



V E R I T I

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## Item 1 Cover Page

Veriti Management LLC  
100 High Street, Suite 1110  
Boston, MA 02110

December 18, 2019

**This brochure provides information about the qualifications and business practices of Veriti Management LLC. If you have any questions about the contents of this brochure, please contact us at 617-752-6009. 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. Registration as a registered investment advisor does not imply a certain level of skill or training.**

**Additional information about Veriti Management LLC also is available on the SEC's website at <http://www.adviserinfo.sec.gov>.**

## **Item 2 Material Changes**

November 8, 2019 – Item 10 was amended to disclose an additional relationship of an affiliated entity.

The material changes discussed above are only those changes that have been made to this brochure since the firm's last annual update of the brochure. The date of the last annual update of the brochure was March 28, 2019.

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#### Brochure

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#### **Item 4 Advisory Business**

Veriti Management LLC is an investment advisor firm registered with the U. S. Securities and Exchange Commission (“SEC”) since July 30, 2018.

The principal owner of Veriti Management LLC is Entwood Holdings LLC, which is controlled by David L. Beatty, Managing Partner. Ownership of Veriti Management LLC was transferred from Mr. Beatty to Entwood Holdings LLC in February 2019.

##### Advisory Services

Veriti Management LLC’s (“Veriti” or “Advisor”) principal service is managing domestic, international, and global equity portfolios for high-net worth individuals, institutions, and intermediaries such as wealth managers, consultants and family offices. In addition, the Company advises a very limited number of individual clients on asset allocation and fund selection.

Veriti creates customized long equity separately managed portfolios for individuals and institutions. In creating such portfolios, Veriti uses quantitative models and tools in seeking to incorporate client specifications for benchmark, factor tilts, Socially Responsible Investing (“SRI”) values (e.g., faith based), and tax management, and in offering clients the ability to customize their portfolios to meet specific requirements such as holding restrictions, industry limitations, market exposure, situation-appropriate tax needs, and risk factor tilts. Benchmarks include broad market equity indexes representing domestic and/or foreign companies. Once a client has selected an investment strategy and benchmark, Veriti provides supervision and management of the assets. Clients are responsible for informing Veriti of any changes to their investment objectives, individual needs and/or restrictions.

##### Selection of Other Advisors

Veriti may recommend and refer clients to unaffiliated money managers or investment advisors. Through this arrangement, Veriti will enter into an advisory agreement with the third-party money manager authorizing them to assist in managing the relevant client accounts to their investment strategy on a discretionary basis and performing ongoing monitoring of the client accounts. In consideration for such, the third-party money manager will receive an investment advisory fee that will be paid out of the investment advisory fee the client pays to Veriti and the client will not make separate payments to the third-party money manager.

Veriti will ensure that all third-party money managers recommended to clients will be either an investment advisor registered with the U. S. Securities and Exchange Commission, the appropriate state securities regulators, or exempt from such registrations. The client will be provided with that manager’s Brochure.

##### Investment Screening Services

Veriti will provide Socially Responsible Investment screening as a research service to other investment advisors and institutions. The results of these services may be used by the other investment advisors and institutions to help manage their clients’ portfolios. Veriti will not be involved in the management of those accounts.

Veriti will tailor its advisory services to its client's individual needs based on meetings and conversations with the client. If clients wish to impose certain restrictions on investing in certain securities or types of securities, the Advisor will address those restrictions with the client to have a clear understanding of the client's requirements.

Veriti does not provide portfolio management services to wrap fee programs.

As of December 31, 2018, Veriti had \$158,241,000 in discretionary, and no non-discretionary client assets under management.

## **Item 5 Fees and Compensation**

### Advisory Fees

Clients will pay Veriti an annual advisory fee, payable quarterly in advance, based on the amount of assets under advisement by Veriti measured as of the close of business on the last business day of the prior quarter. New account fees will be prorated from the inception of the account to the end of the first quarter.

The advisory fee will range from 0.70% to 0.25% annually depending on factors such as the type and complexity of the investment management strategy employed, the use of sub-advisors, and the size of the account or overall client relationship. The minimum annual advisory fee per account is \$2,500, and clients subject to the minimum fee will be charged \$625 in advance of each quarter. These fees may be negotiated by Veriti at its sole discretion. The client will give written authorization permitting the Advisor to be paid directly from their account held by the custodian. The custodian will send a statement at least quarterly to the client. Where direct fee deduction is not practicable, client will be sent an invoice at the beginning of each quarter which is due upon receipt.

### Specialized Service Fees

Standard Investment Screening and proxy voting services will be provided as part of the fees described above. If services such as specialized screening or specialized proxy voting are needed, additional fees may be charged.

All fees paid to Veriti for investment advisory services are separate and distinct from the expenses charged by mutual funds to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee and other fund expenses.

Client is responsible for all custodial and securities execution fees charged by the custodian and executing broker-dealer. The Advisor's fee is separate and distinct from the custodian and execution fees.

Clients may terminate their advisory contract with Veriti in whole or in part, effective immediately upon giving written notice. Upon termination, any fees paid in advance will be prorated to the date of termination and any excess will be refunded to client. Client's advisory agreement with the Advisor is nontransferable without Client's consent.

Neither Veriti nor its supervised persons accept compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

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

Veriti does not charge performance-based fees.

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

The Advisor will offer its services to individuals, trusts, estates, charitable organizations, corporations and other business entities, and other investment advisors.

While the Advisor does not require a minimum account size for opening and maintaining an account, the minimum annual advisory fee per account is \$2,500. However, as noted in Item 5, the Advisor's fees are negotiable.

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

When managing client portfolios, Veriti employs two investment methodologies. For institutional clients, performs the investment analysis, selects securities to be utilized in the construction of the portfolios, and use a third-party service provider, to trade the accounts, and provide account reporting and billing. For all other clients, Veriti acts as a manager of managers. Veriti actively develops the overall investment strategy and asset allocation on behalf of clients, and then hires money managers to implement the strategies rather than directly selecting stocks or other securities itself. Veriti builds client portfolios that are broadly diversified across global asset classes with diverse types of managers, investments structures and instruments. These money managers may be in the form of mutual funds or ETFs, or separately managed accounts or hedge funds managed directly by the money manager. Some of the individual managers and strategies may be aggressive and some conservative. It is Veriti's duty to assemble the various portfolio components so that the overall portfolio is consistent with the client's needs as described in their Investment Policy Statement or by other agreement with the client.

Veriti's approach is generally fundamental and long-term, while also attentive to changes in relative valuations that provide opportunities for tactical shifts in order to manage risk and enhance portfolio returns. Veriti, through the managers it selects, implements portfolios through a great diversity of security types, including exchange listed securities, over-the-counter securities, foreign securities, warrants, corporate debt securities, CDs, municipal securities, mutual funds, United States government securities, futures contracts and options in order to meet the investment objectives of the client. The underlying managers and investment advisors selected by Veriti may use diverse techniques and approaches, including fundamental, technical, momentum, short-term, long-term, low-turnover, high-turnover, etc. Particularly in the area of diversifying strategies or private funds, managers selected by Veriti may use diverse strategies and techniques, including relative value, arbitrage, trend-following, leverage, global macro, distressed, private equity, venture capital, managed futures, derivatives, long-short, etc. Veriti seeks out the appropriate

implementations for each asset class in order to manage risk and optimize the confidence of achieving client objectives.

Clients need to be aware that investing in securities involves risk of loss that clients need to be prepared to bear.

For any given client, Veriti may employ a great variety of investment strategies as described above across various asset classes and these strategies may vary greatly in the type and magnitude of risks incurred. Although Veriti is generally focused on fundamental value and on minimizing costs and tax consequences, particular parts of a portfolio may justify different approaches. Veriti may employ a passive, low-turnover, low-cost, tax-efficient strategy in one part of a client portfolio while in another part Veriti selects a manager that trades frequently, uses leverage, and incurs relatively high costs and high taxes. This is partly because different asset classes are suited to different strategies. These varied strategies taken together seek to achieve an appropriate risk-adjusted rate of return at the least risk after all fees, taxes and other costs in the client portfolio. Clients should be aware that their accounts will incur transaction and administrative costs. These are not only disclosed to the client, but they are discussed so that the client can have perspective about their appropriateness.

The methods of analysis and investment strategies followed by the Advisor are utilized across all of the Advisors clients, as applicable. One method of analysis or investment strategy is not more significant than the other as the Advisor is considering the client's portfolio, risk tolerance, time horizon and individual goals.

Investing includes the risk that the value of an investment can be negatively affected by factors specifically related to the investment (e.g., capability of management, competition, new inventions by other companies, lawsuits against the company, labor issues, patent expiration, etc.), or to factors related to investing and the markets in general (e.g., the economy, wars, civil unrest or terrorism around the world, concern about oil prices or unemployment, etc.).

Risks of fundamental analysis may include risks that market actions, natural disasters, government actions, world political events or other events not directly related to the price or valuation of a specific company's fundamental analysis can adversely impact the stock price of a company causing a portfolio containing that security to lose value. Risks may also include that the historical data and projections on which the fundamental analysis is performed may not continue to be relevant to the operations of a company going forward, or that management changes or the business direction of management of the company may not permit the company to continue to produce metrics that are consistent with the prior company data utilized in the fundamental analysis, which may negatively affect the Advisor's estimate of the valuation of the company.

The Advisor does not primarily recommend a particular type of security. However, clients are advised that many unexpected broad environmental factors can negatively impact the value of portfolio securities causing the loss of some or all of the investment, including changes in interest rates, political events, natural disasters, and acts of war or terrorism. Further, factors relevant to specific securities may have negative effects on their value, such as competition or government

regulation. Also, the factors for which the company was selected for inclusion in a client portfolio may change, for example, due to changes in management, new product introductions, or lawsuits.

### **Item 9 Disciplinary Information**

Neither Veriti nor its management persons have had any legal or disciplinary events, currently or in the past.

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

Neither Veriti nor any of its management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

Neither Veriti nor any of its management persons are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

Veriti does not currently have any relationships or arrangements that are material to its advisory business or clients with either a broker-dealer, municipal securities dealer, or government securities dealer or broker, 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), financial planner, futures commission merchant, commodity pool operator, or commodity trading advisor, banking or thrift institution, accountant or accounting firm, lawyer or law firm, insurance company or agency, pension consultant, real estate broker or dealer or sponsor of syndicator of limited partnerships.

Veriti is under common control with Daintree Advisors LLC due to the control of both firms by David L. Beatty, Managing Partner. Certain management persons of Daintree Advisors LLC provide services to Veriti under an administrative services agreement. Where appropriate, Veriti will be introduced to Daintree clients to provide investment management and screening research services and Veriti will charge their separate fee to the clients for these services. In the event that Veriti and Daintree provide advisory services directly to the same clients, it is the fiduciary duty of Veriti and Daintree to disclose all of the fees being charged to the client prior to any services being provided and to not charge fees for the same services from both companies. Veriti and Daintree will monitor arrangements with common clients to ensure these conflicts are managed.

Mr. Beatty is also a minority investor in Inspire Impact Group, LLC, which owns a registered investment advisor, CWM Advisors, LLC, d/b/a Inspire. Inspire Impact Group, LLC provides portfolio screening services to both Veriti and Daintree’s clients under a separate fee agreement. Veriti will disclose the relationship of Mr. Beatty to Inspire Impact Group, LLC to clients that utilize the Inspire screening service and all fees will be disclosed to the clients prior to the services being provided. Veriti clients are not clients of CWM Advisors, LLC.

The principal owner of Veriti Management LLC is Entwood Holdings LLC, which is controlled by Mr. Beatty. In October of 2019, Entwood Holdings LLC acquired a controlling interest in tru Independence, LLC, an SEC registered RIA firm providing services to other RIAs and broker



dealers. Mr. Beatty became the Chair of the Board of Directors of tru Independence, LLC in connection with that transaction. Clients of tru Independence, LLC are not clients of Daintree or Veriti.

Veriti does recommend or select other investment advisors for clients. For more specific detail see the response to 4 above.

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

Veriti is registered with the SEC and maintains a Code of Ethics pursuant to SEC rule 204A-1. Veriti has adopted a Code of Ethics that sets forth the basic policies of ethical conduct for all managers, officers, and employees of the adviser. In addition, the Code of Ethics governs personal trading by each employee of Veriti deemed to be an Access Person and is intended to ensure that securities transactions effected by Access Persons of Veriti are conducted in a manner that avoids any conflict of interest between such persons and clients of the adviser or its affiliates. Veriti collects and maintains records of securities holdings and securities transactions effected by Access Persons. These records are reviewed to identify and resolve conflicts of interest. Veriti will provide a copy of the Code of Ethics to any client or prospective client upon request.

Veriti and/or its investment advisory representatives may from time to time purchase or sell products that they may recommend to clients. Veriti and/or its investment advisory representatives have a fiduciary duty to put the interests of their clients ahead of their own.

Veriti requires that its investment advisory representatives follow its basic policies and ethical standards as set forth in its Code of Ethics.

### **Item 12 Brokerage Practices**

If requested by the client, Veriti may suggest brokers or dealers to be used based on execution and custodial services offered, cost, quality of service and industry reputation. Veriti will consider factors such as commission price, speed and quality of execution, client management tools, and convenience of access for both the Advisor and client in making its suggestion.

Veriti does not receive research or other products or services other than execution from a broker-dealer or third party as a result of client securities transactions.

Veriti does not receive client referrals from any broker-dealer or third party as a result of the firm selecting or recommending that broker-dealer to clients.

Veriti does not recommend, request or require that a client direct it to execute transactions through a specified broker-dealer.

Veriti does not permit clients to direct brokerage.

Veriti may combine orders into block trades when more than one account is participating in the trade. This blocking or bunching technique must be equitable and potentially advantageous for each such account (e.g., for the purposes of reducing brokerage commissions or obtaining a more favorable execution price). Block trading is performed when it is consistent with the duty to seek best execution and is consistent with the terms of Veriti's investment advisory agreements. Equity trades are blocked based upon fairness to client, both in the participation of their account, and in the allocation of orders for the accounts of more than one client. Allocations of all orders are performed in a timely and efficient manner. All managed accounts participating in a block execution receive the same execution price (average share price) for the securities purchased or sold in a trading day. Any portion of an order that remains unfilled at the end of a given day will be rewritten on the following day as a new order with a new daily average price to be determined at the end of the following day. Due to the low liquidity of certain securities, broker availability may be limited. Open orders are worked until they are completely filled, which may span the course of several days. If an order is filled in its entirety, securities purchased in the aggregated transaction will be allocated among the accounts participating in the trade in accordance with the allocation statement. If an order is partially filled, the securities will be allocated pro rata based on the allocation statement. Veriti may allocate trades in a different manner than indicated on the allocation statement (non-pro rata) only if all managed accounts receive fair and equitable treatment.

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

Veriti monitors client accounts on an ongoing basis for consistency with investment strategies/objectives, cash, and loss-harvesting potential. Accounts are rebalanced at least annually to take advantage of tax-loss harvesting opportunities, reduce tracking error, or to realign the portfolio to its target exposures. The review is conducted by the Chief Investment Officer or designee. Accounts also are reviewed upon a change in client circumstances. Triggering factors may include Veriti becoming aware of a change in client's investment objective, a change in market conditions, change of employment, or a change in recommended asset allocation weightings in the account that exceed a predefined guideline.

The client is encouraged to notify the Advisor and Investment Advisor Representative if changes occur in his/her personal financial situation that might materially affect his/her investment plan.

The client will receive written statements no less than quarterly from the custodian. In addition, the client will receive other supporting reports from mutual funds, asset managers, trust companies or other custodians, insurance companies, broker-dealers and others who are involved with client accounts. Veriti does provide account performance reports to certain clients, but does not deliver separate client statements.

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

Veriti is not compensated by anyone for providing investment advice or other advisory services except as previously disclosed in this Brochure.

Veriti does not directly or indirectly compensate any person who is not a supervised person for client referrals.

### **Item 15 Custody**

In most circumstances, Veriti does not have custody of client funds or securities, however, all clients will receive written statements no less than quarterly from the custodian. Veriti encourages clients to carefully review their account statements for any inaccuracies. Any discrepancies should be immediately brought to the firm's attention.

Generally, Veriti will not accept or maintain custody of a client's funds or securities except in relationships where Veriti or its supervised persons serve as trustee to client accounts. In those limited situations, Veriti ensures that the Client receives custodial reports from other providers on those accounts and Veriti will engage an independent auditor to perform an annual surprise examination of Veriti's records for the assets for which it has custody.

### **Item 16 Investment Discretion**

Veriti generally has discretion over the selection and amount of securities to be bought or sold in client accounts, or the selection of third-party money managers that will carry out such investment activities, without obtaining prior consent or approval from the client for each transaction. However, these purchases or sales, and selection of third-party money managers, are subject to specified investment objectives, guidelines, or limitations previously set forth by the client and agreed to by Veriti.

Discretionary authority will only be provided upon full disclosure to the client. The granting of such authority will be evidenced by the client's execution of an Investment Advisory Agreement containing all applicable limitations to such authority. All discretionary trades made by Veriti will be in accordance with each client's investment objectives and goals.

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

Veriti has adopted and implemented written Proxy Voting Policies and Procedures ("Proxy Voting Procedures") which are designed to reasonably ensure that Veriti votes proxies in the best interest of its clients where the adviser has voting authority.

The Proxy Voting Procedures describes how Veriti addresses voting authority, material conflicts of interest, voting decisions, notification to the client, and books and records requirements, and ensures that proxies are voting in the best interest of its clients.

Veriti acknowledges and agrees that it has a fiduciary obligation to its clients to ensure that any proxies for which it has voting authority are voted solely in the best interests and for the exclusive benefit of its clients. The Proxy Voting Procedures are intended to guide Veriti and its personnel in ensuring that proxies are voted in such manner without limiting Veriti or its personnel in specific situations to vote in a predetermined manner. These policies are designed to assist Veriti in identifying and resolving any conflicts of interest it may have in voting client proxies.

Where the advisor has voting authority, standard proxy voting services will be provided as part of the fees described above. Advanced proxy voting services may be available and will incur an additional fee.

### **Item 18 Financial Information**

Veriti does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, and is not required to file a balance sheet.

Veriti has discretionary authority over client accounts and is not aware of any financial condition that will likely impair its ability to meet contractual commitments to clients. If Veriti does become aware of any such financial condition, this brochure will be updated and clients will be notified.

Veriti has never been subject to a bankruptcy petition.