

## **Form ADV Part 2A Brochure**

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This brochure provides information about the qualifications and business practices of Veratis Institutional Advisors. If you have any questions about the contents of this brochure, please contact us at 919-460-8875 and/or [www.veratisadvisors.com](http://www.veratisadvisors.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Veratis Institutional Advisors also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Veratis Institutional Advisors is a Registered Investment Adviser. Registration with the United States Securities and Exchange Commission or any state securities authority as a "Registered Investment Adviser" does not imply a certain level of skill or training.

## **Item 2. Material Changes**

No material changes have occurred since the last annual update of this brochure on March 20, 2014.

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## **Item 4. Advisory Business**

Veratis Institutional Advisor (VIA) is an independent, fee-only advisory firm focusing on middle market and larger market retirement plans. Principal owners, Stephen D. Simpson and Kent G. Abbey helped establish the firm in 2001.

We provide retirement plan advisory services to plan sponsors. This includes Plan consulting and investment advisory services. Our investment advice is limited to publically traded mutual funds, collective trust funds, and the various methods available in the industry to assist retirement plan participants with their asset allocation decisions. We do not provide legal advice.

Our plan consulting services are tailored to each client by evaluating their needs and objectives and providing advice accordingly. We also assist our clients with the selection and monitoring of a menu of investment options that meet the needs of the plan participants.

We will consider a client's request for specific investment options and we will evaluate those options using the same methods and criteria that we use for the funds we recommend. If the funds do not meet the standards we require, we will inform the client that we will be unable to fulfill their request.

We do not participate in wrap fee programs and we do not manage client assets.

## **Item 5. Fees and Compensation**

Our firm is paid only by its clients and receives no compensation from any other source. VIA advisory fees are asset-based, which range from an annualized 0.25% to 0.90% of assets under management. In lieu of an asset-based fee, we may offer a fixed fee ranging from \$18,000 to \$125,000 annually. In limited circumstances, a higher fee may be charged based on individual client circumstances as negotiated with the client. Fees may be negotiated in certain circumstances where VIA deems the standard fee schedule to be inappropriate for an individual client. Special circumstances which are considered in fee negotiations include factors such as geographic location of the client, employee education commitments, degree of interaction between the client and other retirement plan service providers, level of engagement risk, etc.

Hourly fees may be charged for services performed outside the scope of our normal arrangements. Clients will be notified of such services and fees before projects begin.

Fees may be charged for individuals participating in continuing education seminars provided by the firm.

Asset-based and fixed fees are billed quarterly (in arrears), based on the current market value of the Plan assets on the last trading day of the quarter. Hourly fees are due within 30 days of services rendered. VIA does not accept payments in advance of services.

VIA submits an invoice for services (in arrears) at the close of each quarter and the plan sponsor has the option of paying the invoice directly or sending it to the Trust for payment.

There are additional Plan-related fees a client may encounter that are not imposed or collected by VIA.

1. The broker or custodian may impose fees for closing an account, buying or selling proprietary products, or similar services. Some mutual funds charge “loads” to purchase or sell their funds. For example, “A” shares of a fund charge an up-front fee or load, whereas “B” shares do not charge up-front fees, but do charge a back-end load if the shares are sold within a certain time period. While VIA does not recommend these funds to clients, a client who already owns “B” shares may be charged a “back-end load” if the client transfers them to a new retirement plan adviser, sells them before the required retention period, or fails to meet some other specified criteria.
2. Mutual funds charge management fees and may also charge 12b-1 fees as part of the expense of operating the fund. Such fees are ultimately borne by

the client. These fees and expenses are described in each fund's prospectus and will usually include a management fee, other fund expenses and perhaps a distribution fee. If the fund imposes sales charges, a client may pay an initial or deferred sales charge as well. A part of the services VIA provides includes assisting the client in determining the most appropriate mutual funds for each client's financial condition and objectives.

3. Some investments may pay "soft dollars," "revenue sharing dollars," or "rebates." VIA does not accept these dollars. Any such monies will be paid to the clients, and VIA advises clients to use the funds either to offset retirement plan operation costs or to deposit the funds in the trust for allocation to participant accounts. The tracking, handling and ultimate disposition of these dollars are carried out by the custodian, trustee, and/or administration/record-keeping firm. VIA does not take responsibility for the disposition of these dollars.
4. Transaction fees are charged by brokers executing trades in certain mutual funds and on all individual stock and bond trades.

VIA does not sell securities or any other type of investment product.

## **Item 6. Performance-Based Fees and Side-By-Side Management**

We do not enter into performance-based arrangements with our clients.

## **Item 7 - Types of Clients**

The primary business function of VIA is to provide retirement plan services to plan sponsors. Our typical minimum is \$2,000,000 in Plan assets, but this minimum may be negotiated on a case-by-case basis.

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

VIA uses both quantitative and qualitative analysis to select and monitor mutual funds and collective trust funds. Although our process is thorough, it does not guarantee investment performance. Past performance is no guarantee of future returns and it is possible that investors may incur a loss when investing.

Due to the fact that we recommend publically traded mutual funds and collective trust funds, the material risks our clients are exposed to are management risks and market risks. Management risk is the risk that the portfolio managers may underperform their stated benchmarks. Market risk is the portion of return impacted by movement in the underlying asset class. The investment strategy we recommend is “buy and hold”. We do not recommend frequent trading.

## **Item 9 - Disciplinary Information**

VIA has not been involved in any legal or disciplinary events.

## **Item 10 - Other Financial Industry Activities and Affiliations**

Neither VIA nor any of our management persons are registered, or have an application pending to register, as

1. a broker-dealer or a registered representative of a broker-dealer,
2. a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of these entities.

VIA and our management persons have no relationship or arrangement with any related person listed below that is material to our advisory business or to our clients:

1. Broker-dealer, municipal securities dealer, or government securities dealer or broker
2. Investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or “hedge fund,” and offshore fund)
3. Other investment adviser or financial planner
4. Futures commission merchant, commodity pool operator, or commodity trading advisor
5. Banking or thrift institution
6. Accountant or accounting firm
7. Lawyer or law firm
8. Insurance company or agency
9. Pension consultant
10. Real estate broker or dealer
11. Sponsor or syndicator of limited partnerships

VIA may recommend other investment advisory firms when we deem it to be in the best interest of a client; however, we do not accept any form of compensation for these recommendations.

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

A brief description of our code of ethics is presented below. A copy of our code of ethics is available to any client or prospective client upon request.

*Officers and employees of VIA are expected to conduct themselves in an ethical and professional manner, to act in accordance with all federal and state laws and regulations pertaining to our investment advisory services, and to conduct business in a manner that is free of bias and is in the best interest of our clients.*



*No officer or employee shall accept any monetary compensation, privilege, or gift from any outside party. This includes, but is not limited to, custodial and record-keeping firms, mutual fund families and their distributors, insurance companies, banks, brokerage firms, and other advisory firms.*

*The firm will receive compensation from clients only in a full disclosure, fee-only arrangement.*

VIA and its officers or employees may buy or sell securities for their personal accounts that are the same as those recommended to clients. In addition, any related persons may have interest or position in a security that has been recommended to a client. It is a policy of VIA that no person employed by the firm may purchase or sell any security immediately prior to a transaction being implemented for an advisory account, thereby preventing the firm, its officers or its employees from benefiting from transactions placed on behalf of advisory accounts.

Officers and employees of the firm are forbidden to act on non-public information and must submit their holdings in personal investment accounts both initially and annually. Their transaction history must be submitted quarterly to the firm's Chief Compliance Officer. In addition, officers and employees must obtain preapproval of transactions in initial public offerings or limited offerings if these offerings have any direct or indirect relation to a client of the firm.

## **Item 12 - Brokerage Practices**

In selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation, VIA considers accuracy, support, name recognition, revenue sharing levels and fees. The VIA Code of Ethics strictly prohibits recommendations for any reason other than the best interest of our clients.

We may receive referrals from custodians; however, we receive no "soft dollars" or research benefits, compensation, favors or gifts from any broker-dealer in exchange for referrals.

Aggregating the purchase or sale of securities does not apply to VIA.

## **Item 13 - Review of Accounts**

We review client accounts as follows:

1. Daily - Performance of recommended funds (which includes those used in client portfolios, as well as other funds VIA has selected for monitoring).
2. Monthly - Recommended funds are reviewed for conformance with investment selection and monitoring criteria. Client portfolio allocations are reviewed.
3. Quarterly - A more detailed analysis is performed on recommended funds and written reports are provided to each client. Research is conducted to identify new funds for potential selection as recommended funds.
4. Semi-annually - a thorough quantitative and qualitative analysis is performed on all recommended funds, and written reports are provided to each client.

More frequent reviews occur during periods when market volatility is higher than normal.

The Managing Director, Investment Analyst, and Client Service Coordinator conduct research and gather data related to fund reviews.

Quarterly Reviews for clients include performance data and other pertinent information regarding individual funds, portfolios and related benchmarks as well as a market commentary. These written reports include related tables and charts.

Semi-Annual Reviews with clients include quantitative and qualitative information related to economic conditions, trust level diversification, fund level performance and issues to be monitored, model portfolio performance and statistics, and consulting items. These written reports include related tables and charts.

### **Item 14 - Client Referrals and Other Compensation**

VIA does not receive economic benefits from any source other than our clients in return for providing investment advice or other advisory services.

Neither VIA nor a related person directly or indirectly compensates anyone who is not a VIA employee for client referrals.

### **Item 15 - Custody**

VIA does not have custody of client funds.

### **Item 16 - Investment Discretion**

VIA does not accept discretionary authority to manage investment accounts of our clients.

### **Item 17 - Voting Client Securities**

VIA does not accept the authority to vote client securities.

### **Item 18 - Financial Information**

VIA neither requires, solicits, nor accepts fees from clients in advance of services provided.

The firm has neither discretionary authority, nor custody of client funds or securities.

VIA has never been the subject of a bankruptcy petition.

## **Item 19 - Requirements for State-Registered Advisers**

Since VIA is a federally registered advisor, this item does not apply.