

VALIDEA | CAPITAL MANAGEMENT

363 Ridgewood Rd | West Hartford, CT 06107

phone: (800) 730-3457

facsimile: (860) 760-6661

email: info@valideacapital.com

web: www.valideacapital.com

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This brochure provides information about the qualifications and business practices of Validea Capital Management, LLC. If you have any questions about the contents of this brochure, please contact us at (800) 730-3457 or info@valideacapital.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Additional information about Validea Capital Management also is available on the SEC's web site, www.adviserinfo.sec.gov.

Item 2, Material Changes

ADV Part II

- Added new ETF portfolios (February 2020)
- Added Sawtooth Solutions disclosure for Systematic Alpha (August 2019)
- Added Systematic Alpha investment strategy, fee and personal disclosures, along with a strategy overview and reiterated risks of investing in focused systematic equity strategies.

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Item 4, Advisory Business

Validea Capital Management is a registered investment advisor based in West Hartford, Connecticut. We are organized as a limited liability corporation under Connecticut law. Validea Capital is a fee only, independent investment advisor that manages various investment portfolios for clients using a series of quantitative, systematic stock-selection strategies. The firm, which was founded in 2004, currently manages a number of actively managed equity strategies ranging from long only (highest risk) to rotational to reduced risk portfolios. The principal owners of the firm are John Reese, Jack Forehand and Justin Carbonneau.

Validea Capital offers investment management services through separately managed accounts and all clients who are invested in the managed accounts grant Validea Capital discretionary authorization over their investments with our firm. Discretionary authorization allows Validea Capital to determine the specific securities, and the amounts of securities, to be purchased or sold for a client's account without the approval of a client prior to the transaction taking place. Discretionary authority is granted through the execution of Validea Capital's investment advisory agreement, which each investor is required to sign prior to becoming a client.

The Validea Capital portfolios, which are managed by John Reese and Jack Forehand, follow a set of quantitative investment strategies. Through Validea Capital's managed portfolio offering, clients are invested in one or many of the firm's actively managed equity portfolios, which are relatively concentrated. (The portfolios hold 10 to 60 individual positions consisting of equities, mutual funds and exchange-traded funds). The investment strategies range from long-only, fully invested portfolios to rotational strategies that move in and out of equities to asset allocation approaches, which invest in both equities and other asset classes. Most private clients, but not all, are invested across multiple strategies within their managed accounts. Because Validea Capital's portfolios are systematic, and quantitative, there is no one person responsible for the selection of the individual stocks in the portfolios. Rather, a series of fundamental and technical-based investment models are used to select which stocks/ETFs should be bought or sold within a particular portfolio and whether or not a particular strategy is invested or in cash or partially in cash.

Validea Capital's managed portfolios are, in part, created from the investment ideas of a subscription investment advisory service with attractive performance records. Specifically, Validea Capital uses the investment models and ideas from The Reese Group, LLC DBA Validea.com. Validea.com is a separate entity which offers stock research and stock analysis on a subscription basis, and through affiliated research partners, using its interpretation of the published strategies of a selected set of investment "gurus". In many instances, Validea Capital Management purchases for its clients' managed accounts stocks that are also selected on the Validea.com site. To prevent any conflicts, Validea Capital and Validea.com simultaneously release new lists of stocks passing the underlying investment models to clients and subscribers.

Validea Capital also runs portfolios based on quantitative models partially developed by Andrew Cohen and Feng Dong. Clients invested in these models will pay the separate account advisory fees and trading cost/commission schedule outlined in Item 5 (Fees & Disclosures) below. The fees received by Validea Capital are shared with Mr. Cohen and Mr. Dong.

Validea Capital also provides investment advisory services to the Validea Market Legends ETF. The Validea Market Legends ETF shares are part of the ETF Series Solutions ETF Trust (a US Bank owned and operated trust). The Market Legends ETF is constructed using the same underlying investment system utilized in the private client managed accounts, however the selection of models across each of the portfolios, including the portfolio managed within the ETF, will vary. New buys and sells in the Validea Market Legends ETF will take place on the same rebalancing dates as our private client

managed portfolios. To ensure fairness across all parties, Validea Capital will begin executing the trades for the ETF at 11am, which is the same time the private client accounts begin execution (trades take place for the private accounts starting at 11am at FOLIOfn on the day of each rebalancing). This ensures that both the ETF and client accounts are treated fairly.

All clients invested in Validea Capital's strategies have their investment allocations adapted for their individual circumstances. Specifically, during the account opening process, Validea Capital acquires important information regarding the client's overall financial situation (employment status, income, net worth, time horizon, risk tolerance and more) on its "Client Information Worksheet" (this worksheet is part of the firm's account-opening document package.). In addition, clients will also complete a "Client Allocation" document, which is a form that requires clients to rate themselves on a risk/return scale in an effort to help Validea Capital determine the most appropriate long term allocation for their investment with us. Based on a combination of this document, the Client Information worksheet and one-on-one calls, emails or meetings, we develop an investment allocation (i.e. the mix of investment models to be used) that best meets the client's goals and risk tolerance. Once the advisor confirms the individual, or blend, of investment strategies is appropriate given the client's circumstances, risk tolerance and goals, and client approves the portfolio mix, the investment is placed in one or many of Validea Capital's portfolios. While Validea Capital advises clients on the mix, or allocation, of investment portfolios in their accounts, Validea Capital does not offer financial planning or give advice on financial matters that are not related to one's investment with the firm.

All private clients have the ability to impose investment restrictions on their managed accounts with the firm. Investment restrictions can be added to the accounts during the account opening process or at any time. Also, all clients have real-time access to their accounts and can log in and view their investments at any time. Validea Capital encourages all clients to take advantage of this transparency and monitor their investments over time. We do not enforce any lock up and there are no penalties assessed by Validea Capital for closing an account or removing money from an account. A client has the right to withdraw funds, close his or her account, place all or part of the account into cash or move into a lower risk portfolio at any point in time should changes in the market or their individual circumstances dictate this type of change within an account.

Validea Capital also provides investment advisory services through Validea Legends Advisor and Validea Legends Income Advisor, which are digital advisor offerings. Validea Legends Advisor's investment options are delivered via an automated investment service that assesses client goals and risk tolerance via an online questionnaire and selects client portfolios using an automated system. To determine their portfolio allocation, clients answer a series of questions about their risk tolerance, return objectives, portfolio size and investment experience. Based on the responses to the questionnaire, clients will be placed in one of nine specific portfolios, which are designed to reflect the level of risk tolerance and return goals a client has indicated. The Validea Legends allocations range from Conservative to Ultra Aggressive, and are invested across a series of ETFs and individual stock holdings. The holdings in the portfolios include bonds, stocks, and other asset classes. These holdings are selected by Validea Capital and are assigned target weights. Accounts are held at FOLIOfn Investments, which is the same brokerage firm Validea Capital utilizes for its separately managed accounts, and clients have the ability to view their portfolio and holdings in real-time online by logging into their account. Some of our allocations will have the Validea Market Legends ETF as one of the holdings. The amount allocated to the Validea Market Legends ETF will depend on the portfolio the client is invested in. Because Validea Capital is the advisor on the Validea Market Legends ETF, Validea Capital receives a management fee on the assets invested in the fund. As part of the offering, potential investors and clients have the ability to call Validea Capital with questions and concerns at any point prior to creating an account in the Validea Legends Digital offering or at any point while invested in the Validea Legends portfolios.

As of December 31, 2019 our total assets under management were \$55 million.

Item 5, Fees & Compensation

For clients invested in Validea Capital's active equity managed account strategies, the firm charges advisory fees on a sliding scale based on the amount of a client's assets under management (AUM). For individual accounts, the annual rate for accounts with up to \$1 million under management is 1.5%; for accounts with between \$1 million and \$1.5 million it is 1.2%; and for accounts above \$1.5 million it is 1.0%. For accounts with \$1.5 million to \$7.49 million it is 1.0%; for accounts with \$7.5 million to \$14.99 million it is 0.75%; for \$15 million to \$24.99 million it is 0.65%; and for \$25 million and above it is 0.55%. For the advisory fees, once the account assets reach each AUM breakpoint, the entire account is billed at the new, lower fee level. These fees may vary and for a small number of accounts fees are negotiable. The schedule outlined above does not include brokerage fees or commission costs. Clients with accounts at FOLIOfn Investments or Interactive Brokers are billed quarterly in arrears (i.e. 1/4th of the annual management fee per quarter) based on the average daily balance of one's account throughout the quarter.

Brokerage fees and commission costs for clients' with accounts at FOLIOfn Investments will be on a sliding scale based on the amount of a client's assets under management. Accounts with up to \$500,000 will be billed 0.20% per year, while asset ranges from \$500,000 to \$1.0 million will be billed 0.15%, ranges from \$1.0 million to \$5.0 million will be billed 0.10% and assets of more than \$5.0 million will be billed 0.02%. For the brokerage fees, once the account assets reaches each AUM breakpoint, the subsequent assets is billed at the lower fee rate while the lower AUM levels are still billed at the higher rates. FOLIOfn fees cover all commissions on our rebalancing trades that take place within one of the two daily trading windows FOLIOfn offers. Accounts are not aggregated or combined and the brokerage fee schedule above is for each account the client maintains at FOLIOfn. The two windows for trading are at 11am ET and 2pm ET, and Validea Capital always will trade client accounts on the trading windows unless a client requests that we trade outside of the trading windows. If a client instructs Validea Capital to sell securities outside either of the two trading windows, FOLIOfn's direct trading fees will apply and these fees are not included in FOLIOfn's asset-based fee schedule outlined above. For a small number of accounts, the FOLIOfn brokerage fees may be 0% as a result of the client being 100% invested in the Validea Market Legends ETF. Accounts at Interactive Brokers may or may not pay trading costs, depending on how the accounts are set up on the Interactive Brokers platform. Trades at FOLIOfn and Interactive Brokers begin execution at the same time, but clients may receive different execution prices since both firms utilize different trading processes and market makers.

Advisory and brokerage fees are deducted directly from client accounts by the custodians. The fee deduction for each full quarter is based on the average daily account balance throughout the quarter and is calculated at the end of the quarter by the Custodian. If a client closes an account prior to the end of the quarter, Validea Capital calculates the prorated management fees by taking the average balance of the account through the date in the quarter the client closes the account. It then applies the client's fee rate, and instructs the custodian to debit the fees due for the partial period. Validea Capital does not receive commissions for the sale of any investment products, including stocks, mutual funds or other securities. Advisory and brokerage costs are disclosed in each account: both in the transaction history and the monthly statements. Clients should review these statements carefully and if there is any question regarding the advisory or brokerage billing please contact us at the number on the cover page.

As part of our investment advisory services, we may invest in mutual funds or exchange traded funds. The fees that you pay to our firm for investment advisory services and the fees you pay to FOLIOfn or Interactive Brokers for brokerage and trading costs are separate and distinct from the fees and expenses charged by mutual funds or exchange traded funds (as

described in each fund's prospectus) to their shareholders. The fees associated with mutual funds or exchange traded funds generally include a management fee and other fund expenses.

Clients invested in the Validea Legends Advisor, the firm's digital offering, pay fees according to a different schedule than the one outlined above for the managed accounts. The total management fees and trading costs for all investors in the Validea Legends Advisor portfolios have a .25% fee for management and trading. Validea Legends Income portfolios have a 0.5% fee. These fees are split between Validea Capital and FOLIOfn Investments, who is the custodian where the accounts are held. These fees may vary, and for a small number of accounts fees are negotiable. It is important to note that the management and trading fee does not include the management fees of the underlying funds, including the management fees for the Validea Market Legends ETF, which is managed by Validea Capital Management. Fees for funds used in the Validea Legends Advisor range from approximately 0.09% to 0.79% depending on the investment allocation. In total, inclusive of all management fees and trading costs, investors in the Validea Legends portfolios will pay a total annual fee of approximately 0.53% to 0.80% at the target allocations. Validea Legends Income total fees are approximately 0.60% to 0.62%. ETF fees can change over time as pricing changes and adjustments are made to our allocations. All management fees and trading costs will be directly deducted from the clients account. The Validea Legends Advisor is a digital advisory service and is only available for those investors who open accounts at FOLIOfn at the current time. Clients are allocated using an automated system based on their answers to an online risk questionnaire and open their accounts directly online. The minimum investment is lower in the Validea Legends investment allocations. Due to its automated nature, the fees for management in Validea Legends are lower than in the Validea Capital separately managed accounts, which often times have more customization and individualized account service.

For clients invested in Validea Capital's ETF Managed Portfolios, clients pay an advisory fee of 0.50% per year. These portfolios hold third party ETFs from other ETF issuers, which also carry fees. We do not hold our own ETF, the Validea Market Legends ETF, in any of these model portfolios. These portfolios select factor, sector and other asset and investment classes via ETFs.

Pursuant to an advisory agreement between Validea Capital and the ETF Series Solutions ETF Trust, the Validea Market Legends ETF pays Validea Capital an advisory fee at an annualized rate of 0.79% which is calculated daily and paid monthly, based on its average daily net assets. Potential investors should review the Validea Market Legends ETF prospectus and Statement of Additional Information ("SAI") for additional information on Validea Capital's compensation.

In some instances, private clients of Validea Capital Management with separately managed accounts may have part or all of their investment placed in the Validea Market Legends ETF. To avoid double charging of fees (i.e. being charged a managed account fee and also the advisory fees on the ETF), Validea Capital will develop a customized billing plan for each individual circumstance so that double billing is avoided. In the instances that a private client of Validea Capital is also invested in the ETF, Validea Capital will adjust the fees on the managed accounts to reflect that a portion of a client's investment is invested in the ETF, thus avoiding the doubling of management fees.

Item 6, Performance-Based Fees and Side-by-Side Management

Validea Capital does not offer performance-based (also known as incentive-based) fee arrangements or participate in side-by-side management. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees. Performance-based fees are fees that are based on a share of capital gains or capital appreciation of a client's account.

Our fees are calculated as described in the “Advisory Business” section above, and are not charged on a basis of a share of capital gains upon, or capital appreciation of, the funds in your advisory account.

Item 7, Types of Clients

Validea Capital manages accounts for individuals, trusts and corporate entities. The majority of the firm’s clients hire the firm to manage the equity portion of their investment portfolio. For the separately managed accounts, the firm imposes a minimum investment of \$250,000 for opening an account. For clients invested in the Validea Legends portfolios, the firm requires a minimum investment of \$25,000. Clients can aggregate various accounts to meet the firm’s minimum investment threshold. However, the firm may take accounts at lower than the stated minimum requirement and reserves the right to adjust this minimum investment level on a case-by-case basis.

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

All of the investment strategies run by the firm involve the selection of individual stocks, mutual funds and ETFs utilizing one or many systematic investment models. These strategies use a combination of financial, valuation and technical criteria and fundamental metrics when determining which holdings will be added or removed from a particular portfolio or whether or not a specific investment portfolio, or part of that portfolio, will remain invested in individual securities or ETFs.

Specifically, our stock selection models are based on our interpretation of the published strategies of Wall Street legends. These models select fundamentally sound stocks, based on our system, and combine elements of both growth and value. Validea Capital offers 9 primarily value-driven systematic-based portfolios that are managed via separately managed accounts. Each portfolio is a blend of multiple quantitative strategies that are combined together based on a number of factors including, but not limited to, the correlation of models, the performance of models, and the standard deviation of the underlying models.

Below is a list of strategies that Validea Capital formally offers to investors in the separately managed account offering. In addition to these portfolios, the firm does run other custom strategies for investors.

Long Only Portfolios: For investors seeking the best long-term returns who can handle the ups and downs of the stock market.

- Consensus: 50-stock all-cap value portfolio with elements of growth.
- Select Blend: 60-stock small- and mid-cap blend portfolio.
- Top Gurus: 30-stock focused small- and mid-cap blend portfolio.
- Dividend Value: 40-stock large- and mid-cap value portfolio with dividend focus.
- International: 20-stock large-cap ADR portfolio.

Moderate Risk Portfolios: For investors who want exposure to stocks, but want to limit risk with exposure to other asset classes.

- Asset Allocation: Combines our Consensus model with multiple other asset classes.

Reduced Risk Portfolios: For investors who want to substantially reduce risk by combining a small exposure to stocks with uncorrelated asset classes.

- Permanent Portfolio: Equal blend of stocks, short- and long-term bonds and gold

Rotational Portfolios: For investors who want to be invested in stocks most of the time, but want protection from major declines via an approach that has the ability to move in and out of stocks.

- Market Rotation: Seeks to limit losses by moving to cash during market declines.

ETF Model Portfolios: Factor, sector and asset allocation portfolios consisting of ETFs selected and managed by Validea Capital's investing models.

Most of the portfolios listed above have significant exposure to equities. Furthermore, clients in our lower risk portfolios may also have exposure to higher risk models based on their specific circumstances, risk tolerance and goals. As a result of this, there is the potential for loss over any timeframe and clients should be prepared to bear this loss. Also, due to the mostly concentrated nature of Validea Capital's strategies, the firm's portfolios tend to exhibit more volatility than the overall market or comparable benchmark. To this extent, clients should be prepared for above-market volatility in the firm's long only and rotational investment strategies over any time period. In addition, it should be noted that no investment strategy works all the time and Validea Capital's models are no different. We do not represent or guarantee that our advisory 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, market volatility or major market declines. Validea Capital does not guarantee profitable future results despite favorable past performance and we cannot offer any guarantee or promises that your financial goals or objectives will be met.

The Validea Legends Advisor and the income related portfolios are different than the portfolios listed above. The Legends Advisor portfolios combine active stock selection via ETFs and individual stock holdings with exposure to other types of investments including bonds, real assets, and real estate. Below is a list of strategies that Validea Capital formally offers to investors in Validea Legends.

- Conservative Portfolio: Seeks to stabilize returns over time with allocations to stocks, bonds, commodities and real estate.
- Balanced Portfolio: Seeks to stabilize returns over time with allocations to stocks, bonds, commodities and real estate, but with an increased focus on growth.
- Moderate Portfolio: Seeks to provide stability with elements of growth by allocating to stocks, bonds, commodities and real estate.
- Aggressive Portfolio: seeks growth in capital over time by investing most of its assets in stocks, with small supplemental positions in commodities and real estate that offer asset class diversification.
- Ultra-Aggressive Portfolio: seeks aggressive growth in capital over time by maintaining significant equity exposure.
- Conservative Income Portfolio: seeks income and stable returns over time.
- Moderate Income Portfolio: seeks a balance between growth, income and stability, seeks income and stable returns over time.
- Aggressive Income Portfolio: has a primary focus on long term growth and income.

In addition to the strategies and allocations offered above, the firm also runs two portfolios utilizing its Systematic Alpha investment model. These portfolios are created, in part, by a quantitative strategy developed and tested by Andrew Cohen and Feng Dong. The underlying model utilizes a distinct set of fundamental, sentiment, liquidity and volatility inputs to construct focused portfolios that invest equally across 23 distinct industries and sectors. The strategy is offered in two different portfolios. The first follows a complete 28-day rebalancing, where the strategy makes changes based on

the ranking of all stocks in the investable universe and does not incorporate tax efficiency into its strategy. The second portfolio utilizes a tax management system, which looks to maximize long term gains and harvest losing positions. These are concentrated investment strategies, and the risk of loss is something all investors should understand exists in any stock only investment portfolio.

Validea Capital offers the Systematic Alpha tax managed portfolio through Sawtooth Solutions, a UMA/SMA TAMP solution for investment management, trade execution and online reporting. Validea Capital receives a management fee from Sawtooth Solutions on the assets that are invested in the Systematic Alpha tax managed portfolio. Portfolio changes and weights are sent to Sawtooth Solutions at the same time as client trades are executed on the day the portfolio is rebalanced. Sawtooth is then responsible for implementing the changes to the portfolio on their platform. Because of this, Sawtooth investors may receive different execution compare to investors who are investing in the Systematic Alpha tax managed portfolio through Validea Capital.

Risk Factors

Investing in securities involves risk of loss that clients should be prepared to bear. Below are some of the risks that investors should consider before investing in any account that Validea Capital manages. Any or all of such risks could materially and adversely affect investment performance, the value of any account or any security held in an account, and could cause investors to lose substantial amounts of money. Below is only a brief summary of some of the risks that a client or investor may encounter.

- The price of any security or the value of an entire asset class can decline for a variety of reasons outside of Validea Capital's control, including, but not limited to, changes in the macroeconomic environment, unpredictable market sentiment, forecasted or unforeseen economic developments, interest rates, regulatory changes, and domestic or foreign political, demographic, or social events. If a Client has a high allocation in a particular asset class it may negatively affect overall performance to the extent that the asset class underperforms relative to other market assets. Conversely, a low allocation to a particular asset class that outperforms other asset classes in a particular period will cause that Client Account to underperform relative to the overall market.
- There is no guarantee that Validea Capital's judgment or investment decisions about particular securities or asset classes will necessarily produce the intended results. Validea Capital's judgment may prove to be incorrect, and a Client might not achieve their investment objectives. Investors may lose some or all of their investment.
- ETFs may have underlying investment strategy risks similar to investing in commodities, bonds, real estate, international markets or currencies, emerging growth companies, or specific sectors. When investing in bonds, it is important to note that as interest rates rise, bond prices will fall.
- The value of the portfolio will fluctuate with the value of the underlying securities. ETFs trade like a stock, and there will be brokerage commissions associated with buying and selling exchange traded funds. ETFs may trade for less than their net asset value.
- Validea Capital invests in investment companies (primarily ETFs) registered under the Investment Company Act of 1940. Shareholders of an investment company generally bear all expenses of that company, including fees of the investment adviser and custodian, brokerage commissions and legal and accounting fees. As a result, client accounts invested in investment companies will be paying two levels of advisory fees -- the management fee to Validea Capital and the advisory fee charged by the investment adviser of the investment company in which the client account is invested. As a result, the returns realized by those client accounts will be less than the returns they would realize from engaging in the same activities directly.

- Changes in economic conditions can adversely affect investment performance. At times, economic conditions in the U.S. and elsewhere have deteriorated significantly, resulting in volatile securities markets and large investment losses. Government actions responding to these conditions could lead to inflation and other negative consequences to investors.
- Counterparties such as brokers, dealers, futures commission merchants, custodians and administrators with which Validea Capital does business on behalf of clients may default on their obligations. For example, a client may lose its assets on deposit with a broker if the broker, its clearing broker or an exchange clearing house becomes bankrupt.
- An account's investments may not be diversified. Therefore, a loss in any one position, industry or sector in which a client account has invested may cause significant losses.
- Validea Capital and its affiliates and agents generally are not responsible to any client or investor for losses incurred in an account unless the conduct resulting in such loss breached Validea Capital's fiduciary duty to the client or investor.
- If the assets that Validea Capital and its affiliates manage grow too large, it may adversely affect performance, because it is more difficult for Validea Capital to find attractive investments as the amount of assets that it must invest increases.
- Validea Capital may provide certain investors or clients more frequent or detailed reports, special compensation arrangements and withdrawal rights that it does not provide to other investors or clients.
- An account may have higher portfolio turnover and transaction costs than a similar account managed by another investment adviser. These costs reduce investments and potential profit or increase loss.
- Validea Capital's activities could cause adverse tax consequences to clients and investors, including liability for interest and penalties.

The above is only a brief summary of some of the important risks that a client or investor may encounter. Before deciding to invest in Validea Capital's managed accounts or Validea Legends, investors should carefully consider all risk factors and information. Should you have questions about these risks the potential for loss, you can contact Validea Capital at any point before opening an account or while a client.

Item 9, Disciplinary Information

There are no past or outstanding disciplinary actions or complaints filed against or about Validea Capital Management or any of its partners.

Item 10, Other Financial Industry Activities and Affiliations

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

Summary of Code of Conduct & Ethics and Procedures Manual

Validea Capital Management expects all its employees and representatives to adhere to the highest standards of ethics and integrity. All representatives of the company should put the interests of our clients above all else and should have all their decisions guided with our clients' best interests in mind. Representatives are expected to adhere to all securities laws, as well as the firm's Code of Conduct & Ethics, the AIMR code of ethics and the firm's compliance procedures manual.

Validea Capital's Code of Conduct & Ethics is predicated on the principle that the firm owes a fiduciary duty to its clients. Accordingly, Validea Capital's employees must avoid activities, interests and relationships that run contrary (or appear to run contrary) to the best interests of clients. All partners and key employees review and acknowledge reviewing Validea Capital's Code of Conduct and Ethics on an annual basis.

Clients may request a copy of Adviser's Code of Conduct & Ethics and Compliance Procedures Manual by contacting Justin Carbonneau, Chief Compliance Officer, at (860) 656-0383 or John Reese, CEO and Founder, at (860) 656-6036.

Personal Trading Policy

Validea Capital partners and Related Persons are permitted to buy and sell the same investment models or securities that are held in client accounts only if the trades occur at the same time or after the trades for clients in the corresponding investment models. If an employee trades an individual security, they must first verify that the security is not currently held within Validea Capital's investment models. Any buy or sell trades in securities held within our models must first be approved by the firm's Chief Compliance Officer. These trades will be noted in the Security Trading Log. Employees must submit their brokerage statements quarterly to the Compliance Officer for review and archiving. If a conflict of interest is declared by a Related Person or determined by the Compliance Officer, the conflict will be disclosed to affected clients via an email and internal action will be taken to determine to how avoid these conflicts in the future.

Item 12, Brokerage Practices

All clients in both the managed accounts and Validea Legends Advisor portfolios direct Validea Capital to use FOLIOfn Investments, Inc., the recommended online brokerage and custodian where the firm's assets are held. Validea Capital has selected FOLIOfn because they offer highly cost-effective commission rates and superior basket trading technologies that allow Validea Capital to manage portfolios in the best way possible across all client accounts.

While we believe FOLIOfn to be the best brokerage and custodian for our clients, we cannot guarantee that FOLIOfn is the most cost-effective trading solution in the marketplace. As such, clients may pay more over time by having a managed account at FOLIOfn than at another brokerage and custodian.

Validea Capital is independently owned and operated and we are not affiliated with FOLIOfn and we do not receive any compensation for directing business to FOLIOfn.

Item 13, Review of Accounts

All managed account portfolios offered by Validea Capital are actively managed, and we make portfolio changes and adjustments at least monthly, depending on the portfolio's underlying strategy.

To ensure that a particular allocation or portfolio is still suitable for a client, we call or email clients annually in an effort to discuss their investment with Validea Capital and to determine if anything in their personal or financial situation has changed. In addition to annual reviews, the firm's employees and partners are readily available to clients and respond to questions, thoughts and concerns in a reasonable time period. Furthermore, ad-hoc reviews occur throughout the year depending on the circumstance and needs of clients. *However, it should be noted that all clients are responsible for advising us of any changes in their investment objectives, risk tolerance or financial situation.*

On a quarterly basis, all clients will receive our quarterly private client letter. Inside each letter, we discuss the performance of our portfolios, as well as provide our thoughts on the overall market and our strategies, and insights and thoughts related to long term investing principles. Private client letters are emailed to clients (or in some cases they are mailed hardcopy), and past client letters are available upon request. Notifications of monthly account statements being available directly in their accounts are sent to the client, via email, directly by FOLIOfn Investments. Some clients opt to receive hardcopy statements, which are sent to the client via regular mail.

John Reese, Validea Capital's founder and CEO, and Justin Carbonneau, a partner at the firm, conduct all account reviews and investment allocation discussions. Validea Capital communicates with its clients quarterly through an electronic letter (email) from the firm's partners. This letter reports the performance of each portfolio over various time periods and incorporates Validea Capital's market and strategy-specific insights.

Item 14, Client Referrals and Other Compensation

Validea Capital does not engage or compensate any third party or individual for producing client referrals.

Item 15, Custody

Validea Capital Management does not maintain custody of client assets. FOLIOfn Investments, Inc. the preferred brokerage firm, is the custodian for all client accounts. For Individual Retirement Accounts (IRAs), Kingdom Trust is the custodian via FOLIOfn Investments. Clients will receive monthly statements and trade confirmations directly from FOLIOfn (either electronically or hard copy). Clients should review these statements and any notification from FOLIOfn closely and carefully for accuracy as these reports provide important information regarding their managed account. In addition to the statements and confirmations, clients have real-time access to their accounts online and clients should monitor the account regularly. As outlined in the "Fees and Compensation" section, advisory and brokerage fees are calculated and deducted directly from client accounts by the Custodian.

Item 16, Investment Discretion

All clients of Validea Capital Management grant the firm discretionary authority to manage one or many of their accounts in the investment portfolios the firm runs. Clients have the ability to impose investment restrictions on their accounts or switch between various portfolios, assuming the change is consistent and reasonable given their goals, timeframe and risk tolerance. This discretionary management authority is obtained by Validea Capital with each client signing or agreeing to the firm's investment management agreement, which states that *"Adviser will direct, in Adviser's sole discretion and without first consulting Client, the investment and reinvestment of the assets in Client's account (the "Account") in securities and cash or cash equivalents. Adviser will also provide investment advisory services to client."*

All clients have real-time access to their accounts via the FOLIOfn web site (www.folioclient.com) and can log into the account as often or as little as they would like. At any time, a client can request that Validea Capital stop managing the account and request that the funds within the account be placed into a cash position. Validea Capital can typically place a client into a 100% cash position within 1-2 trading days of a request. Requests to move to a full or partial cash position can be communicated to Validea Capital via phone, email or fax and clients will receive written or verbal confirmation of receipt of such a request.

Item 17, Voting Client Securities

Validea Capital will vote proxies on behalf of all clients unless the client has explicitly indicated their desire to not have proxies voted on their behalf. Each client grants Validea Capital the authority to vote proxies by checking off, “Advisor Will Vote”, in the Proxy Voting section of the firm’s Discretionary Asset Management agreement. As a matter of policy and as a fiduciary to our clients, Validea Capital votes on proxies consistent with the best economic interests of the clients. All corporate announcements and activities are communicated to clients within the Message Center in their FOLIOfn accounts. Clients can review these corporate announcements by logging into their account and clicking on the “Corporate Activities” button on the My Accounts page. This window will show recently decided elections on corporate actions and undecided (i.e. no vote has been submitted) actions that still need to be voted on.

Item 18, Financial Information

N/A

Part 2B of Form ADV

This part of the brochure provides information about John Reese, Jack Forehand and Justin Carbonneau that supplements the Validea Capital Management brochure disclosure information discussed above. Should you have any questions on this material, please contact Validea Capital Management at (800) 730-3457 or info@valideacapital.com.

Item 2B, Educational Background & Business Experience

John P. Reese, born 1953, has a BSEE from MIT and an MBA from Harvard Business School, and is the co-founder of Validea Capital Management, LLC. He is also the founder and Chairman of Validea.com and The Reese Group LLC (founded 1995), a stock research and stock newsletter service. Mr. Reese is the author of two investment books and holds two patents in the area of automated stock analysis.

Jack M. Forehand, born 1976, has a BA in Economics from the University of Connecticut, and is the co-founder of Validea Capital Management, LLC. He has earned the right to use the Chartered Financial Analyst designation. Since July 2003 he has also served as Director of Research and President for Validea.com and The Reese Group LLC, the owner and operator of the investment research provider Validea.com. He was a founding team member of Validea.com.

Justin J. Carbonneau, born 1976, has a BA in Economics and an MBA in Strategic Consulting and a concentration in Finance from the University of Connecticut. He is a partner at Validea Capital Management, LLC, and is the firm's compliance officer. Since 2003, Mr. Carbonneau has acted as the principal business development partner for Validea.com and The Reese Group LLC, a stock research and stock newsletter service. From June 2003-March 2005 he was a consultant and member of CIGNA's Healthcare Executive Leadership Development Program and served as a group Controller.

Item 3B, Disciplinary Information

There are no past or outstanding disciplinary actions or complaints filed against or about Validea Capital Management or any of its partners.

Item 4B, Other Business Activities

John Reese, Jack Forehand and Justin Carbonneau are also involved in running Validea.com and The Reese Group LLC, an online stock research site and stock newsletter service that is a separate legal entity from Validea Capital Management. The partners have been working together at Validea.com since 2003 and part of their time each week is dedicated to running and providing support to that business.

Item 5B, Additional Compensation

N/A

Item 6B, Supervision

John Reese and Justin Carbonneau advise the clients of the firm. Communication with clients is tracked in the firm's CRM system, Salesforce.com. Specifically, most phone conversations are summarized and logged in the system and emails, both from and to the firm, are archived and reviewed regularly by Justin Carbonneau. The objective of these reviews is to ensure that the firm is meeting the highest fiduciary standards when advising clients. Mr. Carbonneau also regularly reviews correspondence to ensure that both he and Mr. Reese are meeting the firm's compliance guidelines and rules. Mr. Carbonneau is a partner at the firm and can be reached at (860) 656-0383.