

## VENTURI WEALTH MANAGEMENT, LLC

*a Registered Investment Adviser*

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This brochure provides information about the qualifications and business practices of Venturi Wealth Management, LLC (hereinafter “Venturi” or the “Firm”). If you have any questions about the contents of this brochure, please contact the Firm at this telephone number listed above. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority. Additional information about the Firm is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The Firm is a registered investment adviser. Registration does not imply any level of skill or training.

## Item 2. Material Changes

The last annual amendment was filed in January 2018. Since that filing, the following material changes have occurred at the firm:

### January 2018

Standard fee schedule was changed.

### June 2018

Update to Custody section. Based on new interpretations we are deemed to have custody of certain client assets. These accounts do not require surprise examination.

## Item 3. Table of Contents

Item 2. Material Changes .....	2
Item 3. Table of Contents .....	3
Item 4. Advisory Business .....	4
Item 5. Fees and Compensation .....	7
Item 6. Performance-Based Fees and Side-by-Side Management .....	9
Item 7. Types of Clients .....	11
Item 8. Methods of Analysis, Investment Strategies and Risk of Loss .....	11
Item 9. Disciplinary Information .....	13
Item 10. Other Financial Industry Activities and Affiliations .....	13
Item 11. Code of Ethics .....	14
Item 12. Brokerage Practices .....	14
Item 13. Review of Accounts .....	17
Item 14. Client Referrals and Other Compensation .....	17
Item 15. Custody .....	17
Item 16. Investment Discretion .....	18
Item 17. Voting Client Securities .....	18
Item 18. Financial Information .....	19

## Item 4. Advisory Business

Venturi (“the Firm”) offers a variety of advisory services to its clients. Such services include investment management and wealth management, financial planning, consulting and insurance. In working with clients, the Firm seeks first to evaluate each client’s current, holistic financial situation. Venturi then designs and implements an investment plan aimed at achieving a client’s financial objectives. Prior to Venturi rendering any of the foregoing advisory services, clients are required to enter into one or more written agreements with the Firm setting forth the relevant terms and conditions of the advisory relationship (the “Advisory Agreement”).

Venturi has been principally owned by Russell Wayne Norwood and George Lawson Clark since August 14, 2015. In May 2018, two clients became minority owners in the Firm. These clients do not receive reduced fees and are not involved in investment decisions.

As of March 31, 2018, Venturi had \$734,000,000 of assets under management, of which \$724,777,000 was managed on a discretionary basis and \$9,223,000 of which was managed on a non-discretionary basis.

While this brochure generally describes the business of Venturi, certain sections also discuss the activities of its officers, partners, directors (or other persons occupying a similar status or performing similar functions), employees or any other person who provides investment advice on Venturi’s behalf and is subject to the Firm’s supervision or control.

### Investment and Wealth Management Services

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Venturi manages client investment portfolios on a discretionary basis and non-discretionary basis. In addition, the Firm provides clients with wealth management services which include a broad range of comprehensive financial planning services in addition to the discretionary management of investment portfolios.

To effectuate its management services, Venturi allocates client assets among various mutual funds, exchange-traded funds (“ETFs”), individual debt and equity securities, options and independent investment managers (“Independent Managers”) in accordance with the client’s stated investment objectives. In addition, Venturi may also recommend that certain eligible clients invest in privately placed securities, which may include debt, equity and/or interests in pooled investment vehicles (e.g., limited partnerships). Where appropriate, the Firm may also provide advice about any legacy position or other investment held in client portfolios.

Clients also engage Venturi to manage and/or advise on certain investment products that are not maintained at their primary custodian, such as variable life insurance and annuity contracts and assets held in employer sponsored retirement plans and qualified tuition plans (i.e., 529 plans). In these situations, Venturi directs or recommends the allocation of client assets among the various investment options available with the product. These assets are generally maintained at the underwriting insurance company or the custodian designated by the product’s provider. These assets are usually managed by Venturi on a

non-discretionary basis.

Venturi tailors its advisory services to meet the needs of its individual clients and seeks to ensure, on a continuous basis, that client portfolios are managed in a manner consistent with those needs and objectives. Venturi consults with clients on an initial and ongoing basis to assess their specific risk tolerance, time horizon, liquidity constraints and other related factors relevant to the management of their portfolios. Clients are advised to promptly notify Venturi if there are changes in their financial situation or if they wish to place any limitations on the management of their portfolios. Clients may impose reasonable restrictions or mandates on the management of their accounts if Venturi determines, in its sole discretion, the conditions would not materially impact the performance of a management strategy or prove overly burdensome to the Firm's management efforts.

## **Use of Independent Managers**

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As mentioned above, Venturi may select certain Independent Managers to actively manage a portion of its clients' assets. The specific terms and conditions under which a client engages an Independent Manager is usually set forth in a separate written agreement with the designated Independent Manager. In addition to this brochure, clients may also receive the written disclosure documents of the respective Independent Managers engaged to manage their assets.

Venturi evaluates a variety of information about Independent Managers, which may include the Independent Managers' public disclosure documents, materials supplied by the Independent Managers themselves and other third-party analyses it believes are reputable. To the extent possible, the Firm seeks to assess the Independent Managers' investment strategies, past performance and risk results in relation to its clients' individual portfolio allocations and risk exposure. Venturi also takes into consideration each Independent Manager's management style, returns, reputation, financial strength, reporting, pricing and research capabilities, among other factors.

Venturi continues to provide services relative to the discretionary selection of the Independent Managers. On an ongoing basis, the Firm monitors the performance of those accounts being managed by Independent Managers. Venturi seeks to ensure the Independent Managers' strategies and target allocations remain aligned with its clients' investment objectives and overall best interests.

## **Financial Planning and Consulting Services**

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Venturi offers clients a broad range of financial planning and consulting services, which may include any or all of the following functions:

- |                             |                         |                            |
|-----------------------------|-------------------------|----------------------------|
| • Business Planning         | • Investment Consulting | • Distribution Planning    |
| • Cash Flow Forecasting     | • Insurance Planning    | • Tax Planning             |
| • Trust and Estate Planning | • Retirement Planning   | • Manager Due Diligence    |
| • Financial Reporting       | • Charitable Giving     | • Executive Stock Planning |

While these services are generally rendered in conjunction with investment portfolio management as part of a comprehensive wealth management engagement (as described above), clients can engage the Firm to provide these services on a stand-alone basis.

In performing these services, Venturi is not required to verify any information received from the client or from the client's other professionals (e.g., attorneys, accountants, etc.) and is expressly authorized to rely on such information. Clients retain absolute discretion over all decisions regarding implementation and are under no obligation to act upon any of the recommendations made by Venturi under a financial planning or consulting engagement. Clients are advised that it remains their responsibility to promptly notify the Firm of any change in their financial situation or investment objectives for the purpose of reviewing, evaluating or revising Venturi's recommendations and/or services.

## Private Fund Management

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Venturi manages two private limited partnerships, ("Partnerships"). The Partnerships are offered to Venturi clients and others who qualify for participation. **This brochure is not a public offering of the Funds.** Please refer to the Partnership offering documents for further and specific information.

## Business Advisory Services

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Venturi offers clients business advisory services that are fully customized and defined projects for personal business matters in private business evaluations, financial performance assessment including modeling, investment due diligence, and M&A pre-planning, among others.

Our business advisory services are not performed in conjunction with our investment supervisory or investment management services, nor the regular review or monitoring of your investment portfolio.

## Item 5. Fees and Compensation

Venturi offers its services on a fee basis, usually based on assets under management of advisement and occasionally fixed or hourly.

### Investment and Wealth Management Fees

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Venturi offers investment and wealth management services on separate accounts for an annual fee based on the amount of assets under the Firm's management. This management fee is applied in accordance with the following graduated tiered fee schedule:

<b><u>PORTFOLIO VALUE</u></b>	<b><u>FEE RATE</u></b>
Up to \$2,500,000*	1.00%
\$2,500,001 - \$5,000,000	0.85%
\$5,000,001 - \$10,000,000	0.75%
\$10,000,001 - \$25,000,000	0.65%
\$25,000,001 - \$50,000,000	0.60%
Above \$50,000,000	0.55%

As an example of the graduated tiered fee calculation, if the total portfolio value is \$4,000,000, the first \$2,500,000 would be charged at an annual fee rate of 1.00% and the next \$1,500,000 would be charged at an annual fee rate of 0.85%.

The annual fee is prorated and charged monthly, in arrears, based upon the average daily market value of the assets being managed by Venturi as valued by the custodian.

\*All Assets may be subject to a minimum annual Wealth Management Fee of \$10,000.

### Financial Planning and Consulting Fees

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Venturi generally charges a fixed fee or hourly rate for providing financial planning services under a stand-alone engagement. These fees are negotiable, but generally range from \$1,000 and up depending upon the scope and complexity of the services and the level of professional rendering the services. If the client engages the Firm for additional investment advisory services, Venturi may offset all or a portion of its management fee for those services based upon the amount already paid for the financial planning and/or consulting services.

The terms and conditions of the financial planning and/or consulting engagement are set forth in the Advisory Agreement, and Venturi generally requires one-half of the fee (estimated fixed) payable upon execution of the Advisory Agreement. The outstanding balance is generally due upon delivery of the financial plan or completion of the agreed upon services. The Firm does not, however, require the

payment of \$1,200 or more in prepaid fees in excess of six months in advance of services rendered.

## **Business Advisory Services**

Venturi generally charges an hourly rate for providing Business Advisory services. Our fees for the initial engagement will be estimated based on our initial consultation and hourly rates. Once we have delivered our results for the initial engagement, we will bill at our prevailing hourly rates for additional consulting upon your direction and consent. One-half of the initial fixed fee will be due upon the signing of this Agreement and the balance will be due and payable upon completion of the agreed upon services listed above.

## **Fee Discretion**

Venturi may, in its sole discretion, negotiate to charge a lesser fee based upon certain criteria, such as anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, account retention and pro bono activities. In addition, certain pre-existing/legacy clients may be subject to a different fee schedule than stated herein. Therefore, some clients may be paying different fees for the same level of services provided by Venturi.

Moreover, for asset management services the Firm provides with respect to certain client holdings (e.g., held-away assets, accommodation accounts, alternative investments, etc.), Venturi may negotiate a fee rate that differs from the range set forth above.

## **Additional Fees and Expenses**

In addition to the advisory fees paid to Venturi, clients may also incur certain charges imposed by other third parties, such as broker-dealers, custodians, trust companies, banks and other financial institutions. These additional charges may include securities brokerage commissions, transaction fees, custodial fees, fees attributable to alternative assets, fees charged by the Independent Managers, margin costs, charges imposed directly by a mutual fund or ETF in a client's account, as disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. The Firm's brokerage practices are described at length in Item 12, below.

## **Direct Fee Debit**

Clients generally provide Venturi and/or certain Independent Managers with the authority to directly debit their accounts for payment of the investment advisory fees. The Financial Institutions that act as the qualified custodian for client accounts, from which the Firm retains the authority to directly deduct fees, have agreed to send statements to clients not less than quarterly detailing all account transactions, including any amounts paid to Venturi.

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## Account Additions and Withdrawals

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Clients may make additions to and withdrawals from their account at any time, subject to Venturi's right to terminate an account. If assets in excess of \$10,000 are deposited into or withdrawn from an account after the inception of a billing period, the fee payable with respect to such assets is adjusted to reflect the interim change in portfolio value. For the initial period of an engagement, the fee is calculated on a *pro rata* basis. In the event the advisory agreement is terminated, the fee for the final billing period is prorated through the effective date of the termination and the unearned portion of the fee is or refunded to the client.

Additions may be in cash or securities provided that the Firm reserves the right to liquidate any transferred securities or declines to accept particular securities into a client's account. Clients may withdraw account assets on notice to Venturi, subject to the usual and customary securities settlement procedures. However, the Firm generally designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client's investment objectives. Venturi may consult with its clients about the options and implications of transferring securities. Clients are advised that when transferred securities are liquidated, they may be subject to transaction fees, short-term redemption fees, fees assessed at the mutual fund level (e.g., contingent deferred sales charges) and/or tax ramifications.

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## Limited Partnership Fees

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Venturi charges one Partnership's limited partners an annual management fee of 1.5% of committed capital, which is charged quarterly in advance. The other Partnership's limited partners are charged 0.75% annually on Unreturned Capital Contributions of the Partners as of the last day of the immediately preceding calendar quarter, payable quarterly in arrears. Additional fees charged to the Partnership are disclosed in the offering documents. See Item 6 below (Performance-Based Fees) for discussion of carried interest terms.

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

One Partnership allows for a 20% Carried Interest payable by all limited partners with the General Partner subject to a "European Style" waterfall and clawback obligation.

The other Partnership has a 1.00% carried interest of distributions made to the limited partners following the return of all capital contributions and made to the General Partner as an incentive for sponsoring and managing the Partnership.

Venturi manages the Partnership with a performance fee side by side with separate accounts not paying performance fees. This disparity on fee structures may incentivize Venturi to concentrate its efforts on managing the Partnership. The Firm's policies and procedures have been designed to ensure the fair and equitable treatment of all clients.



## Item 7. Types of Clients

Venturi offers its services to individuals, trusts, estates, charitable organizations, corporations and pooled investment vehicles.

### Minimum Account Value

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As a condition for starting and maintaining an investment management relationship, Venturi generally imposes a minimum portfolio value of \$1,000,000. Venturi may, in its sole discretion, accept clients with smaller portfolios based upon certain criteria, including anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing/legacy client, account retention, and pro bono activities. Venturi only accepts clients with less than the minimum portfolio size if the Firm determines the smaller portfolio size will not cause a substantial increase of investment risk beyond the client's identified risk tolerance. Venturi may aggregate the portfolios of family members to meet the minimum portfolio size.

Minimum investment for the Partnerships ranges from \$250,000 to \$500,000; the minimum can be lowered at the discretion of the General Partner.

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

### Methods of Analysis and Investment Strategies – Investment and Wealth Management Services

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Venturi primarily utilizes a fundamental method of analysis. Fundamental analysis involves an evaluation of the fundamental financial condition and competitive position of a particular fund or issuer. For Venturi, this process typically involves an analysis of an issuer's management team, investment strategies, style drift, past performance, reputation and financial strength in relation to the asset class concentrations and risk exposures of the Firm's model asset allocations. A substantial risk in relying upon fundamental analysis is that while the overall health and position of a company may be good, evolving market conditions may negatively impact the security.

As discussed in Item 4, the Firm primarily allocates client assets among various mutual funds, ETFs, individual debt and equity securities, options and independent investment managers ("Independent Managers") in accordance with their stated investment objectives. The Firm consults with clients on an initial and ongoing basis to assess their specific risk tolerance, time horizon, liquidity constraints and other related factors relevant to the management of their portfolios.

## **Risk of Loss**

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### *Market Risks*

Investing involves risk, including the potential loss of principal, and all investors should be guided accordingly. The profitability of a significant portion of Venturi's recommendations and/or investment decisions may depend to a great extent upon correctly assessing the future course of price movements of stocks, bonds and other asset classes. There can be no assurance that Venturi will be able to predict those price movements accurately or capitalize on any such assumptions.

### *Mutual Funds and ETFs*

An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual fund and ETF shareholders are necessarily subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains, as mutual funds and ETFs are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed based ETFs and potentially more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their pro rata NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 20,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.

### *Use of Independent Managers*

As stated above, Venturi may select certain Independent Managers to manage a portion of its clients' assets. In these situations, Venturi continues to conduct ongoing due diligence of such managers, but such recommendations rely to a great extent on the Independent Managers' ability to successfully implement their investment strategies. In addition, Venturi does not have the ability to supervise the Independent Managers on a day-to-day basis.

### *Use of Pooled Investment Vehicles – Limited Partnerships*

Venturi recommends that certain clients invest in pooled investment vehicles. The managers of these vehicles have broad discretion in selecting the underlying investments. There are few limitations on the types of securities or other financial instruments which may be traded and no requirement to diversify. Limited Partnerships may trade on margin or otherwise leverage positions, thereby potentially increasing the risk to the vehicle. In addition, because the vehicles are not registered as investment companies, there is an absence of regulation. There are numerous other risks in investing in these securities. Clients

should consult each Partnership's private placement memorandum and/or other documents explaining such risks prior to investing.

## *Options*

Options transactions contain a number of inherent risks, including the partial or total loss of principal in the event that the value of the underlying security or index does not increase/decrease to the level of the respective strike price. Holders of options contracts are also subject to default by the option writer which may be unwilling or unable to perform its contractual obligations.

## *Partnership – Private Fund*

Prospective investors should be aware that investing in the Partnership involves a high degree of risk. There can be no assurance that the Partnership's investment objectives will be achieved or that investors will receive a return on their capital. The possibility of partial or total loss of capital will exist and investors must be prepared to bear capital losses that may result from investments. In addition, there will be occasions upon which the General Partner, Venturi Capital Management, LLC or one or more of their respective affiliates (collectively, "Venturi") may encounter potential conflicts of interest in connection with the activities of the Partnership. For a full list of risks involved with the Partnership, please refer to the Private Placement Memorandum.

## **Item 9. Disciplinary Information**

Venturi has not been involved in any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of its management.

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

### **Licensed Insurance Agents**

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A number of the Firm's employees are licensed insurance agents and may offer certain insurance products on a fully-disclosed commissionable basis. A conflict of interest exists to the extent that Venturi recommends the purchase of insurance products some employees may be entitled to insurance commissions or other additional compensation. Clients are free to purchase recommended insurance products elsewhere.

### **Affiliated Entities**

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Venturi Investment Partners General Partner, LP and VIP SPV GP, LLC, the General Partners of the Partnerships, are controlled by Venturi.

## Item 11. Code of Ethics

Venturi has adopted a code of ethics in compliance with applicable securities laws (“Code of Ethics”) that sets forth the standards of conduct expected of its employees. Venturi’s Code of Ethics contains written policies reasonably designed to prevent certain unlawful practices such as the use of material non-public information by the Firm or any of its employees and trading in conflict with client trades.

The Code of Ethics also requires certain of Venturi’s personnel to report their personal securities holdings and transactions and obtain pre-approval of certain investments (*e.g.*, initial public offerings, limited offerings). However, the Firm’s employees are permitted to buy or sell securities that it also recommends to clients if done in a fair and equitable manner that is consistent with the Firm’s policies and procedures. This Code of Ethics has been established recognizing that some securities trade in sufficiently broad markets to permit transactions by certain personnel to be completed without any appreciable impact on the markets of such securities. Therefore, under limited circumstances, exceptions may be made to the policies stated below.

When the Firm is engaging in or considering a transaction in any security on behalf of a client, no employee with access to this information may knowingly effect for themselves or for their immediate family a transaction in that security unless:

- the transaction has been completed;
- the transaction for the employee is completed as part of a block trade with clients (as described below); or
- a decision has been made not to engage in the transaction for the client.

These requirements are not applicable to all security types, as some cannot be “gamed”. All personnel affiliated with the Firm are required to provide reports of personal securities transactions and holdings, which are reviewed by the Firm to ensure compliance with its policies and securities laws. Copies of the Code of Ethics will be provided upon request.

## Item 12. Brokerage Practices

### Recommendation of Broker/Dealers for Client Transactions

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Venturi generally recommends that clients utilize the custody, brokerage and clearing services of Raymond James Financial Services (“RJFS”), Fidelity Brokerage Services LLC (“Fidelity”), and Schwab Advisor Services<sup>TM</sup> (“Schwab”) for investment and wealth management accounts.

Factors which Venturi considers in recommending any broker-dealer to clients include its respective financial strength, reputation, execution, pricing, research and service. RJFS, Fidelity, and/or Schwab

enable the Firm to obtain many mutual funds without transaction charges and other securities at nominal transaction charges.

The commissions paid by Venturi's clients to RJFS, Fidelity, and/or Schwab comply with the Firm's duty to obtain "best execution." In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of services, including the value of research provided, execution capability, commission rates and responsiveness. Venturi seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

Consistent with obtaining best execution, brokerage transactions may be directed to certain broker/dealers in return for investment research products and/or services which assist the Firm in its investment decision-making process. Such research generally will be used to service all of the Firm's clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing that client's portfolio. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest because Venturi does not have to produce or pay for the products or services.

Venturi periodically and systematically reviews its policies and procedures regarding its recommendation of custodians and broker-dealers in light of its duty to obtain best execution.

## **Software and Support Provided by Financial Institutions**

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Venturi receives without cost from RJFS, Fidelity, and/or Schwab computer software and related systems support, which allow the Firm to better monitor client accounts maintained at RJFS, Fidelity and/or Schwab. The Firm receives the software and related support without cost because the Firm renders investment management services to clients that maintain assets at RJFS, Fidelity, and/or Schwab. The software and support is not provided in direct connection with securities transactions of clients (i.e., not "soft dollars"). The software and related systems support benefit Venturi, but not its clients directly. In fulfilling its duties to its clients, Venturi endeavors at all times to put the interests of its clients first. Clients should be aware, however, that Venturi's receipt of economic benefits from a broker/dealer creates a conflict of interest since these benefits may influence the Firm's choice of broker/dealer over another that does not furnish similar software, systems support or services.

Specifically, Venturi may receive the following benefits from RJFS, Fidelity, and/or Schwab:

- Receipt of duplicate client confirmations and bundled duplicate statements.
- Access to a trading desk that exclusively services its institutional traders.
- Access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts.
- Access to an electronic communication network for client order entry and account information.

## **Brokerage for Client Referrals**

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Venturi does not consider, in selecting or recommending broker/dealers, whether the Firm receives client referrals from broker-dealers or other third party.

## **Directed Brokerage**

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Client's may direct Venturi in writing to use a particular broker-dealer to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that broker-dealer and the Firm will not seek better execution services or prices from other broker-dealers or be able to include that client's trades in blocks. As a result, the client may pay higher commissions or other transaction costs, greater spreads or may receive less favorable net prices, on transactions for the account than would otherwise be the case. Subject to its duty of best execution, Venturi may decline a client's request to direct brokerage if, in the Firm's sole discretion, such directed brokerage arrangements would result in additional operational difficulties.

## **Trade Aggregation (Block Trades)**

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Transactions for each client generally will be effected independently, unless Venturi decides to purchase or sell the same securities for several clients at approximately the same time. Venturi may (but is not obligated to) combine or block such orders to obtain best execution or to allocate equitably among the Firm's clients differences in prices that might not have been obtained had such orders been placed independently. Under this procedure, transactions will generally be averaged as to price and allocated among Venturi's clients pro rata to the purchase and sale orders placed for each client on any given day. Both Schwab and Fidelity charge transaction fees at the account level, so there is no commission/transaction fee advantage to conducting block trades through these broker-dealers.

In the event that the Firm determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include: (i) when only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates; (ii) allocations may be given to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account's assets after an order is placed); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a *de minimis* allocation in one or more accounts, the Firm may exclude the account(s) from the allocation and the transactions may be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

## Item 13. Review of Accounts

### Account Reviews

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Venturi monitors client portfolios on a continuous and ongoing basis while regular account reviews are conducted on at least a quarterly basis. Such reviews are conducted by the Firm's principals. All investment advisory clients are encouraged to discuss their needs, goals and objectives with Venturi and to keep the Firm informed of any changes thereto. The Firm contacts ongoing investment advisory clients at least annually to review its previous services and/or recommendations and to discuss the impact resulting from any changes in the client's financial situation and/or investment objectives.

### Account Statements and Reports

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Clients are provided with transaction confirmation notices and regular summary account statements directly from the account custodian. On a quarterly basis, or as otherwise requested, clients may also receive written or electronic reports from Venturi. Clients should compare the account statements they receive from the custodian with any documents or reports they receive from Venturi.

## Item 14. Client Referrals and Other Compensation

### Client Referrals

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The Firm does not currently provide compensation to any third-party solicitors for client referrals.

### Other Economic Benefits

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The Firm receives economic benefits from third parties (non-clients) for providing advisory services, such as those described in Item 12 (above).

## Item 15. Custody

Custody is defined as having access to client and/or investor securities or funds. The Advisory Agreement and/or the separate agreement with any Financial Institution generally authorizes Venturi and/or the Independent Managers to direct the custodian(s) to debit client accounts for payment of the Firm's fees and to directly remit those funds to the Firm in accordance with applicable custody rules. These custodians send statements to clients not less than quarterly detailing all account transactions, including any amounts paid to Venturi.

Additionally, several clients have established standing instructions with account custodians which allow clients to direct Venturi to send funds from their account to other accounts with verbal instructions from the client. Venturi has been deemed to have a form of custody over these accounts since the amount and/or timing of these transfers

are not pre-defined. However, these accounts do not require surprise examination by a public accounting firm.

Since affiliates of Venturi i serve as the general partner for the Partnerships, Venturi is considered to have custody of the two Partnership's assets, even though these assets are held by a qualified custodians, Venturi manages this risk by:

- Using a qualified custodian which provides the general partner with at least quarterly statements.
- Using an outside administrator, for one Partnership, which monitors that Partnership's accounts on a daily basis.
- Engaging a PCAOB registered and inspected accounting firm to audit the Partnerships' financial statements annually.
- Sending each investor a copy of the audited financial statements each year within 120 days of the Partnerships' fiscal year-end.

## **Item 16. Investment Discretion**

Venturi is given the authority to exercise discretion on behalf of clients, meaning that the client has given the Adviser the authority to direct transactions in client accounts without first seeking their consent. Venturi is given this authority through a limited power-of-attorney included in the agreement between Venturi and the client. Clients may request a limitation on this authority (such as indicating that certain securities not be bought or sold). Venturi takes discretion over the following activities:

- The securities to be purchased or sold;
- The amount of securities to be purchased or sold;
- When transactions are made; and
- The Independent Managers to be hired or fired.
- The participation in co-investments within the Partnership

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

### **Acceptance of Proxy Voting Authority**

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Venturi accepts the authority to vote proxies on behalf of its clients'. When Venturi accepts such responsibility, it casts proxy votes in the best interest of its clients. At any time, clients may contact the Firm to request information about how Venturi voted proxies for that client's securities.

A brief summary of Venturi's proxy voting policies and procedures is as follows:

- The Firm has engaged Broadridge ProxyEdge (“Broadridge”), a third-party, independent proxy advisory firm, to provide it with research, analysis, and recommendations on the various proxy proposals for the client securities that Venturi manages with the aim of maximizing shareholder value. Venturi is in agreement with the approach Broadridge has set forth in its current Proxy Paper Guidelines for voting proxies. Although Venturi expects to vote proxies according to Broadridge’s recommendations, certain issues may need to be considered on a case-by-case basis due to the diverse and continually evolving nature of corporate governance issues. If such cases should arise, then Venturi will devote appropriate time and resources to consider those issues.
- Where Venturi is responsible for voting proxies on behalf of a client, the client cannot direct the Firm’s vote on a particular solicitation. The client, however, can revoke Venturi’s authority to vote proxies. In situations where there may be a conflict of interest in the voting of proxies due to business or personal relationships that Venturi maintains with persons having an interest in the outcome of certain votes, the Firm will take appropriate steps, whether by following Broadridge’s third-party recommendation or otherwise, to ensure that proxy voting decisions are made in what it believes is the best interest of its clients and are not the product of any such conflict.

## **Item 18. Financial Information**

Venturi is not required to disclose any financial information due to the following:

- The Firm does not require prepayment of more than \$1,200 in fees six months or more in advance of services rendered;
- The Firm does not have a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients; and
- The Firm has not been the subject of a bankruptcy petition at any time during the past ten years.