and self-regulatory organizations and exchanges are authorized to take extraordinary actions in the event of market emergencies. The regulation of derivatives transactions and funds that engage in such transactions is an evolving area of law and is subject to modification by government and judicial action. The effect of any future regulatory change on a Verger Client, Underlying Fund or Sub-Advised Account could be adverse.

**Performance-Based Compensation Risk** – The manager of an Underlying Fund or a Sub-Adviser may receive performance-based compensation from Underlying Funds or Sub-Advised Accounts based upon the net capital appreciation of the Underlying Fund or Sub-Advised Account assets. Such compensation arrangements may create an incentive for an Underlying Fund or Sub-Adviser to make investments that are riskier or more speculative than would be the case if such arrangements were not in effect. Since such performance-based compensation is generally calculated on a basis that includes unrealized appreciation of assets, such compensation may be greater than if it were based solely on realized gains and losses.

**Portfolio Turnover Risk** – A high rate of portfolio turnover in a Verger Client account, including by an Underlying Fund or a Sub-Advised Account, involves greater expenses than a lower rate and may result in tax costs to investors depending on the tax laws applicable to such investors.

**Risk of Investor Default** – A limited partner in a partnership who fails to make timely capital contribution payments will be in default and subject to consequences that include the forfeiture of interest. The default of a limited partner may result in the partnership being unable to fulfill its capital commitments to other investors. Such default could occur by an investor in an Underlying Fund in which a Verger Client is invested. This could have a material detrimental effect on Verger Clients.

**Valuation Risks** – Verger Capital Management values Verger Client accounts based primarily, in part, on valuations of the applicable Underlying Funds or sub-advised accounts provided by such Underlying Funds or Sub-Advisers. The valuations received

by Verger Capital from Underlying Funds or Sub-Advisers will typically be estimates only, and such valuations generally will be used to calculate the net asset value and fee accruals (to the extent applicable) in respect of Verger Clients to the extent that current audited information is not then available. Such valuations provided by Underlying Funds or Sub-Advisers may be subject to later adjustment based on valuation information available at that time, including, without limitation, as a result of year-end audits. In certain circumstances, Verger Capital may, subject to the terms of the applicable Verger Client account, determine the fair value of a Verger Client's investment with an Underlying Fund or Sub-Adviser independently of the Underlying Fund's or Sub-Adviser's valuations based on the best available information, which may be the information most recently provided by an Underlying Fund or Sub-Adviser to Verger Capital, and any factors deemed relevant by Verger Capital at the time of such valuation. Such determination may be materially inaccurate, including because the information available to Verger Capital was insufficient, inaccurate or out of date. It is not expected that Verger Capital will make adjustments to correct such determinations to reflect information that becomes available to Verger Capital at a later date, although Verger Capital may make such adjustments in its sole discretion. Additionally, Verger Capital Management may invest directly in, or allocate assets to Underlying Funds or Sub-Advisers that may invest directly or indirectly in, assets that lack a readily ascertainable market value, and the net asset value of a Verger Client account will be affected by the valuations of any such assets (including, without limitation, in connection with calculating the fees of Verger Capital). The valuation of such assets may create a conflict of interest for Verger Capital, or such Underlying Fund or Sub-Adviser, as such assets may constitute a substantial portion of the Portfolio's investments and their value may affect the compensation of Verger Capital, such Underlying Fund's manager or such Sub-Adviser. Given the uncertainty inherent in the valuation of assets that lack a readily ascertainable market value, the value of such assets as reflected in the net asset value of the relevant Portfolio may differ materially from the prices at which Verger Capital, the applicable Underlying Fund or the Sub-Adviser would be able to liquidate the assets. For example, if an Underlying Fund were required to sell a certain asset or all or a substantial portion of its assets on a particular date, the actual price that the Underlying Fund would realize upon the disposition of such asset or assets could be materially less than the value of such asset or assets as reflected in the net asset value of the Underlying Fund. Volatile market conditions could also reduce liquidity in the market for certain assets, which could result in liquidation values that are materially less than the values of such assets as reflected in the net asset value of a Portfolio.

**Risks Associated with Certain Securities, Investments and Investment Strategies –**

Verger Capital Management, managers of Underlying Funds and Sub-Advisers may invest Verger Clients' assets in a variety of securities and other instruments. Such securities and other instruments involve a variety of risks, some of which are described below. The risks described below are not mutually exclusive, and many of the investments that Verger Capital Management, a manager of an Underlying Fund or a Sub-Adviser may make on behalf of a Portfolio will involve all or a substantial number of these risks.

*Bank Loans.* Risks associated with bank loans include (i) the fact that prepayments may occur at any time without premium or penalty and that the

exercise of prepayment rights during periods of declining spreads could cause a Portfolio to reinvest prepayment proceeds in lower-yielding investments; (ii) the borrower's inability to meet principal and interest payments and interest payments on its obligations (i.e., credit risk); and (iii) price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the borrower and general market liquidity (i.e., market risk). If bank loans become nonperforming, the loans may require substantial workout negotiations or restructuring that may result in, among other things, a substantial reduction in the interest rate and/or a substantial write-down of the principal of the loan.

In addition to the risks noted above, due to required third party consents or other reasons, certain loans may not be purchased or sold as easily or as quickly as publicly traded securities. Moreover, historically, the trading volume in the loan market has not been as liquid as the market for public securities.

A Portfolio may acquire interests in loans either directly (by way of assignment) or indirectly (by way of participation) or through the acquisition of synthetic securities, structured finance securities or interests in lease agreements that have the general characteristics of loans and are treated as loans for withholding tax purposes. A Portfolio may also originate loans either directly or through direct or indirect subsidiaries or special purpose vehicles. The purchaser, in an assignment of a loan obligation, typically succeeds to all the rights and obligations of the selling institution (the "Selling Institution") and becomes a lender under the loan or credit agreement with respect to the debt obligation. In contrast, participations acquired by a Portfolio in a portion of a debt obligation held by a Selling Institution typically result in a contractual relationship only with such Selling Institution, not with the obligor. A Portfolio would have the right to receive payments of principal, interest and any fees to which it is entitled under the participation only from the Selling Institution and only upon receipt by the Selling Institution of such payments from the obligor. In purchasing a participation, a Portfolio generally will have no right to enforce compliance by the obligor with the terms of the loan or credit agreement or other instrument evidencing such debt obligation, nor any rights of setoff against the obligor, and a Portfolio may not directly benefit from the collateral supporting the debt obligation in which it has purchased the participation. As a result, a Portfolio would assume the credit risk of both the obligor and the Selling Institution. In the event of the insolvency of the Selling Institution, a Portfolio may be treated as a general creditor of the Selling Institution in respect of the Participation and may not benefit from any setoff between the Selling Institution and the obligor.

Purchasers of loans are predominately commercial banks, investment funds and investment banks. As secondary market trading volumes increase, new loans frequently contain standardized documentation to facilitate loan trading that may improve market liquidity. There can be no assurance, however, that future levels of supply and demand in loan trading will provide an adequate degree of liquidity or that the current level of liquidity will continue. Because holders of such loans are provided confidential information relating to the borrower, the unique and customized nature of the loan agreement and the private syndication of the loan,

loans are not purchased or sold as easily as publicly traded securities are purchased or sold. In addition, historically the trading volume in the loan market has been small relative to the market for high yield debt securities.

*Borrowing and Leverage Risk* – If permitted by a Verger Client’s investment guidelines or policies, such Verger Client’s assets may, directly or indirectly (through an Underlying Fund, for example), purchase securities on margin, borrow money, use derivatives (including reverse repurchase agreements), and lend its securities, each of which may cause a Portfolio to be leveraged. Leverage increases the Portfolio’s losses when the market value of its investments decline. Portfolios could be subject to a “margin call,” under which the applicable Portfolio would be required either to deposit additional funds with the counterparty, clearing broker or clearinghouse, as applicable, or suffer mandatory liquidation of securities deposited with a counterparty, clearing broker or clearinghouse, as applicable, if the securities deposited to secure its margin accounts decline in market value.

*Commodities Risk* – Commodity prices can be extremely volatile and are affected by many factors, including changes in overall market movements, real or perceived inflationary trends, commodity index volatility, changes in interest rates or currency exchange rates, population growth and changing demographics, nationalization, expropriation, or other confiscation, international regulatory, political, and economic developments, and developments affecting a particular industry or commodity.

*Convertible Securities Risk* – Convertible securities are subject to market risk (with respect to the fixed income security as well as the underlying equity security) and credit risk. A convertible security may also be subject to redemption at the option of the issuer at a price established in its governing instrument. Any such redemption could have an adverse effect on a given Portfolio’s ability to achieve its investment objective and, consequently, on Verger Capital’s ability to achieve its investment objective for the related Verger Client account.

*Counterparty Risk* – A Portfolio runs the risk that the counterparty to a derivatives contract, a clearing member used by such Portfolio to hold a cleared derivatives contract, or a borrower of a portfolio’s securities will be unable or unwilling to make timely settlement payments, to return the portfolio’s margin or to otherwise honor its obligations.

*Credit Market Illiquidity Risk* – Illiquidity in the credit markets could cause the price of investments held by a Portfolio to decline, which may have the result of forcing a Portfolio to sell assets to meet margin calls, which could, in turn, create further downward price pressure.

*Credit Risk* – A Portfolio runs the risk that the issuer or guarantor of a fixed income investment or the obligor of an obligation underlying an asset-backed security will be unable or unwilling to satisfy its obligations to pay principal and interest payments or otherwise to honor its obligations in a timely manner. The market price of a fixed income investment will normally decline as a result of the

issuer's, underlying obligor's or guarantor's failure to meet its payment obligations or the downgrading of its credit rating. Below investment grade securities have speculative characteristics, and changes in economic conditions or other circumstances are more likely to impair the capacity of issuers to make principal and interest payments than is the case with issuers of investment grade securities.

*Currency Risk* – Fluctuations in exchange rates may adversely affect the value of a Portfolio's foreign currency holdings and investments denominated in foreign currencies.

*Derivatives Risk* – The use of derivatives involves the risk that their value may not move as expected relative to the value of the assets, rates or indices they are designed to track. Derivatives also present other risks, including market risk, liquidity risk, currency risk, and credit and counterparty risk. Because the contract for each OTC derivative is individually negotiated, the counterparty may interpret contractual terms (e.g., the definition of default) differently than the Portfolio does and, if it does, the Portfolio may decide not to pursue its claims against the counterparty to avoid incurring the cost and unpredictability of legal proceedings. A Portfolio, therefore, may be unable to obtain payments the Portfolio believes are owed to it under OTC derivatives contracts or those payments may be delayed or made only after the Portfolio has incurred the costs of litigation.

Short positions may not act as an effective hedge against long positions. The success of any hedging strategy will depend in part on Verger Capital Management, the manager of an Underlying Fund or a Sub-Adviser's ability, as applicable, to correctly assess the degree of correlation between the performance of the instruments used in the hedging strategy and the performance of the investments being hedged.

A purchase or sale of a futures contract may result in losses in excess of the amount invested in the futures contract. If a Portfolio uses futures for hedging, in the event of an imperfect correlation between a futures position and the portfolio position intended to be hedged, the Portfolio may realize a loss on the futures contract at the same time it is realizing a loss on the portfolio position intended to be hedged. In addition, futures exchanges may establish daily limits on the amount that the price of a futures contract can vary from the previous day's settlement price, thereby effectively preventing liquidation of unfavorable futures positions.

Some types of interest rate swaps and credit default index swaps on North American and European indices that may be used by a Portfolio will be required to be cleared. In a cleared derivatives transaction, the counterparty to the transaction is a central derivatives clearing organization, or clearing house, rather than a bank or broker. Portfolios will hold cleared derivatives transactions through accounts at clearing members, who are futures commission merchants that are members of the clearing houses. Portfolios will make and receive payments owed under cleared derivatives transactions (including margin

payments) through their accounts at clearing members. A Portfolio's clearing members guarantee the Portfolio's performance of its obligations to the clearing house. Clearing members can generally require termination of existing cleared derivatives transactions at any time and increases in the amount of margin required to be provided by Portfolios to the clearing member. Any such termination or increases could interfere with the ability of the Portfolio to pursue investments. Also, a Portfolio is subject to execution risk if it enters into a derivatives transaction that is required to be cleared (or which Verger Capital, a manager of an Underlying Fund or a Sub-Adviser expects to be cleared), and no clearing member is willing or able to clear the transaction on the Portfolio's behalf. In that case, the transaction might have to be terminated, and the Portfolio could lose some or all of the benefit of any increase in the value of the transaction after the time of the trade.

*Focused Investment Risk* – Focusing investments in a limited number of countries, regions, sectors, companies, indices or in industries with high positive correlations to one another creates additional risk. This risk is particularly pronounced for a Portfolio that is exposed to a relatively small number of stock indices or the securities of a limited number of issuers, as such Portfolios are particularly exposed to adverse developments affecting those indices or issuers, and a decline in the market value of a particular index or security held by such Portfolio, or to which a Portfolio is exposed, is likely to affect the Portfolio's performance more than if the Portfolio invested in a larger number of indices or the securities of a larger number of issuers.

*High Yield Bond Risk* – Debt securities that are rated below investment grade involve a greater risk of default or price declines than investment grade securities. The market for high-yield, lower rated securities may be thinner and less active, causing market price volatility and limited liquidity in the secondary market. This may limit the ability of a manager to sell these securities at their fair market values either to meet redemption requests, or in response to changes in the economy or financial markets.

*Investments in Illiquid Securities Risks* – A Portfolio may invest part of its assets in investments that Verger Capital, the manager of an Underlying Fund, or a Sub-Adviser determines to be illiquid, lacking a readily ascertainable market value or that otherwise should be held, in the opinion of Verger Capital Management, the manager of an Underlying Fund, or a Sub-Adviser, until the resolution of a special event or circumstance (i.e., special situation investments). Additionally, Verger Capital may designate as special situation investments any amount of investments that were previously acquired by a Portfolio and, in Verger Capital's sole discretion, have since become illiquid or lacking a readily ascertainable market value. A Portfolio may also acquire and hold investments which are illiquid or lacking a readily ascertainable fair value, which have not been designated by Verger Capital as special situation investments and are therefore not subject to the above restriction.

Special situation investments and other assets and liabilities for which no such market prices are available will generally be fair valued by Verger Capital, or

Verger Capital's general partner, managing entity or board. There is no guarantee that such valuation will represent the value that will be realized by a Portfolio on the eventual disposition of the investment or that would, in fact, be realized upon an immediate disposition of the investment. A withdrawing limited partner or member with an interest in a special situation investment may not receive any amount with respect to such interest until the related special situation investment is realized or deemed realized.

Special situation investments may include privately placed securities that are not registered under the Securities Act, and may have little or no trading market. In addition, a Portfolio may not be able to readily dispose of such investments, and, in some cases, may be contractually prohibited from disposing of such securities for a specified period of time. These limitations on liquidity of a Portfolio's investments could prevent a successful sale thereof, result in delay of any sale, or reduce the amount of proceeds that might otherwise be realized.

Investments in special situation investments may occur as a result of, among other things, direct investments and a Portfolio's purchase of debt instruments that convert to illiquid or private interests in the event of a reorganization of an entity's capital structure. A Portfolio's special situation investments may involve a high degree of business and financial risk.

*Large Investor Risk* – To the extent that interests in an Underlying Fund are held by large investors (e.g., institutional investors, asset allocation funds, or other collective investment vehicles), the Underlying Fund is subject to the risk that these investors will disrupt the Underlying Fund's operations by purchasing or redeeming interests in large amounts and/or on a frequent basis.

*Less Established Company Risks* – Investments in less established companies may involve greater risks than those associated with more established companies. For example, less established companies have shorter operating histories on which to evaluate the company and may have negative cash flow. In the event that a Portfolio invests in a start-up enterprise, there are risks that the company may not have significant operating revenues and a higher susceptibility to irregular accounting or other fraudulent practices.

*Leveraged Companies* – A Portfolio's investments may include companies whose capital structures have significant leverage. Such investments are inherently more sensitive to declines in revenues and to increases in expenses and interest rates. The leveraged capital structure of such investments will increase the exposure of the portfolio companies to adverse economic factors such as downturns in the economy or deterioration in the condition of the portfolio company or its industry. Additionally, the securities acquired by a Portfolio may be the most junior in what will typically be a complex capital structure, and thus subject to the greatest risk of loss.

*Market Disruption and Geopolitical Risk* – Geopolitical and other events may disrupt securities markets and adversely affect global economies and markets and thereby decrease the value of and/or render illiquid a Portfolio's investments.



Those events as well as other changes in foreign and domestic economic and political conditions could adversely affect the value of a Portfolio's investments.

*Market Risk- Equity Securities* – The market price of equity investments may decline due to factors affecting the issuing companies, their industries, or the economy and equity markets generally. Declines in stock market prices generally are likely to reduce the market value of a Portfolio's investments. A Portfolio may purchase equity investments at prices below what Verger Capital Management, the manager of an Underlying Fund or the Sub-Adviser believes to be their fundamental value. A Portfolio runs the risk that the prices of these investments will not appreciate to or decline from what Verger Capital, the manager of an Underlying Fund or the Sub-Adviser believes to be their fundamental value or that Verger Capital, the manager to the Underlying Fund or the Sub-Adviser overestimates their fundamental value. Certain Portfolios may purchase "growth" securities. Because growth securities typically trade at higher multiples of current earnings, their market values are often more sensitive than other securities to changes in future earnings expectations.

*Market Risk- Fixed Income Securities* – A Portfolio that invests a significant portion of its assets in fixed income securities, including bonds, notes, bills, synthetic debt instruments, and asset-backed securities, is subject to various market risks. These risks include, but are not limited to, loss on investments in asset-backed and other fixed income securities, lack of liquidity of those investments and impact of fluctuating interest rates. The market price of a fixed income security can decline due to a number of market-related factors, including rising interest rates, widening credit spreads, or decreased liquidity. In addition, the market price of fixed income securities with complex structures, such as asset-backed securities and sovereign and quasi-sovereign debt instruments, can decline due to market uncertainty about their credit quality and the reliability of their payment streams. In addition, a principal risk run by a Portfolio that holds a significant investment in fixed income securities is that an increase in prevailing interest rates will cause the market price of its investments to decline. The risks associated with such changes in interest rates is generally greater for a Portfolio that invests in fixed income securities with longer durations and in some cases duration can increase. Moreover, as inflation increases, the real value of a Portfolio's assets could decline. If deflation occurs, it may increase the risk of issuer default and adversely affect the value of the Portfolio's assets.

Asset-backed securities involve the risk of loss of principal if obligors of the underlying obligations default and the defaulted amounts exceed any credit support provided for the securities. The obligations underlying asset-backed securities are subject to unscheduled prepayments and a Portfolio may be unable to invest prepayments at as high a yield as the yield of the asset-backed security. Asset-backed securities, particularly mortgage-backed securities, are subject to the risk that their underlying assets were not properly securitized, which could reduce and/or eliminate their market value.

Collateralized debt obligations may be subject to prepayment risk, credit risk, liquidity risk, market risk, structural risk, legal risk and interest rate risk. Due to

the complex nature of a collateralized debt obligation, such investments may not perform as expected.

If a Portfolio acquires an interest in a loan through a participation, it must rely on the seller of the participation not only for the enforcement of the Portfolio's rights against the borrower but also for the receipt and processing of principal, interest, or other payments due under the loan. Also, loans are often subject to prepayments from free cash flow of the borrower, which reduces the principal on which a Portfolio's interest income is calculated.

Distressed or defaulted instruments are generally considered speculative and may involve substantial risks not normally associated with investments in healthier issuers, including adverse business, financial or economic conditions that can lead to defaulted payments and/or insolvency proceedings. If Verger Capital, a manager of an Underlying Fund or a Sub-Adviser's evaluation of the eventual recovery value of a defaulted instrument should prove incorrect, the Portfolio may lose all or a substantial portion of its investment.

*Natural Resources Risk* – The prices of securities of companies in the natural resources sector may be more volatile than securities of companies in other industries. Some of the commodities used as raw materials or produced by these companies are subject to broad price fluctuations as a result of industry wide supply and demand factors. Companies in the natural resources sector often have limited pricing power over supplies or for the products they sell which can affect their profitability. Companies in the natural resources sector also may be subject to special risks associated with natural or man-made disasters. In addition, the natural resources sector can be especially affected by political and economic developments, government regulations including changes in tax law or interpretations of law, energy conservation, and the success of exploration projects.

*Non-U.S. Investments Risks* – Certain non-U.S. investments involve risks and special considerations not typically associated with United States investments. Such risks include but are not limited to: (i) the risk of nationalization or expropriation of assets or confiscatory taxation; (ii) social, economic and political uncertainty, including war and revolution; (iii) dependence on exports and the corresponding importance of international trade; (iv) greater price fluctuations and market volatility, less liquidity and smaller capitalization of securities markets; (v) currency exchange rate fluctuations; (vi) higher rates of inflation; (vii) controls on, and changes in controls on, non-U.S. investment and limitations on repatriation of invested capital and on a Portfolio's ability to exchange local currencies for United States Dollars; (viii) governmental involvement in and control over the economies; (ix) governmental decisions to discontinue support of economic reform programs generally and to impose centrally planned economies; (x) differences in auditing and financial reporting standards which may result in the unavailability of material information about issuers; (xi) less extensive regulation of the securities markets; (xii) longer settlement periods for securities transactions; (xiii) less publicly available information; (xiv) the difficulty of enforcing legal rights in a non-U.S. jurisdiction and uncertainties as to the status,

interpretation and application of laws; and (xv) less developed corporate laws regarding fiduciary duties and the protection of investors. Non-U.S. markets may be subject to greater influence by adverse events generally affecting the market, and by large investors trading significant blocks of securities, than is usual in the United States. Brokerage commissions and other transaction costs on securities exchanges in non-U.S. countries are generally higher than in the United States. Non-U.S. securities settlements may in some instances be subject to delays and related administrative uncertainties. In some countries there are restrictions on investments or investors such that the only practicable way for a Portfolio to invest in such markets is by entering into swaps or other derivative transactions with its prime brokers or others. Such transactions involve counterparty risks which are not present in the case of direct investments and which may not be controllable by Verger Capital Management, the manager of an Underlying Fund or a Sub-Adviser, as applicable.

*Options Risk* – There are various risks associated with transactions in exchange-traded and OTC options. The market value of options written by a Portfolio will be affected by many factors, including: changes in the value of underlying securities or indices; changes in the dividend rates of underlying securities (or in the case of indices, the securities comprising such indices); changes in interest rates or exchange rates; changes in the actual or perceived volatility of the stocks comprising an index or the stock market generally and underlying securities; and the remaining time to an option's expiration.

*Preferred Securities Risk* – If a Portfolio owns a preferred stock that is deferring its distribution, investors may recognize income for tax purposes despite the fact that they are not receiving current income on the position. Also, if a preferred security is redeemed, a Portfolio may not be able to reinvest the proceeds at a comparable rate of return.

*Private Equity Risks* – Private equity investments are speculative and involve a high degree of risk, including a highly volatile performance, and there can be no assurance that projected or targeted returns will be achieved. As a result, a Portfolio could incur a total or substantial loss. Interests in private equity investments are generally illiquid. Further, private equity investments typically cannot be transferred or redeemed for a substantial period of time, and there may be little or no near-term cash flow available to investors in the interim. There is generally a period of at least two to four years before a Portfolio focused on private equity has completed making its investments. Similarly, investments may take a significant period of time to reach a state of maturity allowing for realization of a return. This creates a risk that there will be no significant return, if any, from a Portfolio's investments until a substantial number of years have passed. If a Portfolio makes a private equity co-investment, it may hold non-controlling interests in certain companies. As such, there may be limited opportunities to protect its interest in such companies and to influence such companies' management. Co-investments made through joint ventures create conflicts of interest issues if third parties involved take actions in a manner

contrary to a Portfolio's investment objectives. There can be no assurance that a Portfolio will have minority shareholder rights to protect their interests.

*Real Estate Risk* – Real estate-related investments may decline in market value as a result of factors affecting the real estate industry, such as the supply of real property in particular markets, changes in zoning laws, delays in completion of construction, changes in real estate values, changes in property taxes, levels of occupancy, adequacy of rent to cover operating costs, and local and regional market conditions. The market value of real estate-related investments also may be affected by changes in interest rates and social and economic trends. REITs are subject to the risk of fluctuations in income from underlying real estate assets, poor performance by the REIT's manager, Verger Capital Management, a manager of an Underlying Fund or a Sub-Adviser's inability to effectively manage the cash flows generated by the REIT's assets, prepayments and defaults by borrowers, self-liquidation, adverse changes in tax laws and, with respect to U.S. REITs, their failure to qualify for the special tax treatment granted to REITs under the Internal Revenue Code of 1986 and/or to maintain exempt status under the 1940 Act.

*Short Sales Risk* – A Portfolio may seek to hedge investments or realize additional gains through short sales of securities. A Portfolio may make short sales "against the box," meaning a Portfolio may make short sales while owning or having the right to acquire, at no added cost, securities identical to those sold short. A Portfolio incurs transaction costs, including interest, when opening, maintaining, and closing short sales against the box. Short sales against the box protect a Portfolio against the risk of loss in the value of a portfolio security by offsetting a decline in value of the security by a corresponding gain in the short position. The converse, however, is that any increase in the value of the security will be offset by a corresponding loss in the short position. If a Portfolio engages in short sales of securities it does not own, it may have to pay a premium to borrow the securities and must pay to the lender any dividends or interest it receives on the securities while they are borrowed. Short sales of securities that a Portfolio does not own involve a form of investment leverage, and the amount of a Portfolio's potential loss is theoretically unlimited.

*Smaller Company Risk* – The securities of small- and mid-cap companies often are less widely held and trade less frequently and in lesser quantities, and their market prices often fluctuate more, than the securities of companies with larger market capitalizations.

*Swaps Risks* – The use of swaps is a highly specialized activity which involves investment techniques, risk analyses and tax planning different from those associated with ordinary portfolio securities transactions. Swaps may be subject to various types of risks, including market risk, liquidity risk, structuring risk, legal risk, tax risk, and the risk of non-performance by the counterparty. Swaps can be individually negotiated and structured to include exposure to a variety of different types of investments or market factors. Depending on their structure, swaps may increase or decrease a Portfolio's exposure to commodity prices, equity or debt securities, long-term or short-term interest rates (in the United

States or abroad), foreign currency values, mortgage-backed securities, corporate borrowing rates, or other factors such as security prices, baskets of securities, or inflation rates and may increase or decrease the overall volatility of the Portfolio.

*Zero-Coupon and Deferred Interest Rate Bonds* – A Portfolio may invest in zero coupon bonds and deferred interest bonds, which are debt obligations issued at a significant discount from face value. The original discount approximates the total amount of interest the bonds will accrue and compound over the period until maturity or the first interest accrual date at a rate of interest reflecting the market rate of the security at the time of issuance. While zero coupon bonds do not require the periodic payment of interest, deferred interest bonds generally provide for a period of delay before the regular payment of interest begins. Such investments experience greater volatility in market value due to changes in interest rates than debt obligations that provide for regular payments of interest.

Verger Capital Management seek to manage these risks through rigorous and ongoing analysis and monitoring of investments, including ongoing analysis and monitoring of Underlying Funds, Sub-Advisers and their respective portfolios, as well as through portfolio diversification and active management of risk exposure.

## Item 9. Disciplinary History

Verger Capital has no legal or disciplinary events to report.

## Item 10. Other Financial Industry Activities & Affiliations

Verger Capital is principally owned by Wake Forest University and our investment professionals are part of the administration of Wake Forest University and are responsible for managing the Wake Forest University endowment funds. We are not affiliated directly or indirectly with any other investment adviser, or with any broker-dealer or other financial institution.

Verger Capital has an application pending for registration as a CPO with the CFTC and membership with the NFA. Additionally, certain employees and management persons of the Firm will be registered Principals or Associated Persons of the Firm in connection with the Firm's registration as a CPO and membership with the NFA.

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

### **Code of Ethics**

Verger Capital Management has adopted a written Code of Ethics that is applicable to all of its members, officers and employees, as well as certain officers and employees of its affiliates and certain independent contractors (collectively, "Adviser Personnel"). The Code of Ethics, which is designed to comply with Rule 204A-1 under the Advisers Act, establishes guidelines for professional conduct and personal trading procedures. Generally, the Code of Ethics states that it is improper for Adviser Personnel and their families to use for their own benefit (or the benefit of anyone other than a Verger Client) information about Verger Capital's trading or investment recommendations, or to take advantage of investment opportunities that would otherwise be available for a Verger Client. The Code of Ethics requires all Adviser Personnel to comply with applicable U.S. federal securities laws at all times.

The Code of Ethics outlines written policies regarding personal trading in any brokerage or trading account in which Adviser Personnel, or their immediate family, have any direct or indirect control or beneficial ownership. Under the Code of Ethics, Adviser Personnel are also required to disclose all of his or her personal account holdings to Verger Capital Management upon employment and to provide certain periodic reports to Verger Capital's Chief Compliance Officer as required by Rule 204A-1 under the Advisers Act. The Code of Ethics helps Verger Capital detect and prevent potential conflicts of interest.

Adviser Personnel who violate the Code of Ethics may be subject to remedial actions, including, but not limited to, profit disgorgement, fines, censure, demotion, suspension or dismissal. Adviser Personnel are also required to promptly report any violation of the Code of Ethics of which they become aware and to annually certify compliance with the Code of Ethics.

This summary of the Code of Ethics is qualified in its entirety by Verger Capital Management's Code of Ethics, a copy of which is available to any Verger Client or

prospective Verger Client upon request by calling Vicki West, Chief Compliance Officer, at 336.758.5895 or by writing to Vicki West, Chief Compliance Officer, Verger Capital Management LLC, 1834 Wake Forest Road, Starling Hall, Winston-Salem, NC 27106.

### **Conflicts of Interest**

Verger Capital Management engages in a broad range of activities, including investment activities for its own account, its affiliates and for the account of Verger Clients. In the ordinary course of conducting its activities, the interests of a Verger Client may conflict with the interests of Verger Capital, its affiliates or other Verger Clients. Certain of these conflicts of interest, as well as a description of how Verger Capital addresses such conflicts of interest, can be found below. The discussion below does not describe all conflicts that may arise.

Verger Capital Management may, from time to time, establish certain investment vehicles through which certain employees of Verger Capital or its affiliates, certain business associates, other “friends of the firm,” or other persons may invest in one or more investment opportunities. Such vehicles, referred to herein as “co-investment vehicles,” generally are contractually required, as a condition of investment, to purchase and sell each investment opportunity at substantially the same time and substantially the same terms as other Verger Portfolios that are invested in that investment opportunity. Such co-investment vehicles may not pay Management Fees.

### *Resolution of Conflicts*

In the case of all conflicts of interest, Verger Capital Management’s determination regarding which factors are relevant, and the resolution of such conflicts, will be made using Verger Capital’s best judgment, in its sole discretion. In resolving conflicts, Verger Capital may consider various factors, including the interests of the applicable Verger Clients with respect to the immediate issue and/or with respect to their longer term courses of dealing. Certain procedures for resolving specific conflicts of interest are set forth below. When conflicts arise, the following factors may mitigate, but will not eliminate, conflicts of interest:

- (1) A Verger Client will not make an investment unless Verger Capital believes that such investment is an appropriate investment considered solely from the viewpoint of the applicable Verger Client.
- (2) Conflicts of interest will generally be resolved by set procedures contained in Verger Capital’s compliance policies.
- (3) On any issue involving actual conflicts of interest, Verger Capital Management will be guided by its good faith judgment.

### *Potential Conflicts*

The potential material conflicts of interest encountered by a Verger Client include those discussed below, although the discussion below does not necessarily describe all of the

conflicts that may be faced by a Verger Client. Other conflicts may be disclosed throughout this brochure and the brochure should be read in its entirety for other conflicts.

#### *Principal Transactions*

Section 206 of the Advisers Act regulates principal transactions among an investment adviser and its affiliates, on the one hand, and its clients, on the other hand. Very generally, if an adviser (or an affiliate) purchases a security from or sells a security to a client, the adviser must disclose the terms of the transaction to the client and obtain the consent of the client prior to engaging in the principal transaction. In connection with Verger Capital's management of Verger Client assets, Verger Capital may engage in principal transactions. Verger Capital has established certain policies and procedures to comply with the requirements of the Advisers Act as they relate to principal transactions, including that disclosures required by Section 206 be made to the applicable Verger Client regarding any proposed principal transactions and that any required prior consent is received before executing a principal transaction. Verger Capital, its affiliates may face conflicts of interest in connection with purchase or sale transactions with an affiliate of Verger Capital Management.

#### *Cross Transactions*

In certain cases, Verger Capital Management may cause a Verger Client to purchase investments from another Verger Client, or it may cause a Verger Client to sell investments to another Verger Client. Such transactions create conflicts of interest because, by not exposing such buy and sell transactions to the market, a Verger Client may not receive the best price otherwise possible. Additionally, in connection with such transactions, Verger Capital Management, its affiliates and/or their professionals (i) may have significant investments, or intentions to invest, in a Verger Portfolio that is selling and/or purchasing such an investment or (ii) otherwise have a direct or indirect interest in the investment (such as through certain other participations in the investment). To address these conflicts of interest, Verger Capital Management's Chief Compliance Officer, in consultation with Verger Capital Management's Chief Executive Officer, will be responsible for confirming that Verger Capital (i) considers its respective duties to each Verger Client, (ii) determines whether the purchase or sale and price or other terms are comparable to what could be obtained through an arm's length transaction with a third party, and (iii) obtains any required approvals of the transaction's terms and conditions. Verger Capital will not directly or indirectly receive any commission or other transaction-based compensation for effecting any such transaction, and Verger Capital will not affect any such transaction for any Verger Client where Verger Capital may be deemed to own more than 25% of the Verger Portfolio, unless such transaction complies with the requirements of Verger Capital's principal transactions policy, as described above.

#### *Conflicts Related to Purchases and Sales*

Verger Capital Management, its affiliates and Adviser Personnel may own, buy or sell securities or other instruments that Verger Capital has bought, sold or recommended to Verger Clients. Such transactions are subject to the policies and procedures set forth in



Verger Capital's Code of Ethics. The investment policies, fee arrangements, and other circumstances of these investments may vary among Verger Clients and Verger Capital, its affiliates and Adviser Personnel.

A particular investment may be bought or sold for only one Verger Client or in different amounts and at different times for one (or more than one) Verger Client, even though it could have been bought or sold for other Verger Clients at the same time. Likewise, a particular investment may be bought for one or more Verger Clients when one or more other Verger Clients are selling the investment.

Verger Capital Management, the manager of an Underlying Fund, or a Sub-Adviser could disadvantage a Verger Client because of activities conducted by them for other of their respective clients as a result of, among other things: legal restrictions on the combined size of positions which may be taken for all accounts managed by Verger Capital, the manager of such Underlying Fund, or such Sub-Adviser, thereby limiting the size of a Portfolio's position; and the difficulty of liquidating an investment for more than one account where the market cannot absorb the sale of the combined positions.

#### *Allocations*

Verger Capital Management, the manager of an Underlying Fund and Sub-Advisers may encounter situations in which each must determine how to allocate investment opportunities among its clients. Verger Capital has little influence over how the manager of an Underlying Fund or a Sub-Adviser allocates investment opportunities but generally expects them to allocate opportunities in a fair and equitable manner.

Verger Capital's policy for allocating investment opportunities is to treat Verger Clients fairly and equitably in the allocation of investment opportunities and transactions. Verger Capital has adopted written policies and procedures relating to the allocation of investment opportunities, and will make allocation determinations consistently therewith.

Verger Capital Management must first determine which Verger Clients will participate in an investment opportunity. Verger Capital assesses whether an investment opportunity is appropriate for a particular Verger Client, based on the Verger Client's investment objectives, strategies and structure. A Verger Client's investment objectives, strategies and structure typically are reflected in the Verger Client's offering memoranda, organizational documents, investment management agreement or investment guidelines, as applicable. Prior to making any allocation to a Verger Client of an investment opportunity, Verger Capital determines what additional factors may restrict or limit the offering of an investment opportunity to the Verger Client. Possible restrictions include, but are not limited to:

- *Obligation to Offer:* Verger Capital may be required to offer an investment opportunity to one or more Verger Clients. This obligation to offer investment opportunities may be set forth in a Verger Client's offering documents, organizational documents, investment management agreement or a side letter.

- *Related Investments:* Verger Capital may offer an investment opportunity related to an investment previously made by a Verger Client to such Verger Client to the exclusion of, or resulting in a limited offering to, other Verger Clients.
- *Legal and Regulatory Exclusions:* Verger Capital may determine that certain Verger Clients or investors in such Verger Clients should be excluded from an allocation due to specific legal, regulatory and contractual restrictions placed on the participation of such persons in certain types of investment opportunities.

Once the Verger Clients that will participate in a particular investment have been identified, Verger Capital Management, in its discretion, decides how to allocate such investment opportunity among the identified Verger Clients. In allocating such investment opportunity, Verger Capital may consider some or all of a wide range of factors, which may include, but are not necessarily limited to, the following:

- Each Verger Client's investment objectives and investment focus;
- Transaction sourcing;
- Each Verger Client's liquidity and reserves;
- Each Verger Client's diversification;
- Lender covenants and similar limitations;
- Amount of capital available for investment by each Verger Client as well as each Verger Client's projected future capacity for investment;
- Composition of each Verger Client's portfolio;
- The availability of other suitable investments for each Verger Client;
- Risk considerations;
- Cash flow considerations;
- Asset class restrictions;
- Industry and other allocation targets;
- Minimum and maximum investment size requirements;
- Tax implications;
- Legal, contractual or regulatory constraints; and
- Any other relevant limitations imposed by or conditions set forth in the applicable offering and organizational documents or investment management agreements of each Verger Client.

Verger Capital will seek to make all allocations of investment opportunities among Verger Clients in a fair and equitable manner, and will not favor or disfavor, consistently or consciously, any Verger Client in relation to any other Verger Client. Further, Verger Capital will not allocate investment opportunities based, in whole or in part, on (i) the relative fee structure or amount of fees paid by any Verger Client, or (ii) the profitability of any Verger Client.

The appropriate allocation between Verger Clients of expenses and fees generated in the course of evaluating and making investments which are not consummated, such as out-of-pocket fees associated with due diligence, attorney fees and the fees of other professionals, will be determined by Verger Capital in its good faith judgment.

In exercising discretion to allocate investment opportunities and fees and expenses, Verger Capital Management, managers of Underlying Funds and Sub-Advisers may be faced with a variety of potential conflicts of interest. For example, an investment adviser allocating an investment opportunity among clients with differing fee, expense and compensation structures may have an incentive to allocate investment opportunities to the clients from whom it derives, directly or indirectly, a higher fee, compensation or other benefit.

#### *Management of the Funds*

Verger Capital Management may establish one or more additional investment funds with investment objectives substantially similar to, or different from, those of current Verger Clients. Allocation of available investment opportunities among Verger Clients and any such investment fund could give rise to conflicts of interest. See “Allocations” above. In addition, it is expected that employees of Verger Capital responsible for managing a particular Verger Client account will have responsibilities with respect to other Verger Clients that may be established in the future. Verger Capital employees may also have outside affiliations or participate in other professional activities outside of Verger Capital. Conflicts of interest may arise in allocating time, services or functions of these employees between Verger Clients.

#### *Side Letter Agreements*

Verger Capital Management may enter into certain side letter arrangements with investors in a Verger Portfolio, providing such investors with different or preferential rights or terms, including but not limited to different fee structures, information rights, and liquidity or transfer rights.

#### *Conflicts Related to Fee Structure*

Because a Verger Portfolio’s Management Fee is generally based upon the value of investor’s capital accounts or net asset value, to the extent that the valuation of such assets is determined or influenced by Verger Capital, this may create a conflict of interest.

#### *Conflicts of Underlying Funds and Sub-Advisers*

Underlying Funds and Sub-Advisers have interests and relationships that may create conflicts of interest related to their management of Portfolios. Such conflicts of interest may be similar to, different from or supplemental to those conflicts described herein relating to Verger Capital Management. For example, Underlying Funds or Sub-Advisers may have additional or different conflicts with respect to trading and investment practices, including their selection of broker-dealers, aggregation of orders for multiple

clients or netting of orders for the same client as well as with respect to the investment of client assets in companies in which they have an interest.

#### *Valuation*

As discussed in Item 8, Verger Capital may invest in, or allocate assets to Underlying Funds or Sub-Advisers that invest in, assets that lack a readily ascertainable market value. Such assets will generally be assigned a fair valuation determined by Verger Capital. The valuation of such assets may create a conflict of interest for Verger Capital and for an Underlying Fund or Sub-Adviser, as such assets may constitute a substantial portion of the net asset value of a Portfolio's investments and may affect the compensation of Verger Capital, an Underlying Fund's manager or a Sub-Adviser. Additionally, certain Verger Clients may participate, directly or indirectly, in investments that were previously made by Wake Forest University. In connection with such participation, Verger Capital Management may fair value such investments in order to establish a price at which a portion of such investments will be sold to participating Verger Clients.

#### *Other Conflicts*

Verger Capital Management will generally engage common legal counsel and other advisers in a particular transaction, including transactions in which there may be conflicts of interest.

### **Item 12. Brokerage Practices**

While Verger Capital may provide advice with respect to a wide variety of securities, we generally invest in interests in the Underlying Funds. Interests in these funds are generally traded directly with the issuer and not placed through a broker-dealer. We may also enter into sub-advisory relationships with unaffiliated investment advisers. We expect that the managers of the Underlying Funds and the Sub-Advisers will direct brokerage business generally on the basis of best available execution and in consideration of such brokers' provision of brokerage, research and related services. But we do not participate in those decisions and no absolute assurances can be made in that respect.

With respect to any direct trading activity conducted by Verger Capital (for example in individual publicly traded securities), we will seek "best execution" of the transaction (except where Verger Capital does not have the authority to select the broker or dealer or to negotiate the price or commission). In determining whether a particular broker or dealer is likely to provide best execution in a particular transaction, we take into account a number of factors we deem relevant to the broker's or dealer's execution capability, for example, price, the size of the transaction, the nature of the market for the security, the amount of the commission, the timing of the transaction, market trends, the reputation, experience and financial stability of the broker or dealer, and the quality of service rendered by the broker or dealer in other transactions. We periodically review the execution performance of broker-dealers executing its clients' transactions to make a

good faith determination that the value of research and brokerage services received is reasonable in relation to the amount of commissions paid as applicable.

Verger Capital does not currently receive research or other products or services from broker-dealers or other third parties in connection with transactions placed either by or on behalf of Verger clients.

#### *Trade Aggregation*

Verger Capital Management may aggregate (or bunch) the orders of more than one Verger Client for the purchase or sale of the same security or instrument. Portfolio managers and traders often employ this practice because larger transactions may enable them to obtain better overall prices, including lower commission costs or mark-ups or mark-downs. Verger Capital may combine orders on behalf of one Verger Client with orders for other Verger Clients for which it has trading authority, or in which it has an economic interest. Upon execution of the bunched order, Verger Capital generally allocates the investment between participating Verger Clients so that each participating Verger Client receives the average price of the bunched order's execution.

If an order cannot be fully executed, allocation is made based upon Verger Capital's procedures for allocation of investment opportunities, as described in Item 11 above.

### Item 13. Review of Accounts

Verger Capital Management client accounts are under regular review by the investment management team with respect to investment strategy and the suitability of the investments used to meet the investment objectives of an account. Under normal circumstances, transactions will be initiated in client accounts as a result of a new investment decision or a realization of an existing investment for purposes of, among other reasons, portfolio rebalancing.

Reporting may differ for each client and clients should confirm which reports they will receive.

### Item 14. Client Referrals and Other Compensation

Verger Capital does not currently participate in solicitation of placement agent arrangements.

## Item 15. Custody

Verger Capital Management does not act as a custodian for Verger Client assets. However, under Rule 206(4)-2 under the Advisers Act, Verger Capital may be deemed to have custody of Client assets under certain circumstances.

In the case of Verger Accounts, Verger Capital will generally not have custody of the Verger Separate Account client's assets, and the Verger Separate Account clients will generally select and appoint their own qualified custodians, whose services and fees will be separate from Verger Capital's fees. Verger Separate Account clients are generally responsible for independently arranging for all qualified custodial services, including negotiating custody agreements and fees and opening qualified custodial accounts. Verger Separate Account clients should receive required periodic reports or statements from their qualified custodians. Verger Capital urges Verger Separate Account clients to carefully review those reports or statements and to compare the records from the qualified custodians to any reports or statements that Verger Capital provides. The information in any reports or statements from Verger Capital Management may vary from a qualified custodian's reports or statements based on account procedures, reporting dates, or valuation methodologies of certain securities.

## Item 16. Investment Discretion

Verger Capital may manage Verger Accounts on a discretionary basis or on a non-discretionary basis. In the case of Verger Accounts that we manage on a discretionary basis, we provide investment advice directly to the Verger Separate Account pursuant to a written investment management agreement which sets forth any investment restrictions, limitations or guidelines on such account's investments or on our investment authority. In the case of Verger Accounts that Verger Capital manages on a non-discretionary basis, we will make recommendations to the client with respect to investment transactions, but the client will make the ultimate investment decision.

## Item 17. Voting Client Securities

While Verger Capital may provide advice with respect to a wide variety of securities, we generally invest in interests in the Underlying Funds. The managers of the Underlying Funds vote the proxies for securities held in the Underlying Funds and Verger Capital expects the Sub-Advisors to vote the proxies for securities in which they invest the capital of Verger Clients. On occasion, Verger Capital may receive notices from the Underlying Funds seeking the consent of holders in order to materially change certain rights within the structure of the security itself or change material terms of the Underlying Fund's articles of association, limited partnership agreement, limited liability company operating agreement, or similar agreement with investors. To the extent that Verger Capital receives notices or proxies, the investment management team will make the decision as to the appropriate vote. All voting decisions will require a mandatory

conflicts of interest review which will include consideration of whether Verger Capital or any investment professional may have a conflict of interest. Where the Chief Compliance Officer deems appropriate, unaffiliated third parties may be used to help resolve conflicts. In this regard, the Chief Compliance Officer has the power to retain independent fiduciaries, consultants, or professionals to assist with voting decisions and/or to delegate voting or consent powers to such fiduciaries, consultants or professionals.

We will make information regarding how proxies were voted available upon request to any client and a copy of Verger Capital's voting policies and procedures is available to any client upon request. Please submit any such requests by calling Vicki West, Chief Compliance Officer, at 336.758.5895 or by writing to Vicki West, Chief Compliance Officer, Verger Capital Management LLC, 1834 Wake Forest Road, Starling Hall, Winston-Salem, NC 27106.

## Item 18. Financial Information

In certain circumstances, registered investment advisers are required in this item to provide you with financial information or disclosures about their financial condition. Verger Capital has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has never been the subject of a bankruptcy proceeding.