

Virtera Partners LLC
Part 2A of Form ADV
Firm Brochure

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ITEM 1: COVER PAGE

This Brochure provides information about the qualifications and business practices of Virtera Partners, LLC ("***Virtera Partners***" or the "***Firm***") Information provided herein is provided in response to instructions and guidance issued in connection with Form ADV Part 2A. You should refer to those materials, including defined terms used therein, in reviewing this brochure. If you have any questions about the contents of this brochure, please contact us at (216) 859-8800. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the "***SEC***") or by any state securities authority.

Additional information about Virtera Partners is also available on the SEC's website at www.adviserinfo.sec.gov. An investment adviser's registration with the SEC does not imply a certain level of skill or training.

Important Note About This Brochure

This Brochure is not:

- an offer or agreement to provide advisory services to any person;
- an offer to sell interests or a solicitation of an offer to purchase interests in any investment product or vehicle advised by Virtera Partners;
- a complete discussion of the features, risks or conflicts associated with any account advised by Virtera Partners; or

As required by the Investment Advisers Act of 1940, as amended (the “*Advisers Act*”), Virtera Partners provides this Brochure to current and prospective clients and may also, in its discretion, provide this Brochure.

Persons who receive this Brochure (whether or not from Virtera Partners) should be aware that it is designed solely to provide information about Virtera Partners as necessary to respond to certain disclosure obligations under the Advisers Act. Therefore, the information in this Brochure may differ from information provided in the materials that govern an account or investor relationship such as an advisory contract or a private fund’s governing documents.

In no event should this Brochure be considered to be an offer of, or agreement to provide, advisory services directly to any recipient.

ITEM 2. MATERIAL CHANGES

The last annual amendment of this Brochure was filed in March 2023. Below is a summary of the material changes since that filing:

- We updated assets under management as of December 31, 2023. See **Item 4. Advisory Business**.

The information set forth in this brochure is qualified in its entirety by the applicable offering and/or governing documents. In the event of a conflict between the information set forth in this brochure and the information in the applicable offering and/or governing documents, such documents will control.

We encourage all clients and investors to carefully review this document in its entirety.

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ITEM 4. ADVISORY BUSINESS

Description of Firm

Virtera Partners LLC is a registered investment adviser based in Pepper Pike, Ohio providing investment advisory services since August 2020. The Firm is primarily owned by the Adelman Family Investment Company LLC and Chaya Slain. As used in this Brochure, the words "*we*," "*our*," and "*us*" refer to Virtera Partners LLC and the words "*you*," "*your*," and "*client*" refer to you as either a client or prospective client of our firm.

Investment Advisory Services – Family Office and Separately Managed Account Clients

We provide high-quality, independent investment advice to a select group of ultra-high net worth families and charitable organizations to preserve and growth their wealth. We provide confidential, customized advice to you based on your family's specific situation. We work with you to gain a comprehensive understanding of your financial situation, such as your financial goals, investment objectives, risk tolerance, and liquidity needs. Based on this understanding, we assist you in constructing, monitoring, and maintaining an investment portfolio that is suitable for your situation. We also work with your estate planning attorneys, accountants or other professionals to incorporate estate planning and taxes into your investment plan.

Our value proposition is to help you understand the "big picture" of your investment portfolio so that we can position it in a way we believe we can best achieve your family's specific goals. Every family is different, so we construct each portfolio fully tailored to your situation. We only work with a select group of families to ensure that we can provide a customized, high-touch experience to every client.

We specialize in constructing portfolios that are diversified across asset classes and include allocations to alternative investments, such as private equity, venture capital, real estate, hedge funds, and commodities. We are completely independent from other financial service organizations and look at each opportunity in your best interest. We leverage our wide network of relationships, and apply a rigorous, disciplined, and transparent diligence process to identify what we believe to be best-in-class investment managers and strategies that will provide the appropriate exposures for your portfolio. We may invest or recommend that you invest in a variety of investments, such as public securities, bonds, exchange traded funds ("*ETFs*"), mutual funds, and pooled investment vehicles. We may also use one or more third-party money managers ("sub-advisers") to manage a portion of your portfolio. We will regularly monitor the performance of your investments and recommend changes as deemed necessary. We also provide reporting on all investments on a regular and ongoing basis.

We offer our services on a discretionary and non-discretionary basis depending on your preference. If you participate in our discretionary investment management services, we require you to grant our firm discretionary authority to manage your accounts. Discretionary authorization will allow us to determine the specific securities, and the amount of securities, to be purchased or sold for your account without your approval prior to each transaction. It will also allow us to hire and fire any sub-adviser without your prior approval. If you enter into non-discretionary arrangements with our firm, we will obtain your approval prior to executing any transaction on behalf of your account, or before hiring or firing any sub-adviser. You have an unrestricted right to decline to implement any advice provided by our firm on a non-discretionary basis.

Evaluations and Recommendations of Investment Managers

Depending on the nature of its engagement with each client, the Firm evaluates and/or recommends to clients the investment advisory services of unaffiliated investment managers (including pooled investment vehicles managed, sponsored or established by such unaffiliated investment managers). These investment managers are independent of the Firm and are evaluated by the Firm. The investment managers recommended by the Firm to each client are selected based on various factors and considerations deemed by the Firm to be relevant or appropriate in its sole discretion including, among other things, the investment objectives and risk tolerance of the client as well as the past performance of the manager. Subject to the arrangements with each client, the Firm

actively involves such client in the evaluation process with respect to third-party investment managers.

Initial Evaluation and/or Due Diligence – Prior to recommending or referring a new investment manager (including managers to private funds) to manage client assets, the Firm conducts due diligence through telephonic and/or in-person meetings with such investment manager personnel and the review of key documents and information relating to such manager. This typically includes both a quantitative and qualitative analysis of the manager, with a focus on areas such as investment objectives and strategy, historical performance and risk, fees and expenses, transparency and reporting, background and continuity of key personnel, regulatory & disciplinary history, safety of client assets, and evaluation of gatekeepers and service providers, among other areas, as the Firm deems necessary or appropriate. The initial evaluation and/or due diligence process will vary depending upon the facts and circumstances of each situation (including the nature of the client relationship and the nature of the specific investment manager that is being reviewed). For example, fewer due diligence procedures may be warranted in situations where the Firm has a long-standing relationship with an investment manager.

The Firm conducts a more limited review when simply evaluating a third-party investment manager or investment opportunity at the specific request of a client. Limited reviews may include one or more of the focus areas listed above, but the Firm generally will rely on information provided by the manager or sponsor of the investment (or the client).

Types of Investments

We typically offer advice on ETFs, mutual funds, public equities, and alternative investments including, but not limited to private placements, hedge funds, private equity, real estate, oil and gas, venture capital, and other business opportunities. Additionally, we may advise you on various types of investments based on your stated goals and objectives. Since our investment strategies and advice are based on each client's specific financial situation, the investment advice we provide to you will be different and could conflict with the advice we give to other clients regarding the same security or investment.

Affiliated Pooled Investment Vehicles (“Funds”)

The Firm serves as investment manager to affiliated pooled investment vehicles (each a “*Fund*” and collectively “*the Funds*”) with respect to investments in securities, financial instruments and other assets, including co-investments alongside third-party investment managers and other persons and/or investments in pooled investment vehicles managed, sponsored and operated by third-party investment managers. The Firm, or an affiliate of the Firm, serves or acts as general partner, manager or in similar capacity with respect to the Funds and the Firm serves as investment manager with respect to the Funds. Interests in a Fund are suitable only for sophisticated investors (i) that do not require immediate liquidity for their investments; (ii) for which an investment in the Fund does not constitute a complete investment program; (iii) that fully understand and are willing to assume the risks involved in the Fund's investment program; and (iv) that are (A) “accredited investors” under the United States Securities Act of 1933, as amended (the “*Securities Act*”) and when a performance allocation is assessed, each investor must also be a “qualified purchaser,” as that term is defined in the rules of the securities laws.

The Firm and certain of its affiliates establish and utilize the Funds for investment purposes on behalf of its clients and other investors, including to facilitate indirect investments by one or more of its advisory clients in pooled investment. The Firm regularly recommends that certain of its advisory clients invest in the Funds, if and to the extent the Firm deems investments in one or more of the Funds to be suitable and appropriate for such clients. The recommendation of investments in the Funds to the Firm's advisory clients involves one or more actual or potential conflicts of interest. **See Item 10.**

Certain Funds are established for the purpose of investing substantially all of their assets in a single pooled investment vehicle managed or sponsored by a third-party (an “underlying fund”) (to facilitate indirect investments in such underlying funds by advisory clients and other persons). Any such Fund may be referred to

in this brochure as an “SPV”. Interests in the Funds will be offered and made available to applicable advisory clients of the Firm (subject to suitability and eligibility determinations and requirements), but interests in the Funds may also be offered or made available to other investors and entities (including non-advisory clients) in the sole discretion of the Firm.

A private placement memorandum or a similar offering document with respect to each Fund is provided or made available to prospective investors in a Fund, which includes various disclosures and information regarding the Fund, the investment objective and strategies of the Fund and other matters. Prospective investors should review the information and disclosures set forth in the applicable offering documents of a Fund for detailed information regarding such Fund are qualified in their entirety by the information in such offering documents.

Each Fund is managed in accordance with the investment objectives, policies, strategies, guidelines and limitations set forth in the applicable private placement memorandum, limited partnership agreement and other governing documents of such Fund. An SPV pursues substantially the same investment objective and strategies as the underlying fund in which it was formed to invest. Investors are not permitted to impose restrictions or limitations on the management or operations of a Fund. Notwithstanding the foregoing, the general partner of a Fund may in the future enter into side letter agreements or similar arrangements with one or more investor in a Fund that have the effect of establishing rights under, or altering, modifying, waiving or supplementing the terms of, the documents of the governing Fund in respect of such investors. Among other things, these agreements may entitle an investor in a Fund to lower fees, information or transparency rights, most favored nations status, notification rights, rights or terms necessary or advisable in light of particular legal, regulatory or public policy considerations of or related to an investor and/or other preferential rights and terms. Any rights established or any terms of the governing documents of such applicable Fund altered or supplemented in or by a side letter or similar arrangement with an investor will govern solely with respect to such investor notwithstanding any other provision of the governing documents of such applicable Fund related thereto.

Wrap Fee Programs

We do not participate in any wrap fee program.

Assets Under Management

As of December 31, 2023, we provide continuous management services for approximately \$710 million in assets under management.

ITEM 5. FEES AND COMPENSATION

Family Office and Separately Managed Account Clients

Our annual fee for discretionary and non-discretionary investment advisory services ranges from 0.30% to 1.00% based on the market value of assets managed by us. This fee is negotiable based on various factors such as the type and complexity of the services provided, as well as the level of administration requested either directly or assumed by the client. Clients and Virtera enter into an Investment Advisory Agreement which outlines the terms and conditions of the relationship and the assets that are subject to the annual fee. In limited circumstances and in our sole discretion, we will also negotiate other fee arrangements including blended tier structures and/or fixed fee arrangements that would not exceed 1.00%.

Our fee is billed and payable, quarterly in arrears. For asset-based fee arrangements, our fee is based on the balance at end of each calendar quarter. Client assets are determined based on the market value provided by the custodian when available. The custodian market value can include any interest and/or dividend income accruals (which includes all earned but yet unpaid interest payments and/or dividends), withdrawals, and/or value or impact of unsettled trades.

For interests in private investments or pooled investment vehicles, the value is based on the market value provided by the fund sponsor or sub-adviser. If a current valuation is not available, the value will be based on the estimated market value provided by the sponsor or sub-adviser, or the previous market value provided by the sponsor or sub-adviser adjusted for any contributions and distributions since that date. If there is no sponsor or sub-adviser, the value will be based on the cost basis or most recent transaction.

In limited circumstances, if a valuation cannot be derived using the steps above, or if the valuation derived from the steps above is not believed to be the most accurate valuation available, additional variables may be considered to determine the most appropriate valuation for an investment. These valuations will be reviewed and approved on a quarterly basis by the Valuation Committee, which includes the Chief Investment Officer and the Chief Compliance Officer.

For certain clients, we deduct our fee directly from your account through the qualified custodian holding your funds and securities. We will deduct our advisory fee only when the following requirements are met:

- You provide our firm with written authorization permitting the fees to be paid directly from your account held by the qualified custodian; and
- The qualified custodian agrees to send you a statement, at least quarterly, indicating all amounts disbursed from your account including the amount of the advisory fee paid directly to our firm.

If the investment advisory agreement is executed at any time other than the first day of a calendar quarter, our fees will apply on a pro rata basis, which means that the advisory fee is payable in proportion to the number of days in the quarter for which you are a client. Our advisory fee is negotiable, depending on individual client circumstances. We will send you an invoice for the payment of our advisory fee. We encourage you to reconcile our invoices with the statement(s) you receive from the qualified custodian or fund sponsor.

If you find any inconsistent information between our invoice and the statement(s) you receive from the qualified custodian or fund sponsor, call our main office number located on the cover page of this brochure.

You may terminate the agreement upon written notice. If applicable, you will incur a pro rata charge for any 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. If you have pre-paid advisory fees that we have not yet earned, you will receive a prorated refund of those fees.

Private Fund Fees

All fees paid to Virtera Partners for investment advisory services are separate and distinct from the fees and expenses charged by the Funds to the investors in the Funds as members or limited partners of the private pooled investment vehicles. These fees and expenses are described in the Funds' offering documents. Such fees generally include a management fee, other fund expenses, and a performance based fee (“*Incentive Allocation*”). Clients could possibly invest in the Funds directly, without our services. In that case, clients would not receive the services provided by Virtera Partners which are designed, among other things, to assist each client in determining if the Funds are appropriate to each client's financial condition and objectives. Accordingly, clients should review both the fees charged by the Funds and Virtera Partners to fully understand the total amount of fees to be paid by each client and thereby evaluate the advisory services being provided.

The fees charged by the Funds are separate and apart from our advisory fees. You should refer to the offering documents for a complete description of the fees.

Additional Fees and Expenses

As part of our advisory services to you, we may invest, or recommend that you invest, in mutual funds and exchange traded funds. The fees that you pay to our firm for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds or exchange traded funds (described in each fund's prospectus) to their shareholders. These fees will generally include a management fee and other fund expenses. You will also incur transaction charges and/or brokerage fees when purchasing or selling securities. These charges and fees are typically imposed by the broker-dealer or custodian through whom your account transactions are executed. We do not share in any portion of the brokerage fees/transaction charges imposed by the broker-dealer or custodian. We may also recommend that you invest in private funds that are not managed by Virtera. These funds may charge additional fees that are separate and distinct from the fees paid to our firm per the respective fund's governing documents. These fees are not paid to or shared with Virtera. To fully understand the total cost you will incur, you should review all the fees charged by mutual funds, ETFs, our firm, and others. For information on our brokerage practices, refer to the *Brokerage Practices* section of this brochure.

ITEM 6. PERFORMANCE-BASED FEES AND SIDE-BY SIDE MANAGEMENT

We do not charge performance-based fees for family office or separately managed account client accounts that are managed through our investment advisory services. Our fees are calculated as described in *Item 5. Fees and Compensation* section above.

In limited circumstances, we charge performance-based fees to separate account clients, the client must be a "qualified client" as that term is defined in the Advisers Act.

Performance-based fees are fees based on a share of capital gains or capital appreciation of a client's account. In these limited circumstances, once the client has received aggregate distributions from specified investments equal to the amount detailed in the client's agreement, the client will pay Virtera Partners an amount of up to 10% of each subsequent distribution made from such investments to the client.

Performance-based fees create an incentive for our firm to make investments that are riskier or more speculative than would be the case absent a performance fee arrangement. In order to address this potential conflict of interest, a senior officer of our firm periodically reviews client accounts to ensure that investments are suitable and that the account is being managed according to the client's investment objectives and risk tolerance. Performance-based fees may also create an incentive for our firm to overvalue investments which lack a market quotation. In order to address such conflict, we have adopted policies and procedures that require our firm to "fairly value" any investments which do not have a readily ascertainable value.

Private Fund Fees

Virtera Partners, or an affiliate, is entitled to receive an Incentive Allocation distribution from the Funds, which is borne by the investors in the Funds. The Firm regularly recommends investments in the Funds to certain of its advisory clients. By investing in a Fund, a client may be subject to additional fees (in the form of management fees and Incentive Allocation) payable to the Firm and its affiliates by or with respect to such Fund, which may be in addition to (and separate and apart from) the advisory or other fees payable by such client pursuant to the advisory agreement between such client and the Firm. As a result of the potential for these additional fees, the Firm has a financial incentive to recommend investments in the Funds to its advisory clients and any such recommendation involves a conflict of interest. The Funds provide disclosures regarding material risk factors and conflicts of interest to all prospective investors and each investor is responsible for determining whether or not to subscribe for interests in the Funds. In connection with a subscription for an interest in a Fund, each client is required to specifically acknowledge and agree to these and other conflicts of interest. **See Item 10.**

Side-by-side management might provide an incentive for our firm to favor accounts for which we receive a performance-based fee. For example, we may have an incentive to allocate limited investment opportunities to clients who are charged performance-based fees over clients who are charged asset based fees only. To address this conflict of interest, we have instituted policies and procedures that require our firm to allocate investment opportunities (if they are suitable) in an effort to avoid favoritism among our clients, regardless of whether the client is charged performance fees.

ITEM 7. TYPES OF CLIENTS

Virtera Partners provides investment advisory services to family offices, charitable organizations, separately managed account clients and pooled investment vehicles, (“*Clients*”). Family offices, charitable organizations, and other separately managed account clients are subject to minimum investable asset requirements. Families should have minimum investable assets of \$100,000,000. At our discretion, we may waive the minimum asset requirements at any time. We may also combine account values for you and your minor children, joint accounts with your spouse, and other types of related accounts to meet the stated minimum.

Funds and other pooled investment vehicles managed or sponsored by the Firm, or an affiliate thereof, may have lower minimum investment requirements as described in each Fund’s respective offering documents. To invest in these Funds or pooled investment vehicles, each investor is required to certify that they qualify as, among other things, an “accredited investor” and a “qualified client” or “qualified purchaser,” as such terms are defined under the rules of securities laws.

ITEM 8. METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Virtera's investment advice is tailored to each individual client and varies depending on each client's specific financial situation; however, we will apply the same overall philosophy to every portfolio. It is important that you notify us immediately with respect to any material changes to your financial circumstances.

It is our belief that asset allocation is the primary driver of performance and that diversification is critical to achieving the best balance of risk and return. Therefore, we strive to construct portfolios that are allocated across asset classes, investment styles, market capitalizations, geographies, and sectors.

Once we have built the framework of a diversified target asset allocation, we will identify the investment strategies that we believe will be in the client's best interest. In many cases, these strategies will be managed by third party money managers. While we believe diversification is important at the asset allocation level, we believe that each individual investment strategy should be concentrated in a manager's highest conviction ideas. We will often look for managers that are specialists in a specific area of the market, such as a region or sector, and are willing to invest in niche strategies.

Virtera will conduct its own independent research on every investment in order to invest the portfolio in the client's best interest. We do not settle for mediocrity and the perception of safety while "following the herd." We perform extensive due diligence to understand and evaluate each manager's investment process, strategy, culture and performance, and to determine the suitability of the strategy for your portfolio. Investment opportunities are weighed against other investment options available, considering historical and expected returns, volatility, correlations with other investments, market valuations, and fees, among other considerations. We will continue to evaluate managers on an ongoing basis and will replace/recommend replacing a manager at any time if appropriate. A manager may be replaced for many different reasons, such as when there is a significant deviation in characteristics or performance from the stated strategy, when the underlying investment strategy has become less attractive in relation to other investment options available, or when another manager is deemed to better achieve the desired exposure going forward.

Tax Considerations

Our strategies and investments can have specific and significant tax implications. While we always strive to incorporate your tax situation into your investment plan, unless we specifically agree otherwise, and in writing, tax efficiency is not our primary consideration in the management of your assets. Regardless of your account size or any other factors, we strongly recommend that you consult with a tax professional regarding the investing of your assets.

Custodians and broker-dealers must report the cost basis of equities acquired in client accounts. Charles Schwab & Co., Inc. ("**Schwab**"), our primary custodian, will default to the Tax Lot Optimizer™, where lots are selected and sold with the objective of taking losses first (short-term then long-term) and gains last (long-term then short term). Specifically, lots sold are selected in the following order:

- *Short-term losses*: Lots resulting in short-term losses are sold first, from largest short-term loss to smallest short-term loss.
- *Long-term losses*: Lots resulting in long-term losses are sold, from largest long-term loss to smallest long-term loss.
- *Short-term, no gains or losses*: Short-term lots reflecting no gain or loss.
- *Long-term, no gains or losses*: Long-term lots reflecting no gain or loss. Long-term gains: Lots resulting in long-term gains are sold, from smallest long-term gain to largest long-term gain.
- *Short-term gains*: Lots resulting in short-term gains are sold, from smallest short-term gain to largest short-term gain.

This methodology applies to sells only. Any other removal of shares, including transfers and journals, will use

the High-Cost Lot Method.

You are responsible for contacting your tax advisor to determine if this accounting method is the right choice for you. If your tax advisor believes another accounting method is more advantageous, provide written notice to our firm immediately and we will alert your account custodian of your individually selected accounting method. 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.

Other Risk Considerations

When evaluating risk, financial loss may be viewed differently by each client and may depend on many different risks, each of which may affect the probability and magnitude of any potential losses. The following risks may not be all-inclusive but should be considered carefully by a prospective client before retaining our services.

- *Liquidity Risk:* The risk of being unable to sell your investment at a fair price at a given time due to high volatility or lack of active liquid markets. You may receive a lower price or it may not be possible to sell the investment at all.
- *Credit Risk:* Credit risk typically applies to debt investments such as corporate, municipal, and sovereign fixed income or bonds. A bond issuing entity can experience a credit event that could impair or erase the value of an issuer's securities held by a client.
- *Inflation and Interest Rate Risk:* Security prices and portfolio returns will likely vary in response to changes in inflation and interest rates. Inflation causes the value of future dollars to be worth less and may reduce the purchasing power of a client's future interest payments and principal. Inflation also generally leads to higher interest rates which may cause the value of many types of fixed income investments to decline.
- *Horizon and Longevity Risk:* The risk that your investment horizon is shortened because of an unforeseen event, for example, the loss of your job. This may force you to sell investments that you were expecting to hold for the long term. If you must sell at a time that the markets are down, you may lose money. Longevity Risk is the risk of outliving your savings. This risk is particularly relevant for people who are retired or are nearing retirement.

Recommendation of Particular Types of Securities

As disclosed under Item 4. Advisory Business of this Brochure, we may recommend and refer clients to third party money managers ("*TPMMs*") for investment management services. Such TPMMs often use model portfolios and strategies that invest in various securities. We may also recommend you invest directly in a wide range of security types.

A description of the types of securities and their inherent risks are provided below.

Money Market Funds: A money market fund is technically a security. The fund managers attempt to keep the share price constant at \$1 per share. However, there is no guarantee that the share price will stay at \$1 per share. If the share price goes down, you can lose some or all of your principal. The SEC notes that "While investor losses in money market funds have been rare, they are possible." In return for this risk, you should earn a greater

return on your cash than you would expect from a Federal Deposit Insurance Corporation ("**FDIC**") insured savings account (money market funds are not FDIC insured). Next, money market fund rates are variable. In other words, you do not know how much you will earn on your investment next month. The rate could go up or go down. If it goes up, that may result in a positive outcome. However, if it goes down and you earn less than you expected to earn, you may end up needing more cash. A final risk you are taking with money market funds has to do with inflation. Because money market funds are considered to be safer than other investments like stocks, long-term average returns on money market funds tends to be less than long term average returns on riskier investments. Over long periods of time, inflation can eat away at your returns. Inflation. Because money market funds are considered to be safer than other investments like stocks, long-term average returns on money market funds tends to be less than long term average returns on riskier investments. Over long periods of time, inflation can eat away at your returns.

Municipal Securities: Municipal securities, while generally thought of as safe, can have significant risks associated with them including, but not limited to the credit worthiness of the governmental entity that issues the bond; the stability of the revenue stream that is used to pay the interest to the bondholders; when the bond is due to mature; and, whether or not the bond can be "called" prior to maturity. When a bond is called, it may not be possible to replace it with a bond of equal character paying the same amount of interest or yield to maturity. Interest or yield to maturity.

Bonds: Corporate debt securities (or "bonds") are typically safer investments than equity securities, but their risk can also vary widely based on the financial health of the issuer; the risk that the issuer might default; when the bond is set to mature; and, whether or not the bond can be "called" prior to maturity. When a bond is called, it may not be possible to replace it with a bond of equal character paying the same rate of return.

Stocks: There are numerous ways of measuring the risk of equity securities (also known simply as "equities" or "stock"). In very broad terms, the value of a stock depends on the financial health of the company issuing it. However, stock prices can be affected by many other factors including, but not limited to the class of stock (for example, preferred or common); the health of the market sector of the issuing company; and the overall health of the economy. In general, larger, better established companies ("large cap") tend to be safer than smaller start-up companies ("small cap") are but the mere size of an issuer is not, by itself, an indicator of the safety of the investment.

Mutual Funds and Exchange Traded Funds: Mutual funds and ETFs are professionally managed collective investment systems that pool money from many investors and invest in stocks, bonds, short-term money market instruments, other mutual funds, other securities, or any combination thereof. The fund will have a manager that trades the fund's investments in accordance with the fund's investment objective. While mutual funds and ETFs generally provide diversification, risks can be significantly increased if the fund is concentrated in a particular sector of the market, primarily invests in small cap or speculative companies, uses leverage (i.e., borrows money) to a significant degree, or concentrates in a particular type of security (i.e., equities) rather than balancing the fund with different types of securities. ETFs differ from mutual funds since they can be bought and sold throughout the day like stock and their price can fluctuate throughout the day. The returns on mutual funds and ETFs can be reduced by the costs to manage the funds. Also, while some mutual funds are "no load" and charge no fee to buy into, or sell out of, the fund, other types of mutual funds do charge such fees which can also reduce returns. Mutual funds can also be "closed end" or "open end". So-called "open end" mutual funds continue to allow in new investors indefinitely whereas "closed end" funds have a fixed number of shares to sell which can limit their availability to new investors.

ETFs may have tracking error risks. For example, the ETF investment adviser may not be able to cause the ETF's performance to match that of its Underlying Index or other benchmark, which may negatively affect the ETF's performance. In addition, for leveraged and inverse ETFs that seek to track the performance of their Underlying Indices or benchmarks on a daily basis, mathematical compounding may prevent the ETF from correlating with performance of its benchmark. In addition, an ETF may not have investment exposure to all of the securities

included in its Underlying Index, or its weighting of investment exposure to such securities may vary from that of the Underlying Index. Some ETFs may invest in securities or financial instruments that are not included in the Underlying Index, but which are expected to yield similar performance.

Real Estate: Real estate is increasingly being used as part of a long-term core strategy due to increased market efficiency and increasing concerns about the future long-term variability of stock and bond returns. In fact, real estate is known for its ability to serve as a portfolio diversifier and inflation hedge. However, the asset class still bears a considerable amount of market risk. Real estate has shown itself to be very cyclical, somewhat mirroring the ups and downs of the overall economy. In addition to employment and demographic changes, real estate is also influenced by changes in interest rates and the credit markets, which affect the demand and supply of capital and thus real estate values. Along with changes in market fundamentals, investors wishing to add real estate as part of their core investment portfolios need to look for property concentrations by area or by property type. Because property returns are directly affected by local market basics, real estate portfolios that are too heavily concentrated in one area or property type can lose their risk mitigation attributes and bear additional risk by being too influenced by local or sector market changes.

Real Estate Investment Trust: A real estate investment trust ("REIT") is a corporate entity which invests in real estate and/or engages in real estate financing. A REIT reduces or eliminates corporate income taxes. REITs can be publicly or privately held. Public REITs may be listed on public stock exchanges. REITs are required to declare 90% of their taxable income as dividends, but they actually pay dividends out of funds from operations, so cash flow has to be strong or the REIT must either dip into reserves, borrow to pay dividends, or distribute them in stock (which causes dilution). After 2012, the IRS stopped permitting stock dividends. Most REITs must refinance or erase large balloon debts periodically. The credit markets are no longer frozen, but banks are demanding, and getting, harsher terms to re-extend REIT debt. Some REITs may be forced to make secondary stock offerings to repay debt, which will lead to additional dilution of the stockholders. Fluctuations in the real estate market can affect the REIT's value and dividends.

Limited Partnerships: A limited partnership is a financial affiliation that includes at least one general partner and a number of limited partners. The partnership invests in a venture, such as real estate development or oil exploration, for financial gain. The general partner has management authority and unlimited liability. The general partner runs the business and, in the event of bankruptcy, is responsible for all debts not paid or discharged. The limited partners have no management authority and their liability is limited to the amount of their capital commitment. Profits are divided between general and limited partners according to an arrangement formed at the creation of the partnership. The range of risks are dependent on the nature of the partnership and disclosed in the offering documents if privately placed. Publicly traded limited partnerships have similar risk attributes to equities. However, like privately placed limited partnerships their tax treatment is under a different tax regime from equities. You should speak to your tax adviser in regard to tax treatment of these assets.

Warrants: A warrant is a derivative (security that derives its price from one or more underlying assets) that confers the right, but not the obligation, to buy or sell a security – normally an equity – at a certain price before expiration. The price at which the underlying security can be bought or sold is referred to as the exercise price or strike price. Warrants that confer the right to buy a security are known as call warrants; those that confer the right to sell are known as put warrants. Warrants are in many ways similar to options. The main difference between warrants and options is that warrants are issued and guaranteed by the issuing company, whereas options are traded on an exchange and are not issued by the company. Also, the lifetime of a warrant is often measured in years, while the lifetime of a typical option is measured in months. Warrants do not pay dividends or come with voting rights.

Derivatives: Derivatives are types of investments where the investor does not own the underlying asset. There are many different types of derivative instruments, including, but not limited to, options, swaps, futures, and forward contracts. Derivatives have numerous uses as well as various risks associated with them, but they are generally considered an alternative way to participate in the market. Investors typically use derivatives for three

reasons: to hedge a position, to increase leverage, or to speculate on an asset's movement. The key to making a sound investment is to fully understand the characteristics and risks associated with the derivative, including, but not limited to counter-party, underlying asset, price, and expiration risks. The use of a derivative only makes sense if the investor is fully aware of the risks and understands the impact of the investment within a portfolio strategy. Due to the variety of available derivatives and the range of potential risks, a detailed explanation of derivatives is beyond the scope of this disclosure.

Futures: Futures are financial contracts obligating the buyer to purchase an asset (or the seller to sell an asset), such as a physical commodity or a financial instrument, at a predetermined future date and price. The primary difference between options and futures is that options give the holder the *right* to buy or sell the underlying asset at expiration, while the holder of a futures contract is *obligated* to fulfill the terms of his/her contract. Buyers and sellers in the futures market primarily enter into futures contracts to hedge risk or speculate rather than to exchange physical goods. Futures are not only for speculating. They may be used for hedging or may be a more efficient instrument to trade than the underlying asset.

Private Placements: A private placement (non-public offering) is an illiquid security sold to qualified investors and are not publicly traded nor registered with the SEC. Private placements generally carry a higher degree of risk due to illiquidity. Most securities that are acquired in a private placement will be restricted securities and must be held for an extended amount of time and therefore cannot be sold easily. The range of risks are dependent on the nature of the partnership and are disclosed in the offering documents.

Private Equity Funds: Private equity funds carry certain risks. Capital calls will be made on short notice, and the failure to meet capital calls can result in significant adverse consequences, including but not limited to a total loss of investment.

Venture Capital Funds: Venture capital funds invest in start-up companies at an early stage of development in the interest of generating a return through an eventual realization event; the risk is high as a result of the uncertainty involved at that stage of development.

Hedge Funds: Hedge funds often engage in leveraging and other speculative investment practices that may increase the risk of loss; can be highly illiquid; are not required to provide periodic pricing or valuation information to investors; May involve complex tax structures and delays in distributing important tax information; are not subject to the same regulatory requirements as mutual funds; and often charge high fees. In addition, hedge funds may invest in risky securities and engage in risky strategies.

Options Contracts: Options are complex securities that involve risks and are not suitable for everyone. Option trading can be speculative in nature and carry substantial risk of loss. It is generally recommended that you only invest in options with risk capital. An option is a contract that gives the buyer the right, but not the obligation, to buy or sell an underlying asset at a specific price on or before a certain date (the "expiration date"). The two types of options are calls and puts:

A call gives the holder the right to buy an asset at a certain price within a specific period of time. Calls are similar to having a long position on a stock. Buyers of calls hope that the stock will increase substantially before the option expires.

A put gives the holder the right to sell an asset at a certain price within a specific period of time. Puts are very similar to having a short position on a stock. Buyers of puts hope that the price of the stock will fall before the option expires.

Selling options is more complicated and can be even riskier.

The option trading risks pertaining to options buyers are:

- Risk of losing your entire investment in a relatively short period of time.
- The risk of losing your entire investment increases if, as expiration nears, the stock is below the strike price of the call (for a call option) or if the stock is higher than the strike price of the put (for a put option).
- European style options which do not have secondary markets on which to sell the options prior to expiration can only realize its value upon expiration.
- Specific exercise provisions of a specific option contract may create risks.
- Regulatory agencies may impose exercise restrictions, which stops you from realizing value.

The option trading risks pertaining to options sellers are:

- 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 Calls risk unlimited losses if the underlying stock rises.
- Writers of Naked Puts risk substantial losses if the underlying stock drops.
- Writers of Naked positions run margin risks if the position goes into significant losses. Such risks may include liquidation by the broker.
- Writers of call options could lose more money than a short seller of that stock could on the same rise on that underlying stock. This is an example of how the leverage in options can work against the option trader.
- Writers of Naked Calls are obligated to deliver shares of the underlying stock if those call options are exercised.
- 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 surge or ditch unexpectedly, leading to automatic exercises.

Other option trading risks are:

- The complexity of some option strategies is a significant risk on its own.
- Option trading exchanges or markets and option contracts themselves are open to changes at all times.
- Options markets have the right to halt the trading of any options, thus preventing investors from realizing value.
- Risk of erroneous reporting of exercise value.
- If an options brokerage firm goes insolvent, investors trading through that firm may be affected.
- Internationally traded options have special risks due to timing across borders.

Risks that are not specific to options trading include market risk, sector risk and individual stock risk. Option trading risks are closely related to stock risks, as stock options are a derivative of stocks.

Tax Considerations

Custodians and broker-dealers must report the cost basis of equities acquired in client accounts. Schwab will default to the Tax Lot Optimizer™, where lots are selected and sold with the objective of taking losses first (short-term then long-term) and gains last (long-term then short term). Applies to sells only. Any other removal of shares, including transfers and journals, will use the High-Cost Lot Method.

Our strategies and investments can have specific and significant tax implications. You are responsible for

contacting your tax advisor to determine if this accounting method is the right choice for you. If your tax advisor believes another accounting method is more advantageous, provide written notice to our firm immediately and we will alert your account custodian of your individually selected accounting method. Decisions about cost basis accounting methods will need to be made before trades settle, as the cost basis method cannot be changed after settlement.

THE FOREGOING RISK FACTORS DO NOT PURPORT TO BE A COMPLETE DESCRIPTION OF ALL OF THE RISKS ASSOCIATED WITH CLIENTS' INVESTMENT PROGRAMS OR THE FIRM'S INVESTMENT STRATEGIES. PROSPECTIVE CLIENTS/ INVESTORS ARE STRONGLY ENCOURAGED TO CONSULT WITH LEGAL AND TAX COUNSEL AS NEEDED TO CONSIDER RELEVANT RISK FACTORS.

ITEM 9. DISCIPLINARY INFORMATION

The Firm is required to disclose all material facts regarding any legal or disciplinary events that would be material to an Investor's evaluation of the Firm, or the integrity of its management.

The Firm has no information to disclose in response to this Item.

ITEM 10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Each Virtera Fund has an affiliated general partner. Each General Partner is primarily responsible for the management of its respective Fund. General Partner entities and the investment manager are controlled by Chaya Slain.

Other Affiliations

Chaya Slain, an owner of Virtera Partners is a passive minority owner of Encore Funding, a business that provides private loans to small and mid-size businesses. Although certain controlling shareholders of Encore Funding are also owners and clients of Virtera Partners, Ms. Slain does not market or recommend participating in these loans to any other clients or prospective clients of the firm. A conflict of interest exists because certain clients of Virtera Partners are also shareholders of Encore Funding. Ms. Slain's ownership interest in Encore Funding does not constitute an endorsement of Encore Funding.

Other Advisers

While the Firm does recommend or select other investment advisers for clients, neither the Firm, nor any affiliate receives compensation directly or indirectly from those advisers for such recommendations.

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 persons associated with our firm. 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 persons associated with our firm are expected to adhere strictly to these guidelines. 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, free of charge, by contacting us at the telephone number on the cover page of this Brochure.

Personal Trading Practices

Certain employees and other persons associated with our firm ("***Access Person***") may buy or sell the same securities that we recommend to you or securities in which you are already invested. To avoid a conflict of interest, we require that an Access Person receives pre-clearance for transactions in certain public securities. Access Person transactions in the same security, on the same day as client trades, must be executed after client trades or as part of an aggregated trade as described below.

Aggregated Trading

Our firm or persons associated with our firm may buy or sell securities for you at the same time we or persons associated with our firm buy or sell such securities for our own account. We may also combine our orders to purchase securities with your orders to purchase securities ("***aggregated trading***"). Refer to the *Brokerage Practices* section in this brochure for information on our aggregated trading practices.

ITEM 12. BROKERAGE PRACTICES

We recommend the brokerage and custodial services of Schwab, an unaffiliated SEC-registered broker-dealer, member SIPC, and FINRA member as a qualified custodian. Schwab offers to independent investment advisers services which include custody of securities, trade execution, and clearance and settlement of transactions. Your assets must be maintained in an account at a “qualified custodian,” generally a broker-dealer or bank. In recognition of the value of the services the Custodian provides, you may pay higher commissions and/or trading costs than those that may be available elsewhere.

Although we are not required to execute all trades through Schwab, we have determined that having Schwab execute most trades is consistent with our duty to seek “best execution” of your trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above (see “How we select brokers/custodians”). By using another broker or dealer you may pay lower transaction costs.

We are independently owned and operated and are not affiliated with Schwab. Schwab will hold your assets in a brokerage account and buy and sell securities when instructed. While we recommend that you use Schwab as custodian/broker, you will decide whether to do so and will open your account with Schwab by entering into an account agreement directly with them. Conflicts of interest associated with this arrangement are described below as well as in **Item 14**. You should consider these conflicts of interest when selecting your custodian.

We do not open the account for you, although we may assist you in doing so. Even though your account is maintained at Schwab, and we anticipate that most trades will be executed through Schwab, we can still use other brokers to execute trades for your account as described below.

How We Select Brokers/Dealers and Custodians

We seek to use Schwab, a custodian/broker that will hold your assets and execute transactions. When considering whether the terms that Schwab provide are, overall, most advantageous to you when compared with other available providers and their services, we consider a wide range of factors, including:

- Combination of transaction execution services and asset custody services (generally without a separate fee for custody)
- Capability to execute, clear, and settle trades (buy and sell securities for your account)
- Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- Breadth of available investment products (stocks, bonds, 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 the prices
- Reputation, financial strength, security and stability
- Prior service to us and our clients
- Services delivered or paid for by Schwab
- Availability of other products and services that benefit us

Schwab

Your Custody and Brokerage Costs

For our clients’ accounts that Schwab maintains, Schwab generally does not charge you separately for custody services but is compensated by charging you commissions or other fees on trades that it executes or that settle into your Schwab account. Certain trades (for example, many mutual funds and ETFs) may not incur Schwab commissions or transaction fees. Schwab is also compensated by earning interest on the uninvested cash in your account in Schwab’s Cash Features Program.

Schwab charges you a flat dollar amount as a “prime broker” or “trade away” fee for each trade that we have executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into your Schwab account. These fees are in addition to the commissions or other compensation you pay the executing broker-dealer. Because of this, in order to minimize your trading costs, we have Schwab execute most trades for your account.

We are not required to select the broker or dealer that charges the lowest transaction cost, even if that broker provides execution quality comparable to other brokers or dealers.

Although we are not required to execute all trades through Schwab, we have determined that having Schwab execute most trades is consistent with our duty to seek “best execution” of your trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above (see “How we select brokers/custodians”). By using another broker or dealer you may pay lower transaction costs.

Products And Services Available To Us From Schwab

The Third Party Money Managers to whom we refer you may use The Managed Account Marketplace® (“**Marketplace**”) platform available through Schwab Advisor Services, a division of Schwab. The Marketplace is not a program sponsored by Schwab. Marketplace is an open architecture platform that gives investment advisors and their clients' access to separate account managers and turnkey asset management providers (“**TAMPs**”). Participating money managers (“**MMs**”) and TAMPs need to establish a contract and have system compatibility with Schwab in order to be in Marketplace. The MMs, TAMPs, and their investment strategies available in Marketplace are not evaluated by Schwab. TAMP services may vary depending on which TAMP you choose. Schwab does not recommend or endorse any particular TAMP. Schwab is not affiliated with any of the TAMPs available in Marketplace. Schwab makes no representation or warranty about any TAMP or its suitability for your clients. Schwab does not guarantee the accuracy of the information about the services provided by any particular TAMP.

Economic Benefits

As a registered investment adviser, we have access to the institutional platform of your account custodian. As such, we also have access to research products and services from your account custodian and/or other brokerage firms. These products may include financial publications, information about particular companies and industries, research software, and other products or services that provide lawful and appropriate assistance to our firm in the performance of our investment decision-making responsibilities. Such research products and services are provided to all investment advisers that utilize the institutional services platforms of these firms and are not considered to be paid for with soft dollars. However, you should be aware that the commissions charged by a particular broker for a particular transaction or set of transactions may be greater than the amounts another broker who did not provide research services or products might charge.

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. We do not compensate any third party or employee for client referrals.

Directed Brokerage

We routinely require that you direct our firm to execute transactions through Schwab. As such, we may be unable to achieve the most favorable execution of your transactions and you may pay higher brokerage commissions than you might otherwise pay through another broker-dealer that offers the same types of services. Not all advisers require their clients to direct brokerage. Occasionally in our sole discretion, we may allow clients to direct us to a particular broker for custodial or transaction services on behalf of the client's portfolio. In directed brokerage arrangements, the client is responsible for negotiating the commission rates and other fees to be paid to the broker. When a client imposes direct brokerage arrangements, we may be unable to achieve most favorable execution of client transactions, and this practice may cost clients more money and result in a certain

degree of delay in executing trades for their account(s) and otherwise adversely impact management of their account(s). Thus, when directing brokerage business, you should consider whether the commission expenses, execution, clearance, and settlement capabilities that you will obtain through your broker are adequately favorable in comparison to those that we could otherwise obtain for you.

Aggregated Trades

To the extent possible, we combine multiple orders for shares of the same securities purchased for discretionary advisory accounts we manage (this practice is commonly referred to as "aggregated trading"). Upon execution, we distribute a portion of the shares to participating accounts in a fair and equitable manner. Participating accounts pay a fixed transaction cost regardless of the number of shares transacted. In certain cases, each participating account pays an average price per share for all transactions and pays a proportionate share of all transaction costs on any given day. In the event an order is only partially filled, the shares will be allocated to participating accounts in a fair and equitable manner, typically in proportion to the size of each client's order. Accounts owned by our firm or persons associated with our firm may participate in aggregated trading with your accounts; however, they will not be given preferential treatment.

Under circumstances in which we do not receive timely response from clients with non-discretionary accounts, regarding proposed transactions, we do not include those account transactions in aggregated trades. Accordingly, non-discretionary accounts may pay different costs than discretionary accounts pay. If you enter into non-discretionary arrangements with our firm, we may not be able to buy and sell the same quantities of securities for you and you may pay higher commissions, fees, and/or transaction costs than clients who enter into discretionary arrangements with our firm.

Mutual Fund Share Classes

Mutual funds are sold with different share classes, which carry different cost structures. Each available share class is described in the mutual fund's prospectus. When we purchase, or recommend the purchase of, mutual funds for a client, we select the share class that is deemed to be in the client's best interest, taking into consideration cost, tax implications, and other factors. When the mutual fund is available for purchase at net asset value, we will purchase, or recommend the purchase of, the mutual fund at net asset value. We also review the mutual funds held in accounts that come under our management to determine whether a more beneficial share class is available, considering cost, tax implications, and the impact of contingent deferred sales charges.

ITEM 13. REVIEW OF ACCOUNTS

Chaya Slain, President and Todd Pence, Chief Compliance Officer of Virtera Partners, monitor your accounts on an ongoing basis and conduct account reviews at least annually to ensure the advisory services provided to you are consistent with your investment needs and objectives. Additional reviews may be conducted based on various circumstances, including, but not limited to contributions and withdrawals; year-end tax planning; market moving events; security specific events, and/or, changes in your risk/return objectives. You will receive trade confirmations and monthly or quarterly statements from your account custodian(s) where applicable.

We provide you with additional or regular written reports in conjunction with account reviews. Reports we provide to you contain relevant account and/or market-related information such as an inventory of account holdings and account performance, etc.

ITEM 14. CLIENT REFERRALS AND OTHER COMPENSATION

Charles Schwab & Co., Inc - Institutional

We receive an economic benefit from Schwab in the form of the support products and services it makes available to us and other independent investment advisors whose clients maintain their accounts at Schwab. You do not pay more for assets maintained at Schwab as a result of these arrangements. However, we benefit from the referral arrangement because the cost of these services would otherwise be borne directly by us. You should consider these conflicts of interest when selecting a custodian. The products and services provided by Schwab, how they benefit us, and the related conflicts of interest are described in **Item 12. Brokerage Practices**.

We do not receive any compensation from any third party in connection with providing investment advice to you nor do we compensate any individual or firm for client referrals.

A non-affiliated limited partner in certain Virtera Funds is also an owner of certain general partner affiliates of Virtera and, as such, this investor receives a portion of the management fees and Incentive Allocation distributed to the applicable general partner entity. The limited partner is not an employee nor an owner of Virtera. Refer to the *Brokerage Practices* section above for disclosures on research and other benefits we may receive resulting from our relationship with your account custodian.

ITEM 15. CUSTODY

For certain separate account clients, the Firm has the authority to instruct the account Custodian to deduct the management fee directly from the Client's account therefore, the Firm is considered to have "custody" of client assets. Custody is defined as having any access to client funds or securities. This limited access is monitored by each client through receipt of at least quarterly account statements directly from the Custodian. These statements reflect the deduction of the management fee from the account(s).

With respect to each Fund, the Firm is generally deemed to have custody of such Fund's cash and securities for purposes of Rule 206(4)-2 under the Advisers Act. It is expected that most of the holdings of the Funds will be "privately offered securities" as defined in Rule 206(4)-2, which generally are not required to be maintained with a qualified custodian. With respect to any cash or securities (other than privately offered securities) of a Fund, they generally will be held or maintained with one or more qualified custodians selected by the general partner of such Fund from time to time (to the extent required by Rule 206(4)-2). In accordance with Rule 206(4)-2, the Firm or an affiliate (i) engages an independent public accounting firm registered with and subject to inspection by the Public Company Accounting Oversight Board to conduct an audit of the financial statements of each Fund for each fiscal year and (ii) distributes or provides or furnishes copies of such audited financial statements (prepared in accordance with generally accepted accounting principles) to all investors within 120 days (or 180 days, if applicable) after the end of the fiscal year, but there can be no assurance that the Firm will be successful in this regard. Qualified custodians do not provide account statements directly to investors. The Firm generally expects that the underlying funds owned by the Funds will be subject to annual audits by independent public accounting firms.

ITEM 16. INVESTMENT DISCRETION

You may grant our firm discretion over the selection and amount of securities to be purchased or sold for your account(s), or the hiring and firing of any sub-adviser, without obtaining your consent or approval prior to each transaction. Before we can buy or sell securities on your behalf, you must first sign our discretionary management agreement and the appropriate trading authorization forms. You may specify investment objectives, guidelines, and/or impose certain conditions or investment parameters for your account(s). For example, you may specify that the investment in any particular stock or industry should not exceed specified percentages of the value of the portfolio and/or restrictions or prohibitions of transactions in the securities of a specific industry or security. Refer to **Item 4. Advisory Business** section in this brochure for more information on our discretionary management services.

If you enter into non-discretionary arrangements with our firm, we will obtain your approval prior to the execution of any transaction for your account(s). You have an unrestricted right to decline to implement any advice provided by our firm on a non-discretionary basis.

ITEM 17. VOTING CLIENT SECURITIES

The Firm does not have the authority to vote proxies and other securities on behalf of its clients. Instead, the obligation to vote client proxies generally rests with the third-party manager, the client, or the clients' other financial advisers. The Firm is not deemed to have proxy-voting authority solely as a result of providing advice or information about a proxy vote to a client.

In circumstances where the Firm inadvertently receives proxy information for a security held in a client's account, the Firm will make a good faith effort to forward such information to the client in a timely manner but will not be responsible for voting such proxy.

ITEM 18. FINANCIAL INFORMATION

The Firm does not have any financial commitment that impairs its ability to meet contractual and fiduciary commitments to its clients, nor has it been the subject of any bankruptcy proceeding.