



**VESTIA**<sup>TM</sup>  
Retirement Plan Consultants

## **FORM ADV PART 2A FIRM BROCHURE**

RETIREMENT PLANS  
MARCH 2019

**VESTIA**  
**RETIREMENT PLAN CONSULTANTS**  
SEC REGISTERED  
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This brochure provides information about the qualifications and business practices of Vestia Advisors, LLC. Please contact our Chief Compliance Officer at 971-371-3450 or email [compliance@vestia.com](mailto:compliance@vestia.com) if you have any questions about the content of this brochure.

The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or any state securities administrator. Additional information about Vestia Advisors, LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Click on the "Investment Adviser Search" link and then search for "Investment Adviser Firm" using the firm's IARD ("CRD") number, which is 290565.

While the firm and its associates may be registered and/or licensed within a particular jurisdiction, that registration and/or licensing in itself does not imply an endorsement by any regulatory authority, nor does it imply a certain level of skill or training on the part of the firm or its associated personnel.

## Item 2 - Material Changes

The firm amended its Form ADV Part 2A to update current Assets Under Management (AUM) as well as to provide additional disclosures relating to outside business activities of the Firm. The Firm previously disclosed our relationship with LOUD Capital; however, we have added clarifying verbiage relating to our position as a General Partner with carryforward interest.

Vestia Advisors, LLC may at any time update this document. We will ensure that you receive a summary of material changes, if any, to this and subsequent disclosure brochures within 120 days after our fiscal year end. Our fiscal year ends on December 31st, so you will receive the summary of material changes, if any, no later than April 30th each year. At that time, we will also offer a copy of the most current disclosure brochure. We may also provide other ongoing disclosure information about material changes as necessary.

Clients are also able to download this brochure from the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov), may download it from our website at [www.VestiaRetirement.com](http://www.VestiaRetirement.com), or may contact our firm at 877-669-1126 to request a copy at any time.

As with all firm documents, clients and prospective clients are encouraged to review this brochure in its entirety and are encouraged to ask questions at any time prior to or throughout the engagement.



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### **IMPORTANT INFORMATION**

Throughout this document, Vestia Advisors, LLC may also be referred to as “the firm,” “firm,” “our,” “we” or “us.” The client, prospective client, plan sponsor may be also referred to as “you,” “your,” etc., and refers to a client engagement involving a single person as well as two or more persons, and may refer to natural persons, legal entities and/or plan sponsors. In addition, the term “advisor” and “adviser” are used interchangeably where accuracy in identification is necessary (i.e., internet address, etc.).

Our firm maintains a business continuity plan that is integrated within the organization to ensure it appropriately responds to events that pose significant disruption to its operations. A statement concerning the current plan is available under separate cover.

## **Item 4 - Advisory Business**

### **DESCRIPTION OF THE FIRM**

Vestia Advisors, LLC is an Indiana domiciled limited liability company formed in 2017. We frequently operate under the trade names Vestia Personal Wealth Advisors and Vestia Retirement Plan Consultants. For the purpose of this brochure, we utilize Vestia Retirement Plan Consultants.

Our advisory firm is a subsidiary of Vestia Holdings, LLC; shares of which are owned by MD Advisory Services, LLC, CDH Financial, LLC, Parker Advisory Services, LLC, Sahwa Advisory Services, LLC, and Abnormal Consulting, LLC, as well as other minority shareholders. Vestia Advisors, LLC does not control another financial industry entity, but our firm is under common control with an insurance agency as noted in Item 10 of this brochure.

Vestia Retirement Plan Consultants is a registered investment advisor with United States Securities and Exchange Commission (SEC) and commenced business operations in January of 2018. Our firm and its associates may notice-file (register) and/or become licensed, or meet certain exemptions to registration and/or licensing within other jurisdictions where investment advisory business may be conducted.

As of February 28, 2019, the Firm manages approximately \$306,328,620 in discretionary assets under management for 480 clients.

### **DESCRIPTION OF SERVICES OFFERED**

Vestia Retirement Plan Consultants provides a broad range of customized retirement plan solutions to its corporate clients including but not limited to: fiduciary process oversight, core portfolio management, fiduciary guidance, and participant education services. In addition to our retirement plan services, we are available to serve individual investors and businesses interested in financial planning and portfolio management, as well as conduct educational workshops involving a range of planning and investing topics. Such details are found in a separate brochure that is made available to interested parties on



request. It should be noted that we do not sponsor or serve as portfolio manager involving investment programs using wrapped (bundled) fees.

## Vestia Service Offerings

### **VESTIA CORE PORTFOLIO MANAGEMENT**

The Vestia Core Portfolio Management platform can be either a non-discretionary or a discretionary investment management platform where we oversee the design of the portfolios within your core retirement plan (for participant directed plans) or the full portfolio (for plans combining the balances of all participants for the process of portfolio design services). Our process focuses on optimizing participant choices to those that matter most in the long-term design of a portfolio.

### **VESTIA FIDUCIARY GUIDANCE**

Our retirement plan consulting services assist plan sponsors<sup>1</sup> in understanding the scope of their fiduciary duties and responsibilities, develop prudent practices and procedures to enable them to effectively discharge those duties and responsibilities, and document their actions and decisions. Our firm assists plan fiduciaries in the development of committee charters, fiduciary eligibility documentation, and committee meeting documentation, investment policy and other activities that generally relate to prudent plan governance. Also included is assistance in preparing an annual report to the board of director or trustees as our client deems prudent and appropriate.

Our firm is available to provide process assessments on the practices currently in place to manage fiduciary duties and responsibilities, as well as offer recommendation to improve current plan practices. We can assist in benchmarking service providers by evaluating existing providers and their expenses incurred for their services, and we can prepare a vendor request for information and complete an analysis of the vendor responses. We may be engaged pursuant to §3(21) and/or §3(38) of the Employee Retirement Income Security Act of 1974 ("ERISA"). Our level of account authority is defined in further detail in Item 16 of this brochure. We do not serve as an ERISA §3(16) plan third-party administrator ("TPA"), but we will assist the plan sponsor in identifying a TPA if appropriate.

### **ERISA AND NON-ERISA PLANS**

We are able to assist both ERISA and non-ERISA plans.


### **VESTIA TRUE CHOICE™ RETIREMENT PLAN OPTIONAL ENHANCEMENT**

The Vestia True Choice™ Retirement Plan option ("True Choice™") was designed with medical, dental, and other professional firms with multiple partners in mind. Through True Choice™ the core retirement plan platform is augmented with the additional option for plan participants to work with the advisor of his or her choice (even if they are outside of

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<sup>1</sup> Throughout this brochure, the term "plan sponsor" includes any person with the authority to review and implement plan investment decisions, such as executive management, investment committees, retirement plan committees, general counsel, plan advisor, etc.





Vestia) through a limited self-directed brokerage account ("SDBA") option. In order to reduce plan audit deficiency risk, the participant's advisor must be able to interface with the plan's chosen custodian. This platform provides participants with the strong flexibility of advisor choice (they do not have to work with us if they have their own preferred advisor) with reduced plan audit risk compared to full open architecture platforms that do not limit participants to a chosen custodian.

#### **VESTIA DISCIPLINED WEALTH MANAGEMENT AND PERSONAL FINANCIAL PLANNING OPTIONAL ENHANCEMENTS**

Participants with the option to utilize the Vestia True Choice™ SDBA option within a retirement plan may also elect to engage us individually to manage their plan assets and/or to assist them with personal financial planning.

Additionally, some executive compensation plans may provide access to our individual wealth management and financial planning services as a benefit for executives.

Our personal advisory services are addressed under separate cover in our Vestia Personal Wealth Advisors brochure.

#### **A PROCESS DESIGNED FOR BUSY PROFESSIONAL FIRMS**

- First, an initial interview is conducted with the plan sponsor to discuss their current situation, goals, and the scope of services that may be provided by our firm.
- Prior to or during this first meeting, the plan sponsor will be provided with this Form ADV Part 2 retirement plan services brochure that includes a statement involving our privacy policy (see Item 11), as well as a brochure supplement about the representatives who will be assisting them. The firm will disclose any material conflicts of interest that could be reasonably expected to impair the rendering of unbiased and objective advice; such as information found in Items 10 through 12 and 14 of this brochure.
- If the plan sponsor wishes to engage our firm, parties must enter into a written agreement; thereafter, discussion and analysis will be conducted to determine plan requirements. We will then provide written recommendations and deliverables as specified within our engagement scope.

With respect to advisory services provided to a plan sponsor, we offer both fiduciary and non-fiduciary services:

##### **Fiduciary Services:**

- Serve as §3(21) investment co-fiduciary or §3(38) fiduciary to the plan
- Assist in the development and/or implementation of the plan's Investment Policy Statement ("IPS")
- Construct model portfolios for participant directed accounts
- Recommend and/or monitor investment options
- Review qualified default alternative ("QDIA")
- Assist in selection of an investment adviser to manage plan assets



- Assist in selection of participant level investment advice provider(s)
- Recommend retirement plan asset-class menu options for participant directed plans
- Review and/or implement an Investment Policy Statement ("IPS") for the plan

#### Non-Fiduciary Services:


- Implement Vestia True Choice™ or other SDBA of your choice
- Attend and/or facilitate plan committee meetings
- Assist in selection of your TPA
- Consult regarding your questions and communication with your plan's other service providers
- Review your testing and other compliance reports with you
- Educate plan committee members regarding their fiduciary role and requirements
- Deliver or create customized or generic participant education services
- Analyze the plan design to help drive employee participation
- Analyze the plan design to enhance tax efficiency
- Review plan objectives with you to make them more intentional
- Development and maintain the plan's fiduciary file
- Report on and monitor investment performance
- Offer other customized services as agreed upon

Our advisory firm does not provide direct legal or accounting services. With your consent, we will work with a professional of your choice to assist with the coordination and implementation of various strategies. You should be aware that these other professionals will charge you separately for their services and these fees will be in addition to our own advisory fee.

If your plan does not call exclusively for self-directed investing by participants, you may choose to engage our firm to assist with implementing investment strategies. For those plans where we serve as portfolio manager we employ strategies and a range of investment vehicles as described in Item 8 of this brochure. When serving as a §3(21) co-fiduciary of the plan, we manage plan portfolios on a non-discretionary basis as defined in Item 16. When serving as a §3(38) fiduciary of the plan, we manage portfolios on a discretionary basis as defined in Item 16. In either case, we will utilize your plan's IPS, observing reasonable investment constraints as stated in the IPS. For example, the plan may choose to exclude certain securities (e.g., options, stocks, illiquid securities, etc.). Investment guidelines should be designed to be specific enough to provide future guidance while allowing flexibility to work with changing market conditions. It will remain the plan sponsor's responsibility to promptly notify us if there is any change in the sponsor's financial situation and/or investment objectives for the purpose of our reviewing, evaluating or revising previous account restrictions or firm investment recommendations. We do not serve as either §3(21) co-fiduciary or §3(38) fiduciary for plans that are unwilling to implement an IPS.

Following our review and/or plan development, we may recommend the engagement of an institutional investment manager to serve as portfolio or fund manager. We evaluate a variety of information about sub-advisors which may include the independent





managers' public disclosure documents, materials supplied by the independent managers themselves as well as other third-party analyses we believe to be reputable. Plans may be required to maintain a minimum asset size to be eligible for these services, and certain sub-advisors may require a higher asset-level to invest in their program in comparison to our own. We will inform the plan sponsor in advance of each sub-advisor's minimum criteria.

If engaging a sub-advisor to assist with management of the entire portfolio, we will provide the sub-advisor the plan's IPS so that they may develop the portfolio in accordance with plan policy. Sub-advisors invest in accordance with the strategies set forth in their own disclosure documents which will be provided to the plan sponsor prior to your employing these strategies. The selected sub-advisor often assumes discretionary authority over an account, and some of these programs may not be available for those clients who prefer an account to be managed under a nondiscretionary engagement or whom may have other unique account restrictions. At least annually thereafter a review will be performed from both a compliance and performance perspective to determine whether the selected sub-advisor remains an appropriate fit for plan portfolios.

#### **VESTIA PARTICIPANT EDUCATION**

Through the Vestia Participant Education services, we offer periodic educational sessions and/or ongoing tools for attendees desiring information on personal finance and investing. Alternatively, we can work with you to establish educational initiatives that align with your HR employee development strategy. This may lead to customized or generic videos or other electronic methods that you can house on your corporate intranet to provide real-time access for employees. Topics may include issues related to general financial planning, educational funding, estate planning, retirement strategies, implications involving changes in marital status, and various other current economic or investment topics. Unless our firm is hired by a participant independent of our arrangement with your company, these participant educational services are offered on a non-fiduciary basis consistent with and within the scope of the definition of general investment education in Department of Labor Interpretive Bulletin 96-1.

## **Item 5 - Fees and Compensation**

Forms of payment are based on the types of services being provided, term of service, etc., and will be stated in the engagement agreement. Published fees are negotiable, and we may waive or discount our fees for our associates and their family members. Our firm reserves the right to deviate from its fee schedule should we deem circumstances appropriate.

Fees may be paid to our firm by check or draft from US-based financial institutions. With the plan sponsor's prior authorization, payment may also be made by credit card through a qualified, unaffiliated PCI compliant<sup>2</sup> third-party processor, or via withdrawal from the

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<sup>2</sup> For an explanation of the term "PCI," who the PCI Security Standards Council is, as well as its comprehensive standards to enhance payment card data security, please go to [https://www.pcisecuritystandards.org/security\\_standards/index.php](https://www.pcisecuritystandards.org/security_standards/index.php)





investment account held at the custodian of record by the custodian or TPA. Our firm does not accept cash, money orders or similar forms of payment for its engagements. We reserve the right to suspend some or all services once an account is deemed past due as defined within the client's Retirement Plan Services agreement(s).

## **TYPES OF FEES AND PAYMENT SCHEDULES**

Fees for our services vary widely by plan and depend on the complexity of the plan structure, number and makeup of plan participants, service needs of plan sponsors, and other factors. Plans agree to a plan structure in advance of services being rendered and could have fixed or asset-based fees, or any combination thereof.

### **FIXED FEES**

We offer both plan consultation and our internal portfolio management services on a fixed (retainer) fee basis; typically ranging from \$5,000 up to \$100,000 for more extensive engagements. The fee is to be paid on a calendar quarter basis, but we will accommodate requests for monthly payment cycles. The fee is paid to our firm in advance, and is due within the first 10 calendar days of each service period. We will prorate the first period's fee based on the number of days remaining in the first billing cycle.

We take into consideration factors such as the estimated amount of time dedicated to the engagement, project complexity, as well as the number of associates needed to meet program needs. When our fixed fee services include ongoing portfolio monitoring, the fee will reflect the assets that comprise the plan, number of participants, required review frequency, among other factors that will be described in writing within the agreement.

### **ASSET-BASED FEES**

Plan accounts may be charged a fixed fee (see above) and/or assessed an annualized asset-based fee that is paid quarterly, in advance, as indicated in Table 1 below. The fee is calculated by multiplying the quotient by the applicable number of basis points (one basis point equals 1/100 of one percent). The result is then divided by four to determine the quarterly fee.

$$\text{Formula: } ((\text{quarter-end market value}) \times (\text{applicable number of basis points}))/4$$

**Table 1: Vestia Retirement Plan Services Fee Schedule**

<b>Assets Under Management</b>	<b>Annualized Asset-Based Fee</b>
All account values	Up to but not to exceed 1.00% (100 basis points)

Advisory fees will be determined by the reporting account value as of the last market day of each quarter, and in consonance with the statement received from the custodian of record for the purpose of verifying the computation of our advisory fee. In the rare absence of a reportable market value, our firm may seek a third-party opinion from a recognized industry source (e.g., unaffiliated public accounting firm), and the plan sponsor and/or plan participant may choose to separately seek such an opinion at their own expense as to the valuation of "hard-to-price" securities if they believe it to be



necessary.

The first billing cycle will begin once the engagement agreement is executed with our firm and assets have settled into the plan account(s) held by the custodian of record. Advisory fees for partial quarters will be prorated based on the remaining days in the reporting period. Fee payments will generally be assessed within the first 10 days of each billing cycle. Deducted fees will be noted on account statements that the plan sponsor and/or participant (per the engagement) receives from the custodian of record and/or third-party administrator on a quarterly or more frequent basis.

By signing our firm's engagement agreement, as well as the selected custodian account opening documents and/or TPA forms, the plan sponsor/participant will be authorizing the withdrawal of both advisory and transactional fees (described below) from their account. The withdrawal of these fees will be accomplished by the selected custodian or TPA, not by our firm, and our advisory fees will be remitted directly to our firm. Alternatively, the plan sponsor may request to directly pay our advisory firm its portfolio management fee in lieu of having the advisory fee withdrawn from plan accounts. Our valuation assessment will remain the same as described above, and the plan's direct payment must be received by our firm within 10 days of our invoice. We do not accommodate requests for direct payment from plan participants for our retirement plan fiduciary or non-fiduciary services.

#### **VESTIA DISCIPLINED WEALTH MANAGEMENT AND PERSONAL FINANCIAL PLANNING OPTIONS**


Participants with the option to utilize the Vestia True Choice™ SDBA option within a retirement plan may elect to engage us individually to manage their plan assets. Under separate cover, Vestia Personal Wealth Advisors offers individual wealth management and financial planning services to clients through the Vestia Disciplined Wealth Management platform and other individual financial planning platforms. See Section 5 of our comparable brochure for Vestia Personal Wealth Advisors for specific information related to fees for personal advisory services but note that clients opting for personal advisory services will generally pay more for a more customized experience than that provided directly through our retirement plan services.

#### **VESTIA PARTICIPANT EDUCATION**

Vestia Participant Education workshops and seminar services may either be included as a broader retirement plan services offering or individually through the assessment of a fee of up to \$50 per participant or an all-encompassing fixed fee for the entire group. Educational sessions may be paid by an event sponsor, such as an employer or an association. The workshop fee, if any, will be announced in advance and will be determined by the length of the event, the number and expertise of the presenters involved, and whether or not educational materials are being provided. Payment will be due on or prior to the first day of the scheduled workshop.

Vestia Participant Education tools may be provided to plan participants on a fixed-fee subscription basis or for an asset-based fee. Plan sponsors are notified of all potential participant costs in advance of any tools being offered. Any costs may be paid directly by the employer or through an optional offering to plan participants.





As a result of these educational sessions or tools, some plan participants may choose to engage us for personal financial advisory services. These services are described under separate cover of the Vestia Personal Wealth Advisors brochure available at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

#### **ADDITIONAL CLIENT FEES**

Any transactional or service fees (sometimes termed brokerage fees) assessed by a selected service provider (i.e., a custodian), sub-advisor fees, individual retirement account fees, qualified retirement plan or account termination fees will be borne by the account holder as stated in current, separate fee schedules of any selected service provider. Plan sponsors and participants will be notified of any future changes to custodial fees by the custodian of record and/or TPA. Fees paid by our clients to our firm for our advisory services are separate from any of these fees or other similar charges. In addition, our advisory fees are separate from any internal fees or charges a client may pay involving mutual funds, exchange-traded funds (ETFs), exchange-traded notes (ETNs), or other similar investments. Additional information about our fees in relationship to our business practices are noted in Items 12 and 14 of this document.

#### **EXTERNAL COMPENSATION**

**Our firm does not charge or receive a commission or a mark-up on securities transactions, nor will the firm or an associate be paid a commission on the purchase of a securities holding that is recommended to a client.** We do not receive “trailer” or SEC Rule 12b-1 fees from an investment company that may be recommended to a client. Fees charged by such issuers are detailed in prospectuses or product descriptions and interested investors are always encouraged to read these documents before investing. Our firm and its associates receive none of these described or similar fees or charges.

When a business or medical practice purchases most employee benefits (i.e., group disability insurance, key man life insurance, group health insurance, medical malpractice insurance, property/casualty insurance policy, etc.), a commission is normally paid to both an insurance agency and an insurance agent. Anytime a commission is involved a conflict of interest exists. We have intentionally structured our firm to reduce this conflict of interest by not paying any direct commissions to individuals for insurance business recommended and by requiring that any agent agree to and acknowledge they are not allowed to receive commissions from any insurance provider while affiliated with our firm. Instead of paying commissions to an agent, compensation is paid by the insurance company to our affiliated insurance agency. While the agent is not paid a direct commission, our holding company, insurance agency affiliate, as well as our firm personnel benefit from this arrangement since revenue earned from this business activity may be used to offset operating expenses, provide shareholder distribution, etc. Our advisory firm and its associates take their responsibilities seriously and recommend investments, insurance or advisory services we believe appropriate for each client. Please refer to Items 10 and 11 of this firm brochure, in addition to Item 4 of an associate’s brochure supplement for details.

The business retains the right to purchase recommended or similar investments or insurance products through a service provider of their choice. Note that many sub-





advisors do not make themselves directly available to the investing public.

Plan participants engaging us for personal wealth management services will generally pay more for the management of their retirement plan accounts than if they did not engage us for personal advisory services. This is due to the more customized nature of our personal advisory services. In many cases, not all plan participants will qualify for our personal wealth management services due to our minimum fees.

#### **ACCOUNT ADDITIONS AND WITHDRAWALS**

Plans may make additions to and withdrawals from their account at any time, subject to available liquidity, plan design, and the Firm's right to terminate an account. In an asset based fee arrangement, if assets in excess of \$10,000 are deposited into or withdrawn from an account after the inception of a billing period, the fee payable with respect to such assets is adjusted to reflect the interim change in portfolio value. For the initial period of an engagement, the fee is calculated on a pro rata basis. In the event the advisory agreement is terminated, the fee for the final billing period is prorated through the effective date of the termination and the outstanding or unearned portion of the fee is charged or refunded to the client, as appropriate. Not all TPAs and/or record keeper's are able to accommodate this billing methodology. In cases where the TPA is unable to accommodate this billing methodology, asset-based fees will be calculated quarterly in advance.

#### **TERMINATION OF SERVICES**

Either party may terminate the plan engagement agreement at any time in writing. We do not accept verbal notifications involving retirement plans. For those plan sponsors who utilize our portfolio management services, our firm will not be responsible for future allocations, investment advice or transactional services (except closing transactions) upon receipt of termination notice. It will also be necessary that we inform the custodian of record and/or TPA serving the plan that the relationship between our firm and the plan has been terminated.

If our Form ADV Part 2A firm brochure was not delivered to the plan sponsor prior to entering into the engagement contract, then the plan sponsor has the right to terminate the engagement without fee or penalty within five business days after entering into the agreement. If a plan sponsor terminates an engagement after this five business-day rescission period, they may be assessed fees for any time or charges incurred by our firm in the preparation of their plan, and we may assess our asset-based fee on a prorated basis from the date of last payment to the date of termination. We will promptly return any unearned amount upon receipt of a written termination notice. Earned fees in excess of a client's deposit will be billed at the time of termination.



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

Our firm's advisory fees will not be based on a share of capital gains or capital appreciation (growth) of any portion of managed funds, also known as performance-based fees. Our fees will also not be based on side-by-side management, which refers to a firm simultaneously managing accounts that do pay performance-based fees (such as a hedge fund) and those that do not.

## Item 7 - Types of Clients

Our firm provides retirement plan services to defined benefit plans (pensions, etc.), defined contribution plans (e.g. 401k, 403b, 457, profit sharing, SEP IRA, etc.), and hybrid plans (e.g. cash balance plans). We serve plans that fall under ERISA and plans that do not fall under ERISA. We serve medical and dental practices, professional services firms, and businesses of all sizes. Additionally, individuals and high net worth individuals, foundations, and other charitable organizations are served under separate brochure and agreement. Please refer to Section 4 of the Vestia Personal Wealth Advisors comparable brochure for information involving services requirements. We will inform plan sponsors in advance about any minimum account requirements involving sub-advisors. We reserve the right to decline services to any prospective client for any nondiscriminatory reason.

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

### INVESTMENT STRATEGY

Vestia Retirement Plan Consultants relies on an investment philosophy that is founded on evidence-based academic research, such as Modern Portfolio Theory and the Fama-French Factor Model, and established discoveries in behavioral finance. Modern Portfolio Theory advocates that it is not enough to look at the expected risk and return of one particular asset class. By investing in more than one asset class, an investor may be able to reap the benefits of diversification – most importantly, a reduction in the risk level of the portfolio. The Fama-French Factor Model, through research, found that over long periods of time, value stocks tend to outperform growth stocks, and, similarly, small cap stocks tend to outperform large cap stocks, and equities tend to outperform fixed income securities, among other factors.

Our investing philosophy is based on these basic principles:

- Develop well diversified portfolios that feature a broad range of market sectors and asset classes
- Use market-based investments, not manager-based investments unless it is for a



very small portion of your portfolio that will be invested in private equity, private business ownership, or private real estate

- Hold the investments for a long period of time
- Periodically reallocate the investments as conditions warrant
- Strategically rebalance the portfolio as needed to maintain the desired level of risk exposure
- When combined with the Vestia Disciplined Wealth Management platform (as provided for under cover of the Vestia Personal Wealth Advisors comparable brochure) our process also focuses on optimizing the long-term interaction of each of your accounts in order to create greater tax efficiency, improve consistency of risk management, and minimize aggregate costs.<sup>3</sup>

Vestia's investing platform is diversified and invests primarily in no-load mutual funds and ETFs. This approach cannot ensure investment success or prevent loss in a declining market. Past performance is no guarantee of future results.

### **METHODS OF ANALYSIS AND INVESTMENT SELECTION**

Based on the Vestia Disciplined Wealth Management client agreement that clients execute, Vestia Personal Wealth Advisors is granted discretionary authority to implement client-approved investment strategies. Investments are selected based on past performance (as applicable), portfolio turnover, fees and a variety of academic statistics including volatility, price movement, risk-adjusted return, etc. These statistics are provided by third-party vendors and the investment sponsors, and are evaluated by our portfolio manager as well as our investment committee, on both an absolute and a relative basis, while relying on standards set by Vestia Personal Wealth Advisors.

### **RISK OF LOSS**

Our firm believes its strategies and investment recommendations are designed to produce the appropriate potential return for the given level of risk; however, there is no guarantee that a planning goal or investment objective will be achieved. Past performance is not necessarily indicative of future results. Investing in securities involves risk of loss that clients should be prepared to bear. While the following list is not exhaustive, we provide some examples of such risk in the following paragraphs, and we believe it is important that our clients review and consider each prior to investing.

#### ***Active Investment Management***

A portfolio that employs active management strategies may, at times, outperform or underperform various benchmarks or other strategies. In an effort to meet or surpass these benchmarks, active portfolio management may require more frequent trading or "turnover." This may result in shorter holding periods, higher transactional costs and/or taxable events generally borne by the client, thereby potentially reducing or negating certain benefits of active asset management. The Firm takes the best interest of the client(s) into consideration when employing an active investment management strategy.

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<sup>3</sup> Participants opting for individual wealth management services will usually pay more for wealth management services than if they only utilized the core plan.







### ***Company Risk***

When investing in securities, such as stocks, there is always a certain level of company or industry-specific risk that is inherent in each company or issuer. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. This is also referred to as unsystematic risk and can be reduced or mitigated through diversification.

### ***Currency Risk***

The risk of loss from fluctuating foreign exchange rates when a portfolio has exposure to foreign currency or in foreign currency traded investments is known as currency risk.

### ***Equity (Stock) Risk***

Common stocks are susceptible to general stock market fluctuations and to volatile increases or decreases in value as market confidence in and perceptions of their issuers change. If an investor held common stock or common stock equivalents of any given issuer, they may be exposed to greater risk than if they held preferred stocks and debt obligations of the issuer.

Preferred stocks can be affected by interest rate and liquidity risks (described in adjacent paragraphs). Also note that their dividend payment is not guaranteed; some are subject to a call provision, meaning the issuer can redeem its preferred shares on demand, and usually when interest rates have fallen.


### **ETF/ETN and Mutual Funds**

The risk of owning ETFs/ETNs and mutual funds reflect their underlying securities (e.g., stocks, bonds, derivatives, etc.). These forms of securities typically carry additional expenses based on their share of operating expenses and certain brokerage fees, which may result in the potential duplication of certain fees. Certain ETFs and indexed funds have the potential to be affected by "active risk;" a deviation from its stated index (e.g., S&P 500).

While many ETFs/ETNs and index mutual funds are known for their potential tax-efficiency and higher "qualified dividend income" (QDI) percentages, there are asset classes within these investment vehicles or holding periods within that may not benefit. Shorter holding periods, as well as commodities and currencies (that may be a holding within an ETF/ETN or mutual fund), may be considered "non-qualified" under certain tax code provisions. A holding's QDI will be considered when tax-efficiency is an important aspect of the client's portfolio.

Leveraged and/or inverse ETFs attempt to achieve multiples of the performance of an index or benchmark through the opposite (inverse) of the performance of the tracked index or benchmark. This strategy attempts to profit from, or hedge exposures to, downward drifting markets. There is risk involving this strategy and part of the concern is based on the fact that leveraged and inverse exchange traded funds "reset" daily, which means they are designed to achieve their stated objectives on a daily basis. It is due to the compounding effect of daily





adjustments that ETF performance over longer periods of time can differ significantly from the performance (or inverse of the performance) of an underlying index or benchmark during the same period. This effect can be magnified during volatile markets. If effects contrary to the ETF strategy occur, losses may be significant; therefore, leveraged and/or inverse ETFs will be considered for portfolios either properly hedged or for clients able to sustain potentially higher risks. Leveraged and inverse ETFs will not be used in portfolios where a "buy-and-hold" philosophy is important.

### **Failure to Implement**

Our planning clients are free to accept or reject any or all of the recommendations made to them. While no advisory firm can guarantee future performance, no plan can succeed if it is not implemented. Clients who choose not to take the steps recommended in their plan may face an increased risk that their stated goals and objectives will not be achieved.

### **Financial Risk**

Excessive borrowing to finance a business operation increases profitability risk because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

### **Fixed Income Risks**

Various forms of fixed income instruments, such as bonds, money market or bond funds may be affected by various forms of risk, including:

#### *Credit Risk*

The potential risk that an issuer would be unable to pay scheduled interest or repay principal at maturity, sometimes referred to as "default risk." Credit risk may also occur when an issuer's ability to make payments of principal and interest when due is interrupted. This may result in a negative impact on all forms of debt instruments, as well as funds or ETF share values that hold these issues. Bondholders are creditors of an issuer and have priority to assets before equity holders (i.e., stockholders) when receiving a payout from liquidation or restructuring. When defaults occur due to bankruptcy, the type of bond held will determine seniority of payment.

#### *Interest Rate Risk*

The risk that the value of the fixed income holding will decrease because of an increase in interest rates.

#### *Reinvestment Risk*

With declining interest rates, investors may have to reinvest interest income or principal at a lower rate.





### **Fundamental Analysis**

The challenge involving fundamental analyses is that information obtained may be incorrect; the analysis may not provide an accurate estimate of earnings, which may be the basis for a security's value.

If a security's price adjusts rapidly to new information, a fundamental analysis may result in unfavorable performance.

### **Inflation Risk**

Also called purchasing power risk, is the chance that the cash flows from an investment won't be worth as much in the future because of changes in purchasing power due to inflation.

### **Liquidity Risk**

The inability to readily buy or sell an investment for a price close to the true underlying value of the asset due to a lack of buyers or sellers. While certain types of fixed income are generally liquid (i.e., bonds), there are risks which may occur such as when an issue trading in any given period does not readily support buys and sells at an efficient price. Conversely, when trading volume is high, there is also a risk of not being able to purchase a particular issue at the desired price.

### **Market Risk**

This is also called systemic risk. In cases where markets are under extreme duress, many securities lose their ability to provide diversification benefits.

### **Master Limited Partnerships**

Investing in MLPs involve certain risks related to investing in their underlying assets, as well as the risks associated with pooled investment vehicles (certain pooled investments may be less regulated than others). In addition, MLPs that concentrate in a particular industry or a particular geographic region are subject to risks associated with the specific industry or region. A potential benefit derived from a MLP is also dependent on the holding being treated as a partnership for federal income tax purposes; if part or all of the MLP is not, it may have potential adverse tax effects on a portfolio.

### **Options**

Risks involving options trading are detailed in the Chicago Board Options Exchange's "The Characteristics and Risks of Standardized Options" brochure that we will provide to you upon request or may be found at their website at: <http://www.cboe.com>. We have provided general considerations involving options in the following statements.

#### *Option Buyer's Risks*

- The risk of losing the entire investment in a relatively short period of time
- The risk of losing the entire investment increases as an option goes out of the money and as expiration nears



- European style options that do not have secondary markets in which to sell options prior to expiration only realize their value upon expiration
- Specific exercise provisions of a specific option contract may create enhanced risk
- Regulatory agencies may impose exercise restrictions, which may deter the investor from realizing value

#### *Option Seller's Risks*

- Options sold may be exercised at any time before expiration
- Covered call traders forgo the right to profit when the underlying stock rises above the strike price of the call options sold and continues to risk a loss due to a decline in the underlying stock
- Writers of "naked call write" risk unlimited losses if the underlying stock rises; the writer of "naked put write" risk unlimited losses if the underlying stock drops. The writer of naked positions run margin risks if the position goes into significant losses which may include liquidation by the broker/dealer of record. In addition, the writer of a "naked call write" is obligated to deliver shares of the underlying stock if those call options are exercised. Our firm does not execute uncovered ("naked") options strategies.
- Writers of call options can lose more money than a short seller of that stock on the same rise on that underlying stock due to leveraging used in option strategies
- Call options can be exercised outside of market hours such that effective remedy actions cannot be performed by the writer of those options
- Writers of stock options are obligated under the options that they sold even if a trading market is not available or that they are unable to perform a closing transaction
- The value of the underlying stock may unexpectedly surge or drop which may lead to an automatic exercise
- Passive Investing
- A portfolio that employs a passive, efficient markets approach has the risk of generating lower-than-expected returns due to its broad diversification when compared to a portfolio more narrowly focused.


#### **Political Risk**

The risk of financial and market loss because of political decisions or disruptions in a particular country or region, and may also be known as "geopolitical risk."

#### **Tax Harvesting Risk**

One trading strategy employed in client accounts is tax harvesting. The intent of this trade is to sell an asset at a taxable loss and replace that position with a holding whose historical performance and expected future performance are similar, thereby having little impact on the overall strategic allocation, but capturing the tax loss. Because past performance is no indication of future





performance, there is potential for the future performance of the replacement position to deviate from that of the initial holding. This type of strategy may also incur an increase in the frequency of trading and amount of transaction costs.

### **Private Placements**

Private placements (aka. private investment funds) are unregistered securities and generally involve various risk factors, including, but not limited to: potential for complete loss of principal, liquidity constraints and lack of transparency. A discussion of these risks is stated in each private placement offering document, which will be provided in advance to the client for review and consideration. Unlike liquid investments, private investment funds do not provide daily liquidity or pricing. In the event that the firm references private investment funds owned by the client in any supplemental reports prepared by the firm, the values for private investment funds will reflect either the initial purchase and/or the most recent valuation provided by the private fund sponsor. If the valuation reflects the initial purchase price (and/or a value as of a previous date), the current value, to the extent ascertainable, could be significantly more or less than the original purchase price.

### **Real Estate Investment Trusts**

Risks involved in REIT investing may include (i) following the sale or distribution of assets an investor may receive less than their principal invested, (ii) a lack of a public market in certain issues, (iii) limited liquidity and transferability, (iv) fluctuations involving the value of the assets within the REIT, (v) a reliance on the investment manager to select and manage assets, (vi) changes in interest rates, laws, operating expenses, and insurance costs, (vii) tenant turnover, and (viii) the impact of current market conditions.

### **Research Data**

When research and analyses are based on commercially available software, rating services, general market and financial information, or due diligence reviews, a firm is relying on the accuracy and validity of the information or capabilities provided by selected vendors, rating services, market data, and the issuers themselves. While our firm makes every effort to determine the accuracy of the information received, we cannot predict the outcome of events or actions taken or not taken, or the validity of all information researched or provided which may or may not affect the advice on or investment management of an account.

### **Technical Analysis**

The risk of investing based on technical analyses is that it may not consistently predict a future price movement; the current price of a security may reflect all known information. This may occur due to analyst bias or misinterpretation, a sector analysis error, late recognition of a trend, etc.



## Item 9 - Disciplinary Information

Neither the firm nor its management has been involved in a material criminal or civil action in a domestic, foreign or military jurisdiction, an administrative enforcement action, or self-regulatory organization proceeding that would reflect poorly upon our offering advisory business or its integrity.

## Item 10 - Other Financial Industry Activities and Affiliations

Firm policies require associated persons to conduct business activities in a manner that avoids conflicts of interest between the firm and its clients, or that may be contrary to law. Our firm will provide disclosure to each client prior to and throughout the term of an engagement regarding any conflicts of interest involving its business relationships that might reasonably compromise its impartiality or independence.

### **NOT A FINRA OR NFA REGISTERED FIRM**

Our firm and its management are not registered nor have an application pending to register as a Financial Industry Regulatory Authority (FINRA) or National Futures Association (NFA) member firm or associated person of such a firm. We are not required to be registered with such entities, nor do they supervise our firm, its activities or our associates. Neither the firm nor its management is or currently has a material relationship with any of the following types of entities:

- accounting firm or accountant
- bank, credit union or thrift institution, or their separately identifiable departments or divisions
- lawyer or law firm
- pension consultant (other than our own services)
- real estate broker, dealer or advisor
- trust company
- investment company security that includes a mutual fund, closed-end investment company, or unit investment trust

### **SUB ADVISOR COMPENSATION**

The sub-advisors that we recommend to our clients are required to be registered as an investment advisor. There is the potential for clients' fees assessed via these engagements to be higher than had a client obtained them directly from the sub-advisor or the client were able to purchase similar underlying investments on their own. Clients are encouraged to review all of our offerings and their stated fees, and each client has the right to purchase recommended or similar investments through their own provider. It should be noted that often sub-advisor and/or underlying investments may not be available to self-directed investors or at the same cost.





## **INSURANCE AGENCY**

Associates of the firm may also be licensed insurance agents that are appointed with various unaffiliated insurance carriers via our affiliated insurance agency, Vestia Insurance, LLC. Vestia Personal Wealth Advisors does not receive a referral fee from our insurance agency. Whether they are serving a client in one or more capacities, the associate will disclose in advance how they are compensated and if there is a conflict of interest involving any advice or service they provide. At no time will there be tying between business practices and/or services; a condition where a client or prospective client would be required to accept one product or service which is conditional upon the selection of a second, distinctive tied product or service. Clients are never obligated to or required to purchase products from our affiliated insurance agency and may choose any independent insurance agent and insurance company to purchase insurance products.

## **PRIVATE EQUITY**

Vestia Holdings, LLC and or one or more of its principals has acquired ownership in the private placements Bundle Network, Ltd., Spiff AG, VidAngel Inc., LOUD Capital Fund, LLC, and Larson Capital Funds I-IV. Specific to LOUD Capital, LLC, the Firm receives carry-forward interest as a General Partner of this entity. Associates of Vestia Advisors, LLC provide investment advice regarding unaffiliated private placements which may include any of these private placements. The firm and its principals do not solicit purchases in a security it/they may own (e.g., selling out of its "inventory"). The firm's role relative to a private placement may include initial and ongoing due diligence, investment monitoring, ownership in the private placement entity through commonly owned entities and/or functioning as a General Partner of the private placement. To reduce conflicts of interest, if a qualified client decides to purchase a private placement owned by the firm or any of its principals or commonly owned entities, the amount of assets invested in the private investment fund will be excluded as part of their assets under management by our firm for purposes of calculating our investment advisory fee. If a qualified client decides to purchase a private placement not owned by the firm or any of its principals, the private placement will typically be included as part of their assets under management by our firm for purposes of calculating our investment advisory fee. Clients are under absolutely no obligation to consider or make an investment in any private placement we recommend for thoughtful consideration.

## **PERFORMANCE REPORTING TECHNOLOGY**

Vestia Advisors, LLC has contracted Advent Software, LLC, acting through its Black Diamond Performance Reporting division, ("Black Diamond") in order to utilize its technology platforms to support data reconciliation, performance reporting, fee calculation and billing, research, client database maintenance, quarterly performance evaluations, payable reports, web site administration, models, trading platforms, portfolio rebalancing and risk monitoring, and other functions related to the administrative tasks of managing client accounts. Due to this arrangement Black Diamond will have access to client accounts, but Black Diamond will not serve as an investment advisor to Vestia Personal Wealth Advisors client. Vestia Personal Wealth Advisors and Black Diamond are non-affiliated companies.



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

## FIDUCIARY ROLE

Our firm is a *fiduciary*, which means the firm and its associates will act in good faith, performing in a manner believed to be in the best interests of its clients. Our firm believes that business methodologies, ethics rules, and adopted policies are designed to eliminate or at least minimize material conflicts of interest and to appropriately manage any material conflicts of interest that may remain.

No set of rules can anticipate or relieve all material conflicts of interest; however, we will disclose to our clients any material conflict of interest relating to the firm, its representatives, or any of its employees which could reasonably be expected to impair the rendering of unbiased and objective advice.

## CODE OF ETHICS

We have adopted a Code of Ethics that establishes policies for ethical conduct for our personnel. Our firm accepts the obligation not only to comply with all applicable laws and regulations but also to act in an ethical and professionally responsible manner in all professional services and activities. Firm policies include prohibitions against insider trading, the circulation of industry rumors, and certain political contributions, among others. We periodically review and amend our Code of Ethics to ensure that it remains current, and we require firm personnel to annually attest to their understanding of and adherence to the firm's Code of Ethics. A copy of the firm's Code of Ethics is made available to any client or prospective client upon request.

## CFP® PRINCIPLES

Firm associates that are Certified Financial Planner™ Practitioners also adhere to the Certified Financial Planner Board of Standards, Inc.'s Code of Ethics & Professional Responsibility which are find at [www.cfp.net](http://www.cfp.net).

## STATEMENT REGARDING OUR PRIVACY POLICY

We respect the privacy of all clients and prospective clients (collectively termed "customers"), both past and present. It is recognized that our clients have entrusted our firm with non-public personal information and it is important that both access persons and customers are aware of firm policy concerning what may be done with that information.

The firm collects personal information about customers from the following sources:

- Information customers provide to complete their financial plan or investment recommendation;



- Information customers provide in engagement agreements and other documents completed in connection with the opening and maintenance of an account;
- Information customers provide verbally; and
- Information received from service providers, such as custodians, about customers' transactions.

The firm does not disclose non-public personal information about our customers to anyone, except in the following circumstances:

- From one of our affiliated companies to another;
- When required to provide services our customers have requested;
- When our customers have specifically authorized us to do so;
- When required during the course of a firm assessment (i.e., independent audit); or
- When permitted or required by law (i.e., periodic regulatory examination).

Within the firm, access to customer information is restricted to personnel that need to know that information. All access persons and service providers understand that everything handled in firm offices is confidential and they are instructed not to discuss customer information with someone else that may request information about an account unless they are specifically authorized in writing by the customer to do so. This includes providing information to family members about another household member's account.

To ensure security and confidentiality, the firm maintains physical, electronic, and procedural safeguards to protect the privacy of customer information.

Our firm will provide its customers with its privacy policy, in advance, if firm privacy policies are expected to change.


#### **FIRM RECOMMENDATIONS AND CONFLICTS OF INTEREST**

An associate is prohibited from borrowing from or lending to a client unless the client is an institutional lender.

Neither the firm nor an associate is authorized to recommend to a client, or effect a transaction for a client, involving any security in which the firm or a "related person" (e.g., associate, an immediate family member, etc.) has a material financial interest, such as in the capacity as a board member, underwriter or advisor to an issuer of securities, etc., without the Chief Compliance Officer's prior approval. Our firm and its related persons may buy or sell securities that are the same as, similar to, or different from, those recommended to clients for their accounts, and this poses a conflict of interest. We mitigate this conflict by ensuring that we have policies and procedures in place to ensure that the firm or a related person will not receive preferential treatment over a client. In an effort to reduce or eliminate certain conflicts of interest involving personal trading (i.e., trading ahead of client recommendations, etc.), firm policy may require that we periodically restrict or prohibit related parties' transactions. Any exceptions must be approved in writing by our Chief Compliance Officer, and personal trading accounts are reviewed on a quarterly or more frequent basis.







Under certain conditions that have been established by the United States Department of Labor ("DOL"), Vestia Advisors, LLC is considered a "DOL fiduciary" to certain clients. As a DOL fiduciary, our firm must adhere to specific standards relating to the investment advice and recommendations we provide. These standards may act to limit the investment advice and recommendations we can give to clients, and may require that we provide certain additional disclosures not already contained in this Form ADV Part 2A. As a DOL fiduciary, we also incur additional liability above and beyond that we currently operate under as it relates to the investment advice and recommendations we provide. Status as a DOL fiduciary is governed by federal law and DOL regulations.


Such fiduciary status is triggered when we provide investment advice or other investment recommendations to a client who is a "retirement investor." Retirement investors primarily consist of those individuals or organizations who are (i) participants or beneficiaries of a retirement plan that is subject to Title I of the Employee Retirement Income Security Act of 1974 (ERISA), as amended, and who possess the authority to direct the investment of assets in his or her plan account or to take a distribution; or (ii) the beneficial owner of an individual retirement account (IRA) acting on behalf of the IRA. Not every client will trigger this DOL fiduciary status, as this status is based on the source of investment funds previously listed. In the event that our firm qualifies as a DOL fiduciary, the following standards and warranties apply, in addition to others noted in this Item:

- We will provide investment advice that is, at the time of the recommendation, in the client's best interest.
- As used herein, recommendations are made in the client's "best interest" when the advice or recommendations our firm makes reflect the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims, based on the client's investment objectives, risk tolerance, financial circumstances, and needs. Investment advice or recommendations will also be made without regard to our firm's financial interests or those of our advisors, related entities or other parties.
- Any recommended transactions will not cause us or any related entities to receive, directly or indirectly, compensation for services that is in excess of reasonable compensation.
- As used herein, the DOL defines "reasonable compensation" to mean that any compensation that is reasonably expected to be received for investment recommendations must be reasonable in relation to the value of the specific services provided to a Retirement Investors and not in excess of the services' fair market value.
- Any statements made by our firm about any recommended transaction, fees and compensation, material conflicts of interest, and any other matters relevant to your investment decisions, will not be materially misleading at the time they are made.

In addition to the standards listed above, as a DOL fiduciary we may also be required to provide you additional information or disclosures regarding the fees we charge for our services. Such additional information will disclose to you if we offer any proprietary products (which are products that are managed, issued, or sponsored by us) or if we







receive any payment from a third party for recommending a specific investment service. Our firm does not offer, nor limit, its investment services to proprietary products. Regarding third-party payments, we receive economic benefit from our custodians in the form of the support products and services they make available to us and other independent investment advisors. Additional information regarding such economic benefits is noted in Item 12 of this brochure, and information relating to our fees and compensation for our services can be found in Item 5.

Our firm is able to provide a range of advisory services to our clients. Due to our firm and/or associates' ability to offer two or more services and receive a fee, a conflict of interest exists due to the extended services provided. We note that our clients are under no obligation to act on our recommendations and, if they elect to do so, they are under no obligation to complete all of them through our firm or a recommended service provider.

## Item 12 - Brokerage Practices

### **FACTORS USED TO SELECT BROKER/DEALERS FOR CLIENT TRANSACTIONS**

Vestia Retirement Plan Consultants does not maintain physical custody of plan assets. Accounts are to be maintained by a qualified custodian (generally a broker/dealer, national bank or its trust company) that is frequently reviewed for its capabilities to serve in that capacity by their respective industry regulatory authority. Our firm is not a qualified custodian, there is not an affiliate that is a qualified custodian, nor does a qualified custodian supervise our firm, its activities or our associates. We do not receive referrals from a custodian, nor are client referrals a factor in our recommendation of a custodian.

While we may recommend that our clients use a particular custodian, the plan sponsor must decide whether to do so, and enter into an agreement directly with that custodian. We do not technically open accounts for our clients, but we assist them in doing so. If the plan sponsor does not wish to place assets with one of the noted custodians, we may be able to manage plan accounts at the sponsor's preferred custodian depending on that custodian's policies.

We seek to use custodians who will hold plan assets and execute transactions on terms that are overall advantageous when compared to other available providers and their services. Our firm considers a wide range of factors, including, among others, these:

- combination of transaction execution services along with asset custody services (generally without a separate fee for custody)
- capability to execute, clear and settle trades (buy and sell securities for an account)
- capabilities to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- breadth of investment products made available (i.e., mutual funds, ETFs, etc.)
- availability of investment research and tools that assist us in making investment decisions



- quality of services
- competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate them
- reputation, financial strength and stability of the provider
- their prior service to us and our other clients
- availability of other products and services that benefit us, as discussed below.

When accounts are maintained at one of our custodians, a plan/account is typically not charged separately for custody services and the custodian is compensated by charging a commission or other fees on trades that they execute or that settle into an account at that custodian. Custodians' commission rates applicable to our client accounts were negotiated based on our commitment to maintain a certain amount of assets in accounts held at that custodian. This commitment benefits our clients because overall commission rates are lower than they would be if we had not made the commitment. Our custodians provide our firm (and our clients) with access to its institutional brokerage - trading, custody, reporting and related services. Our custodians also make available various support services. Some of these services help us manage or administer our clients' accounts, while others help us manage and grow our business. These support services are generally available to us on an unsolicited basis (we don't have to request them) and at no charge to us as long as we keep a certain level of our assets in accounts at that custodian. If we have less than the desired amount of client assets at a custodian, they may charge us quarterly service fees that we pay from our operating account. A custodian's institutional brokerage services typically include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through a custodian include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients.

Our custodians also make available to our firm other products and services that benefit us but may not directly benefit each account. They include investment research, both their own and that of third parties. We may use this research to service all or some substantial number of our clients' accounts, including accounts not maintained at that particular custodian. In addition to investment research, they also make available software and other technology that:

- provides access to client account data (such as duplicate trade confirmations and account statements);
- facilitates trade execution and allocates aggregated trade orders for multiple client accounts;
- provides pricing and other market data;
- facilitates payment of our fees from our clients' accounts; and
- assists with back-office functions, recordkeeping and client reporting.

A custodian also offers services intended to help us manage and further develop our business enterprise, such as:

- educational conferences and events;
- technology, compliance, legal, and business consulting;



- publications and conferences on practice management and business succession; and
- access to employee benefits providers, human capital consultants and insurance providers.

A custodian may provide some of these services itself. In other cases, they may arrange for third-party vendors to provide the services to us. A custodian may also discount or waive its fees for some of these services or pay all or a part of a third party's fees, as well as provide firm associates with benefits such as occasional business entertainment. While we do not believe that the previously referenced services are considered "brokerage or research services" under Section 28(e) of the Securities Exchange Act of 1934, certain jurisdictions in which we operate may believe that they do. The availability of these services benefits our firm because we do not have to produce or purchase them as long as our clients maintain assets in accounts at a recommended custodian. There is a conflict of interest since our firm has an incentive to select or recommend a custodian based on our firm's interest in receiving these benefits rather than the client's interests in receiving favorable trade execution.

It is important to mention that the benefit received by our firm through participation in any custodian's program does not depend on the amount of brokerage transactions directed to that custodian, and our selection of a custodian is primarily supported by the scope, quality, and cost of services provided as a whole, not just those services that benefit only our advisory firm. Further, we will act in the best interest of our clients regardless of the custodian we may select. Our firm conducts periodic assessments of any recommended service provider which generally involves a review of the range and quality of services, reasonableness of fees, among other items, in comparison to industry peers.

### **BEST EXECUTION**

"Best execution" means the most favorable terms for a transaction based on all relevant factors, including those listed in the earlier paragraphs. We recognize our obligation in seeking best execution for our clients; however, it is our belief that the determinative factor is not always the lowest possible cost but whether the selected custodian's transactions represent the best "qualitative execution" while taking into consideration the full range of services provided. Our firm will seek services involving competitive rates, but it may not necessarily correlate into the lowest possible rate for each transaction. We have determined having our portfolio management clients' accounts trades completed through our recommended custodians is consistent with our obligation to seek best execution of client trades. A review is regularly conducted with regard to recommending a custodian to our clients in light of our duty to seek best execution.

While our firm has access to a broad range of securities through our custodian, it is a finite number. In addition, not all investment managers (mutual funds), share classes, etc., are represented at each custodian. Due to these normal and customary limitations, not all portfolio holdings will be readily available, least expensive, best performing, etc. It is an unrealistic expectation for an investor to maintain a premise otherwise.





## **DIRECTED BROKERAGE**

In many cases, our firm is not responsible to execute trades for retirement plans as this is accomplished by the record keeper or TPA. However, in cases where we are responsible for placing trades, our internal policy and operational relationship with our custodian requires client accounts custodied with them to have trades executed per their order routing requirements. We do not direct which executing broker should be selected for client account trades; whether that is an affiliate of our preferred custodian or another executing broker of our custodian's choice. As a result, the client may pay higher commissions or other transaction costs, experience greater spreads, or receive less favorable net prices on transactions than might otherwise be the case. In addition, since we routinely recommend a custodian to our advisory clients, and that custodian may choose to use the execution services of its broker affiliate for some or all of our client account transactions, there is an inherent conflict of interest involving our recommendation since our advisory firm receives various products or services described above from that custodian. Note that we are not compensated for trade routing/order flow, nor are we paid commissions on such trades. We do not receive interest on an account's cash balance.

Client accounts maintained at our custodian are unable to direct brokerage<sup>4</sup>. As a result, they may pay higher commissions or other transaction costs, potentially experience greater spreads, or receive less favorable net prices on transactions for their account than would otherwise be the case if they had the opportunity to direct brokerage.

## **AGGREGATING SECURITIES TRANSACTIONS**

Trade aggregation involves the purchase or sale of the same security for several clients/accounts at approximately the same time. This may also be termed "blocked" or "batched" orders. Aggregated orders are effected in an attempt to obtain better execution, negotiate favorable transaction rates, or to allocate equitably among multiple client accounts should there be differences in prices, brokerage commissions or other transactional costs that might otherwise be unobtainable through separately placed orders. Our firm may, but is not obligated, to aggregate orders, and our firm does not receive additional compensation or remuneration as a result of aggregated transactions.


Transaction charges and/or prices may vary due to account size and/or method of receipt. To the extent that the firm determines to aggregate client orders for the purchase or sale of securities, including securities in which a related person may invest, the firm will generally do so in accordance with the parameters set forth in SEC No-Action Letter, SMC Capital, Inc.

Please note that when trade aggregation is not allowed or infeasible and necessitates individual transactions (e.g., withdrawal or liquidation requests, odd-lot trades, non-discretionary accounts, etc.), an account may potentially be assessed higher costs or less favorable prices than those where aggregation has occurred.

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<sup>4</sup> Excepting plans that have provided a self-directed brokerage account option for plan participants who have elected to utilize it individually or through the services of an advisor who allows for participant brokerage direction.





We review firm trading processes on a periodic basis to ensure they remain within stated policies and regulation. Our clients will be informed, in advance, should trading practices change at any point in the future.

## Item 13 - Review of Accounts

### **SCHEDULED REVIEWS**

Periodic reviews are recommended on an annual basis whenever practical. Plan sponsors should contact our firm for additional reviews when making decisions about changes to their plan. Depending on the type of engagement with our firm, they may occur on a customized, quarterly or at least on an annual basis. Reviews will be conducted by the plan's relationship manager and typically involve an analysis and possible revision of previous plans or an investment strategy. A copy of the revised plan or asset allocation report will be provided in digital or printed format upon request.

### **INTERIM REVIEWS**

Plan sponsors should contact our firm for additional reviews when there are material changes to the plan requirements or the business' financial situation. Interim reviews are conducted by the plan's relationship manager, and a copy of revised plans or asset allocation reports in digital or printed format will be provided to the client upon request.

Additional reviews by our portfolio manager(s) and assigned relationship manager are triggered by news or research related to a specific holding, a change in our view of the investment merits of a holding, or news related to the macroeconomic climate affecting an asset class or holding within that asset class. A portfolio may be reviewed for an additional holding or when an increase in a current position is under consideration. Account cash levels above or below what we deem appropriate for the investment environment pursuant to the IPS may also trigger a review.

### **CLIENT REPORTS AND FREQUENCY**

Each plan participant will receive account statements sent directly from mutual fund companies, transfer agents, custodians or brokerage companies where investments are held. We urge each client to carefully review these account statements for accuracy and clarity no less than quarterly and to notify the Firm of any discrepancies within thirty days after quarter-end, and to ask questions when something is not clear.

For some plans, our firm produces its own written performance reports which are calculated using a time-weighted methodology that are reviewed for accuracy by compliance personnel prior to delivery. The reports are intended to inform clients about their investment performance over the current period, as well as over the longer term since the account's inception; both on an absolute basis and as compared to a known benchmark. Our reports are periodically back-tested by compliance staff. We do not back-test or certify reports from an external party. Plan sponsors and/or participants are urged to carefully review and compare account statements that they have received directly from the custodian of record with any report they may receive from our firm or any other source that contains account performance information.



# Item 14 - Client Referrals and Other Compensation

Please refer to Items 5, 10 and 12 for information with respect to our offerings and the conflicts of interest they present.

## **EQUITY FOR BOARD MEMBERS**

Vestia Holdings, LLC provides its independent board of directors with equity for service on its board. Accordingly, these independent board directors have financial incentive to refer clients to Vestia Retirement Plan Consultants when it is appropriate to do so.


Upon client request, we provide referral to various professionals, such as an accountant or an attorney. While these referrals are based on the best information made available, our firm does not guarantee the quality or adequacy of the work provided by these referred professionals. Any fees charged by these other entities for their services are completely separate from fees charged by our firm. If we receive or offer an introduction to a client involving these other professionals, we do not pay or earn a referral fee, nor are there established quid pro quo arrangements. Each client retains the right to accept or deny such referral or their subsequent services.

Companies managing securities and other assets (which are used in Vestia accounts) for mutual funds, ETFs, etc., such as, but not limited to, Dimensional Fund Advisors LP, The Vanguard Group, Inc. (Vanguard), and BlackRock, Inc. (iShares), may from time to time sponsor or host Vestia Retirement Plan Consultants events such as conferences or seminars. This may include direct payment to vendors or reimbursement of expenses incurred by Vestia Retirement Plan Consultants in connection with hosting educational, training, or other events for Vestia Retirement Plan Consultants clients, employees, or members. Such hosting or sponsorship provides direct or indirect economic benefits to Vestia Retirement Plan Consultants and creates a conflict of interest that could influence Vestia Retirement Plan Consultants to include products or services offered by these sponsoring companies through Vestia Core Portfolio Management services. These direct or indirect economic benefits are avoided for plans where receipt of these benefits would be specifically prohibited by our role as a DOL fiduciary.

An associate of the firm may hold individual membership or serve on boards or committees of professional industry associations. Generally, participation in any of these entities require membership fees to be paid, adherence to ethical guidelines, as well as in meeting experiential and educational requirements. A benefit these entities may provide to the investing public is the availability of online search tools that allow interested parties (prospective clients) to search for individual participants within a selected state or region. These passive websites may provide means for interested persons to contact a participant via electronic mail, telephone number, or other contact information, in order to interview the participating member. The public may also choose to telephone association staff to inquire about an individual within their area, and would receive the same or similar information. A portion of these participant's membership fees







may be used so that their name will be listed in some or all of these entities' websites (or other listings). Prospective clients locating our advisory firm or an associate via these methods are not actively marketed by the noted associations. Clients who find our firm in this way do not pay more for their services than clients referred in any other fashion. Our firm does not pay these entities for prospective client referrals, nor is there a fee-sharing arrangement reflective of a solicitor engagement.

## Item 15 – Custody

Vestia Advisors, LLC is not a broker/dealer; we cannot accept or forward client securities (i.e., stock certificates) that are erroneously delivered to our firm.

We do not collect advance fees of \$1,200 or more for services that are to be performed six months or more into the future.

We restrict both the firm and our associates from serving as trustee or having general power of attorney over a client account, unless the account is maintained for a family member (beneficiary trust).

Client assets are to be maintained by an unaffiliated, qualified custodian (see Item 12); assets are not held by our firm or any associate or our firm. The custodian of record and/or third-party administrator will provide investment account transaction confirmations and account statements, which will include debits and credits for that period.

Statements are provided on at least a quarterly basis and confirmations are provided as transactions occur within an account.

Our advisory firm will not create an account statement for an account nor serve as the sole recipient of an account statement. Clients are reminded to carefully review and compare their account statements that they have received directly from their custodian of record with any performance report they may receive from any source.

We have instituted a range of internal operational policies and information safeguards which will be monitored by our Chief Compliance Officer, as well as undergo annual surprise inspections by an unaffiliated accounting firm that is in turn subject to review by the Public Company Accounting Oversight Board. See Item 18 for further information.

## Item 16 - Investment Discretion

We provide retirement plan portfolio management services on either a non-discretionary or a discretionary basis. Non-discretionary authority requires us to act only at the specific discretion of the plan sponsor in terms of executed investment recommendations. Oppositely, discretionary authority allows our firm to implement investment decisions, such as the purchase or sale of a security on behalf of an account, without requiring continued prior authorization for each transaction in order to meet stated investment



objectives.

The type of authority granted by the client will be documented through execution of our retirement plan agreement.

In case of non-discretionary or discretionary authority, we will account for reasonable restrictions as noted in the plan's IPS. It remains the plan sponsor's responsibility to notify our firm if there is a change in their investment objective so that we may reevaluate previous investment recommendations or portfolio holdings.

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

Account holders may receive voting proxies or other similar solicitations sent directly from the custodian of record or transfer agent. Note that we do not forward duplicate copies of these or any correspondence relating to the voting of securities, class action litigation, or other corporate actions.

Our firm does not vote proxies on behalf of account holders nor do we offer guidance on how to vote proxies. Each account holder will maintain exclusive responsibility for directing the manner in which proxies solicited by issuers of securities that are beneficially owned shall be voted, as well as making all other elections relative to mergers, acquisitions, tender offers or other events pertaining to such holdings. We will answer limited questions with respect to what a proxy voting request or other corporate matter may be and how to reach the issuer or their legal representative.

Account holders of record maintain responsibility for directing the manner in which proxies solicited by issuers of securities that are beneficially owned shall be voted, as well as making all other elections relative to mergers, acquisitions, tender offers or other legal matters or events pertaining to their holdings. The account holder should consider contacting the issuer or their own legal counsel involving specific questions they may have with respect to a particular proxy solicitation or corporate action.

## **Item 18 - Financial Information**


Our firm does not collect advance fees of \$1,200 or more for services that are to be performed six months or more into the future.

Neither our firm nor its management serve as general partner for a partnership or trustee for a trust in which the firm's advisory clients are either partners of the partnership or beneficiaries of the trust.

The firm and its management do not have a financial condition likely to impair its ability to meet commitments to clients, nor has the firm and its management been the subject of a bankruptcy petition in the past 10 years.







Due to the nature of our firm's advisory services and operational practices as described in Item 15, an annual audited balance sheet prepared in accordance with generally accepted accounting principles and denoting the qualifications of our independent public accountant as well as any accompanying independent public accountant's report conforming to Article 2 of SEC Regulation S-X, will be made available to clients and prospective clients upon request.





**[Vestia.com](http://Vestia.com)**

Vestia Advisors, LLC,  
DBA Vestia Retirement Plan Consultants,  
an SEC Registered Investment Advisor