



VERITY

INVESTMENT MANAGEMENT

FORM ADV PART 2A Firm Brochure

**Verity and Verity, LLC
d/b/a
Verity Investment Management**

**Principal Office
2015 Boundary Street, 2nd Floor
Beaufort, South Carolina, 29902**

**Verity Investment Management
210 Bluffton Road, 2nd Floor
Bluffton, SC 29910**

Phone: 843-288-0242

<https://www.verityim.com/>

October 8, 2024

This brochure provides information about the qualifications and business practices of Verity Investment Management. If you have any questions about the contents of this brochure, please contact us at: 843-379-6661 or by email at info@verityvip.com.

The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Verity Investment Management is also available on the SEC's website at www.adviserinfo.sec.gov. The searchable CRD number for Verity Investment Management is 119630 and the SEC File Number is 801-63829.

Verity Investment Management is a registered investment adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

Item 2 Summary of Material Changes

Form ADV Part 2 requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes.

Verity and Verity, LLC has made the following material changes since our last filing dated March 2024:

- We have updated our firm brochure into two separate brochures for our distinct business divisions; Verity Investment Management which serves as an asset manager and Verity Investment Partners which serves our individual clients as a wealth manager.

In addition, although not material, certain disclosures throughout this Brochure have been enhanced. Clients should carefully read this brochure in its entirety.

Item 3 Table of Contents

Item 2 Summary of Material Changes	2
Item 3 Table of Contents	3
Item 4 Advisory Business	4
Item 6 Performance-Based Fees and Side-By-Side Management.....	6
Item 7 Types of Clients	6
Item 8 Methods of Analysis, Investment Strategies and Risk of Loss	7
Item 9 Disciplinary Information	8
Item 10 Other Financial Industry Activities and Affiliations	8
Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	8
Item 12 Brokerage Practices	9
Item 13 Review of Accounts	10
Item 14 Client Referrals and Other Compensation	11
Item 15 Custody.....	11
Item 16 Investment Discretion	11
Item 17 Voting Client Securities.....	11
Item 18 Financial Information	12
Item 19 Requirement for State-Registered Advisers	12
Item 20 Additional Information	12

Item 4 Advisory Business

Description of Services

Verity and Verity, LLC d/b/a Verity Investment Management and Verity Investment Partners is a registered investment adviser based in Beaufort, South Carolina with offices in Bluffton, South Carolina, Edwards, Colorado and San Antonio, Texas. We are organized as a limited liability company under the laws of the State of South Carolina. We have been providing investment advisory services since 2002. William W. Verity is our firm's principal owner.

The following paragraphs describe the services offered through Verity Investment Management. Services offered through Verity Investment Partners are detailed in a separate ADV 2A Brochure. Please refer to the description of each investment advisory service listed below for information on our service offerings. As used in this brochure, the words "we", "our" and "us" refer to Verity Investment Management and the words "you", "your" and "client" refer to you as either a client or prospective client of our firm. Also, you may see the term Associated Person throughout this brochure. As used in this brochure, our Associated Persons are our firm's officers, employees, and all individuals providing investment advice on behalf of our firm.

We offer discretionary investment management services as a third-party manager or sub-advisory basis (referred to as "SMA" accounts in this brochure) and non-discretionary investment portfolios on a model delivery basis. Our investment portfolios are designed with the goal of providing an innovative income growth solution for institutions and financial professionals to utilize. We monitor our portfolio's performance on an ongoing basis and will rebalance the portfolio as required by changes in market conditions.

We require you to grant our firm discretionary authority to manage your account if we are acting as a third-party manager or sub-advisor. Discretionary authorization will allow our firm to determine the specific securities, and the amount of securities, to be purchased or sold for accounts in our strategies without prior approval for each transaction. Discretionary authority is typically granted by the investment advisory agreement you sign with our firm, a power of attorney, trading authorization forms, or sub-advisory agreements. You may not limit our discretionary authority (for example, limiting the types of securities that can be purchased for your account) when utilizing our services as a discretionary asset manager.

Sub-Advisory Services to Registered Investment Advisers

We serve as a sub-adviser to unaffiliated registered investment advisers per the terms and conditions of a written agreement. With respect to sub-advisory services, the unaffiliated investment advisers that engage our sub-advisory services maintain both the initial and ongoing day-to-day relationship with the account owner, including initial and ongoing determination of client suitability for our designated investment strategies.

Third Party Asset Management Services

We serve as a third-party asset manager to unaffiliated investment advisors and retail clients through various investment platforms or marketplaces. With respect to these services, we enact a tri-party agreement with the investment advisor, platform or marketplace and the end client. As part of this agreement, we only provide investment management services for our strategies and do not assess suitability of investments, investment objectives or maintain an ongoing day to day relationship with the account owner.

Model Delivery: Investment Strategy and Research Services to Registered Investment Advisers

We may provide our portfolios or investment recommendations to unaffiliated registered investment

advisers (third party) for their use in managing their underlying clients' accounts on a "Model Delivery" basis. Per the terms of the written agreement with the unaffiliated registered investment adviser, we do not have an advisory, fiduciary or other relationship with any of the third party's underlying client(s). The unaffiliated registered investment adviser is exclusively responsible for determining the suitability of the model portfolio for their underlying client(s) and whether to implement any of the model portfolio trades or changes we recommend.

Investment Management Services for Institutional Clients

We offer our investment management services to Pension Plans, Endowments, Charitable Organizations and other types of Institutional Clients which may contract with us directly ("Direct Contract") to utilize our investment strategies. The type of Investment Management Services utilized will be detailed in your agreement with our firm.

Types of Investments

In general, we offer advice on equity securities, ETFs, corporate debt securities, commercial paper, certificates of deposit, municipal securities, mutual funds, U.S. Government securities, interests in partnerships investing in real estate and oil and gas interests and other investments. You generally may not request that we refrain from investing in particular securities or certain types of securities in SMA accounts.

Client Obligation

In performing our services, Verity Investment Management shall not be required to verify any information received from the client or from the client's other professionals and is expressly authorized to rely thereon. Each client is advised that it remains his/her responsibility to promptly notify their investment advisor in writing if there is ever any change in his/her financial situation or investment objectives for the purpose of reviewing/evaluating/revising our services. If we are providing services to you through a Direct Contract or Model Delivery basis we request that you keep us advised of any changes of contact or other relevant information.

Assets Under Management

As of December 31, 2023, Verity & Verity provides continuous management services for \$930,833,366 in client assets on a discretionary basis as well as \$7,900,558 on a non-discretionary basis. Of this, all are assets managed by Verity Investment Management.

Item 5 Fees and Compensation

For the investment management services provided, VIM charges a fee to its clients. Fees are generally quoted on an annualized basis as a percentage of the client's assets under management. Our standard fees and minimum account size are set forth below. The fee schedules stated below are all negotiable and vary by investment strategy, product type, account size, customization requirements and required service levels. Our standard fees and minimums for our service types are as follows:

Service Type	Fee	Minimum
Sub-Advisor	50 BPS / 0.50%	\$100,000
Third Party Asset Manager	50 BPS / 0.50%	\$100,000
Model Delivery	30 BPS / 0.30%	None
Direct Contract	Custom	Custom

Basis Point Fee (BPS) amounts are an annual fee billed based on the assets under management. The advisory fees charged by VIM are confirmed in writing in the client's (or their intermediary's) investment advisory/sub-advisory agreement with us. Fees are typically charged as a percentage of the client

portfolio's AUM as of the last business day of the quarter, but we may agree with clients to other billing methodologies, including average monthly or daily valuation or billing in advance as deemed appropriate by us and memorialized in our agreement.

Verity Investment Management may enter into various advisory agreements with investment advisers and other financial intermediaries or platforms with respect to investment programs they offer. Typically, we negotiate fees with the intermediaries, and not with individuals participating in such programs. Payment for our Fees is typically facilitated based on these contracts and may be incorporated into other fees charged by the intermediary.

Fees for Direct Contract clients vary and are reflected in the Investment Management Contract with our firm.

In cases where we deduct our fee directly from accounts through the qualified custodian holding the funds and securities, we will deduct our advisory fee only when we have written authorization permitting the fees to be paid directly from the account. Further, the qualified custodian will deliver an account statement to the account owner at least quarterly. These account statements will show all disbursements from the account.

You may terminate any agreement with us at any time based on the termination clause of the agreement. You will incur a pro rata charge for services rendered prior to the termination of the agreement, which means you will incur advisory fees only in proportion to the number of days in the quarter for which you are a client.

Additional Fees and Expenses

Our fees are exclusive of platform fees, investment marketplace fees, separate investment adviser fees, brokerage commissions, transaction fees, and other related costs and expenses. Clients are responsible for certain charges imposed by custodians, broker-dealers and other third parties, including but not limited to: fees charged by other investment advisors, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, withholding fees, country tax or delivery fees, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions.

We do not share in any portion of the fees charged by any outside party including brokerage fees/transaction charges imposed by the broker-dealer or custodian. To fully understand the total cost an account will incur, you should review all the fees charged by mutual funds, exchange traded funds, our firm, and others. For information on our brokerage practices, please refer to the "Brokerage Practices" section of this brochure.

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

We do not accept performance-based fees or participate in side-by-side management. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees. Performance-based fees are fees that are based on a share of capital gains or capital appreciation of a client's account. Our fees are calculated as described in the *Advisory Business* section above and are not charged on the basis of a share of capital gains upon, or capital appreciation of, the funds in your advisory account.

Item 7 Types of Clients

VIM provides portfolio management services to a range of client types which can include: individuals; high net-worth individuals; corporations; corporate pension and profit-sharing plans; charitable

institutions, foundations and endowments; registered investment companies; trust programs; other investment advisers; or other U.S. and international institutions. In general, we require a minimum of \$100,000 to open and maintain an SMA account. Verity Investment Management, in its sole discretion, may charge a lesser investment management fee and/or waive the minimum account size.

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

We may use one or more of the following methods of analysis or investment strategies when providing investment advice to you:

- **Fundamental Analysis** - involves analyzing individual companies and their industry groups, such as a company's financial statements, details regarding the company's product line, the experience and expertise of the company's management, and the outlook for the company's industry. The resulting data is used to measure the true value of the company's stock compared to the current market value. The risk of fundamental analysis is that information obtained may be incorrect and the analysis may not provide an accurate estimate of earnings, which may be the basis for a stock's value. If securities prices adjust rapidly to new information, utilizing fundamental analysis may not result in favorable performance.
- **Technical Analysis** - involves studying past price patterns and trends in the financial markets to predict the direction of both the overall market and specific stocks. The risk of market timing based on technical analysis is that charts may not accurately predict future price movements. Current prices of securities may reflect all information known about the security and day to day changes in market prices of securities may follow random patterns and may not be predictable with any reliable degree of accuracy.
- **Long Term Purchases** - securities purchased with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year. Long term purchases may be affected by unforeseen long-term changes in the company in which you are invested or in the overall market.

Our strategies and investments may have unique and significant tax implications. However, tax efficiency is not our primary consideration in the management of our investment strategies.

Moreover, as a result of revised IRS regulations, custodians and broker-dealers report the cost basis of equities acquired in client accounts on or after January 1, 2011. The account owner is responsible for contacting their tax adviser to determine if the cost basis method utilized by the custodian is the right choice for them. If the tax adviser believes another accounting method is more advantageous, the account owner should provide written notice to their custodian immediately. Please note that decisions about cost basis accounting methods will need to be made before trades settle, as the cost basis method cannot be changed after settlement.

Risk of Loss

Investing in securities involves risk of loss that you should be prepared to bear. We do not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. We cannot offer any guarantees or promises that your financial goals and objectives will be met. Past performance is in no way an indication of future performance. It should not be assumed that the future performance of any specific investment strategy (including the investments and/or investment strategies recommended or undertaken by Verity Investment Management) will be profitable or equal to any specific performance level.

Investment Risk

Different types of investments involve varying degrees of risk, and it should not be assumed that future

performance of any specific investment or investment strategy (including the investments or investment strategies recommended or undertaken by Verity Investment Management) will be profitable or equal any specific performance level(s).

Dividend Strategy Risk

Clients invested in strategies designed to invest in dividend paying securities will be subject to certain risks. These include issuers which have historically paid dividends reducing or ceasing to pay dividends in the future, which could additionally negatively impact the price of the security. In times of economic stress, large amounts of issuers could reduce or eliminate dividends, impacting the ability of VIM to execute its desired strategy.

Recommendation of Particular Types of Securities

As disclosed under the "Advisory Business" section in this Brochure, we generally recommend equities with a history of dividend growth. Each type of security has its own unique set of risks associated with it and it would not be possible to list here all of the specific risks of every type of investment. Even within the same type of investment, risks can vary widely. However, in very general terms, the higher the anticipated return of an investment, the higher the risk of loss associated with it.

Item 9 Disciplinary Information

Neither our firm nor any of our Associated Persons has any reportable disciplinary information.

Item 10 Other Financial Industry Activities and Affiliations

We are not related, through control or ownership, with any type of the following entities:

- 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)
- other investment adviser or financial planner
- futures commission merchant, commodity pool operator, or commodity trading advisor
- banking or thrift institution
- accountant or accounting firm
- lawyer or law firm
- pension consultant
- real estate broker or dealer
- sponsor or syndicator of limited partnerships

We provide model portfolios or sub-advisory services to unaffiliated registered investment advisers (third party) for their use in or by directly managing their underlying clients' accounts. The unaffiliated registered investment adviser is exclusively responsible for determining the suitability of the model portfolio for their underlying client(s) and whether to implement any of the model portfolios.

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

Description of Our Code of Ethics

We strive to comply with applicable laws and regulations governing our practices. Therefore, our Code of Ethics includes guidelines for professional standards of conduct for our Associated Persons. Our goal

is to protect your interests at all times and to demonstrate our commitment to our fiduciary duties of honesty, good faith, and fair dealing with you. All of our Associated Persons are expected to adhere strictly to these guidelines. Our Code of Ethics also requires that certain persons associated with our firm submit reports of their personal account holdings and transactions to a qualified representative of our firm who will review these reports on a periodic basis. Persons associated with our firm are also required to report any violations of our Code of Ethics. Additionally, we maintain and enforce written policies reasonably designed to prevent the misuse or dissemination of material, non-public information about you or your account holdings by persons associated with our firm.

Clients or prospective clients may obtain a copy of our Code of Ethics by contacting us at the telephone number on the cover page of this brochure.

Participation or Interest in Client Transactions

Neither our firm nor any of our Associated Persons has any material financial interest in client transactions beyond the provision of investment advisory services as disclosed in this brochure.

Personal Trading Practices

Our firm or persons associated with our firm may buy or sell the same securities that we recommend to you or securities in which you are already invested. We may also combine our orders to purchase securities with your orders to purchase securities ("block trading"). Please refer to the "Brokerage Practices" section in this brochure for information on our block trading practices. A conflict of interest exists in such cases because we have the ability to trade ahead of you and potentially receive more favorable prices than you will receive. To eliminate this conflict of interest, it is our policy that neither our Associated Persons nor we shall have priority over your account in the purchase or sale of securities.

Item 12 Brokerage Practices

Best Execution

VIM has a fiduciary obligation to act, at all times, in the best interest of its clients and to seek best overall execution in client trading. For SMA accounts, the firm generally has the authority to execute trades through any broker-dealer, dealer and/or exchange it deems appropriate, and may negotiate commission and similar fees and expenses. seeks to affect transactions at the price, commission and other relevant factors that provide the most favorable total overall cost or proceeds reasonably attainable given the circumstances. VIM may consider various factors when selecting a broker-dealer, including but not limited to: the nature of the portfolio transaction; the size of the transaction; the client's custodian, the execution, clearing and settlement capabilities of the broker-dealer; the broker-dealer's experience and ability to execute trades; access to markets; the reputation, financial and credit strength and stability of the broker-dealer; availability of alternative trading platforms; the desired timing of the transaction, and confidentiality. The firm's Investment Committee reviews best execution and trade practices at least quarterly during its investment committee meetings.

Directed Brokerage

Verity Investment Management may accept directed brokerage arrangements for its SMA accounts. In such directed arrangements, the client or their investment adviser will negotiate terms and arrangements for their account with their broker-dealer/custodian of choice, and VIM will not seek better execution services or prices from other broker-dealers or be able to "batch" the client's transactions for execution through other broker-dealers with orders for other accounts managed by VIM. As a result, a client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case. **Please Note:** In the event that the client directs Verity Investment Management to effect securities transactions for the client's accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements.

Higher transaction costs adversely impact account performance. **Please Also Note:** Transactions for directed accounts will generally be executed following a trade rotational policy for the execution of SMA account transactions.

Order Aggregation/Block trades

Transactions for each custodian or trade platform will generally be combined or “bundled” (aka block traded) to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among Verity Investment Management clients’ differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. These allocations are made at the custodian level. Verity Investment Management shall not receive any additional compensation or remuneration as a result of such aggregation. Verity Investment Management has implemented a trade rotation policy which defines the order in which each custodial or trade platform will be traded in a set rotational pattern.

Brokerage for Client Referrals

We do not receive client referrals from broker-dealers in exchange for cash or other compensation, such as brokerage services or research.

Non-Soft Dollar Research and Additional Benefits

Verity Investment Management may receive from various broker-dealer/custodians, investment managers, platforms or vendors, without cost (and/or at a discount) support services and/or products, certain of which assist Verity Investment Management to better access and trade client accounts maintained at such institutions. Included within the support services that may be obtained by Verity Investment Management may be investment-related research, pricing information and market data, software and other technology that provide access to client account data, trade execution services or discounts, compliance and/or practice management-related publications, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by Verity Investment Management in furtherance of its investment management operations.

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

Verity Investment Management’s Chief Compliance Officer, Tanya Olvera, remains available to address any questions that a client or prospective client may have regarding the above arrangements and any corresponding perceived conflict of interest such arrangements may create.

Item 13 Review of Accounts

The firm’s Investment Management Team monitors account(s) on an ongoing basis to ensure that the portfolio management services provided are consistent with our stated strategy objectives. We do not continuously monitor client accounts for suitability of investment with personal financial goals and risk tolerance levels.

We may provide you with written reports as requested. Reports we provide can include the following: asset allocation, portfolio summary, account performance and billing information. Account trade confirmations and monthly or quarterly statements are sent from your account custodian(s).

Item 14 Client Referrals and Other Compensation

Client Referrals

Verity Investment Management participates in referral arrangements with affiliated and unaffiliated third parties, which are made in accordance with Rule 206(4)-1. Before we compensate a third party for referrals, clear and prominent disclosures are provided on the material terms of the compensation arrangement between the referral source and Verity, whether there is any affiliation between the referral source and Verity, and whether the client bears any costs with respect to the referral. Additionally, we disclose that fees paid by a referred client may differ from fees paid by other similarly situated clients who are not introduced to Verity through a referral. We strongly recommend prospective clients review the disclosures carefully to help address any potential conflicts of interest.

Other Compensation

As referenced in Item 12 above, Verity Investment Management may receive from various custodial or trade platforms, without cost (and/or at a discount), support services, research, and/or products. There is no corresponding commitment made by Verity Investment Management to any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangements. VIM does not receive any additional compensation for our investment management services.

Verity Investment Management's Chief Compliance Officer, Tanya Olvera, remains available to address any questions that a client or prospective client may have regarding the above arrangements and any corresponding conflicts of interest such arrangements may create.

Item 15 Custody

In some instances where we are the sub-advisor or third-party asset manager, your independent custodian may directly debit your account(s) for the payment of our advisory fees. This ability to deduct our advisory fees from your accounts causes our firm to exercise limited custody over your funds or securities. We do not have physical custody of any of your funds and/or securities. Your funds and securities will be held with a bank, broker-dealer, or other independent, qualified custodian. You will receive account statements from the independent, qualified custodian(s) holding your funds and securities at least quarterly. The account statements from your custodian (s) will indicate the amount of fees deducted from your account(s) each billing period. You should carefully review account statements for accuracy.

Item 16 Investment Discretion

Verity Investment Management receives discretionary authority for sub-advisory and third party asset management Clients to select the identity and quantity of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the investment strategy being utilized. Please refer to the "Advisory Business" section in this brochure for more information on our discretionary management services.

Item 17 Voting Client Securities

Proxy Voting

As a matter of policy and practice, we do not vote proxies on behalf of clients. In most cases, you will receive proxy materials directly from the account custodian.

Class Action Lawsuits

We do not determine if securities held by you are the subject of a class action lawsuit or whether you are eligible to participate in class action settlements or litigation nor do we initiate or participate in litigation to recover damages on your behalf for injuries as a result of actions, misconduct, or negligence by issuers of securities held by you.

Item 18 Financial Information

We are not required to provide financial information to our clients because we do not:

- require the prepayment of more than \$1,200 in fees and six or more months in advance, or
- take custody of client funds or securities, or
- have a financial condition that is reasonably likely to impair our ability to meet our commitments to you.

Item 19 Requirement for State-Registered Advisers

Our firm is SEC registered therefore this section is not applicable.

Item 20 Additional Information

Information Security Information

We view protecting your private information as a top priority. Pursuant to applicable information security requirements, we have instituted policies and procedures to ensure that we reduce the risk regarding your personal and confidential information being breached.

Your Privacy

We do not disclose any nonpublic personal information about you to any non-affiliated third parties, except as permitted by law or required to complete our contracted services. In the course of managing your account, we may share some information with our service providers, such as transfer agents, custodians, broker-dealers, or fin-tech platforms.

We restrict internal access to nonpublic personal information about you to employees, who need that information to provide products or services to you. We maintain physical and procedural safeguards that comply with regulatory standards to guard your nonpublic personal information and to ensure our integrity and confidentiality. We will not sell information about you or your accounts to anyone. We do not share your information unless it is required to process a transaction, at your request, or required by law.

You will receive a copy of our privacy notice prior to or at the time you sign an agreement with our firm. Thereafter, we will deliver a copy of the current privacy policy notice to you on an annual basis. Please contact our main office at the telephone number on the cover page of this brochure if you have any questions regarding this policy.

Trade Errors

On occasion, VIM, a broker-dealer, or a third party will make an error when ordering, executing, or settling a securities transaction on behalf of a client account. In accordance with its fiduciary obligation to each client, when a trade error is the fault of VIM, we will seek to correct trade errors promptly, fairly, and consistently. VIM will not correct an error in a manner which favors one client at the expense of another client. Our policy is to reimburse a client for a loss resulting from a VIM error or subsequent VIM actions taken to correct the error in the client's account.