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**VERUS**  
CAPITAL PARTNERS, LLC

## **ADV Part 2A Appendix 1**

### **Wrap Fee Program Brochure**

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**July 1<sup>st</sup>, 2021**

This brochure provides information about the qualifications and business practices of Verus Capital Partners, LLC. If you have any questions about the contents of this brochure, please contact us at 480-990-3719. 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. Verus Capital Partners, LLC is a Registered Investment Adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

Additional information about Verus Capital Partners, LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. The

CRD number for Verus Capital Partners, LLC is 151568.

## ***Item 2: Material Changes to Wrap Fee Program Brochure***

At this time there are a few changes to our most recently filed ADV Part 2A Appendix I, which was filed on October 13<sup>th</sup>, 2020. Since our October 13<sup>th</sup> filing, we have updated our discretionary assets under management to the value as of March 31<sup>st</sup>, 2021. Please see Item 6 on page 9 for this information.

# ADV Part 2A Appendix 1 Wrap Fee Program Brochure

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## ***Item 4: Services, Fees and Compensation***

### ***About the Firm***

Verus Capital Partners, LLC. is a registered investment advisory firm located in Scottsdale, Arizona. Verus Capital Partners, LLC. ("Verus Capital", "We", or the "Firm.") offers the Wrap Fee program discussed in this brochure. A Wrap Fee program is a program for which you pay one fee for both investment advice and custodial/trading services. More information about these services and the fees associated with these services is contained in this brochure.

The Firm commenced business on December 2009. Our owner is Stephen Bull

Our Wrap Fee program services are investment supervisory services which are ongoing portfolio management services based on your individual goals, objectives, time horizon, and risk tolerance. Investment supervisory services include, but are not limited to, the following:

- Investment strategy
- Personal investment policy
- Asset allocation
- Asset selection
- Regular and/or continuous portfolio monitoring

For our Investment Supervisory services, we collect a Wrap program fee based upon a percentage of Assets under Management as follows:

#### **ASSETS UNDER MANAGEMENT ANNUAL FEE**

\$1 – \$250,000	2.50%
\$250,001 – \$500,000	2.50%
\$501,000 – \$750,000	2.00%
\$751,000 – \$1,000,000	2.00%
\$1,000,000 and above	2.00%

These fees are negotiable, and your final fee schedule can be found in your Investment Advisory Agreement. Fees for Investment Advisory services are paid quarterly in advance and are typically debited directly from your account. In certain instances, you may elect to be billed directly and to pay quarterly fees by check. We refund any prepaid advisory fees for accounts terminated mid-quarter. You must notify us of the account termination to receive this refund.

As the Investment Adviser (IA) absorbs certain transaction costs in wrap fee accounts, the IA may have a financial incentive not to place transaction orders in those accounts since doing so increases its transaction costs. Thus, an incentive exists to place trades less

frequently in a wrap fee arrangement.

We do not charge our clients higher advisory fees based on their trading activity, but you should be aware that we may have an incentive to limit our trading activities in your account(s) because we are charged for executed trades.

The fees not included in the advisory fee for our wrap services are charges imposed directly by a mutual fund, index fund, or exchange traded fund which shall be disclosed in the fund's prospectus (i.e., fund management fees and other fund expenses), fees for trades executed away from the custodian, mark-ups and mark-downs, spreads paid to market makers, wire transfer fees and other fees and taxes on brokerage accounts and securities transactions.

The Wrap fee program may cost you more or less than purchasing such services separately. For example, if the program trading costs were paid by you, and we traded frequently, you may pay more than the Wrap fee. If the program trading costs were paid by you and we traded infrequently, the total cost to you may be less than the Wrap fee.

### ***Other Information about Advisory Fees***

Your trading costs are included in the Wrap Fee. You may be charged a fee for custodial expenses, such things as margin interest, a fee for a retirement account, or a transfer fee. To learn more about the custodial and brokerage expenses, consult your agreement with the custodian of your assets.

The Advisory Representative who recommends the program receives compensation for this recommendation in that he or she shares in a percentage of the collected fees.

### ***Additional Services***

Advisor also receives from TD Ameritrade certain additional economic benefits ("Additional Services") that may or may not be offered to any other Independent Investment Advisors participating in the program. Specifically, the Additional Services include economic benefits designated for the purchase and utilization of Citius Advisor Solutions ("CAS"), Birinyi and Associates, Inc., InvesTech Research, Advicent (Naviplan), and Morningstar. CAS is a vendor that provides account billing support, compliance reporting and fulfillment tools, workflow optimization services, and client service consulting for clients and Investment Advisor Representatives. Birinyi and Associates, Inc. and InvesTech Research provide market research in the form of the Reminiscences Newsletter/Investor Bulletin, Monthly Newsletter, and Bulletin respectively. The Advisor compiles the market research with other market research and analysis to formulate investment recommendations and portfolio allocations for the Advisor's clients. Advicent's software solutions through the Naviplan products provide comprehensive financial planning tools, income analysis, cash flow reporting, budgeting resources, and portfolio risk management analysis. Morningstar's Morningstar Office and By All Accounts suite of products provide portfolio performance reporting, risk management tools, investment portfolio analysis tools and resources, market research, account aggregation capabilities, and portfolio accounting.

TD Ameritrade provides the Additional Services to Advisor in its' sole discretion and at its own expense, and Advisor does not pay any fees to TD Ameritrade for the Additional Services. Advisor and TD Ameritrade have entered into a separate agreement ("Additional Services Addendum") to govern the terms of the provision of the Additional Services.

The Advisor's receipt of Additional Services raises potential conflicts of interest. In providing Additional Services to Advisor, TD Ameritrade most likely considers the amount and profitability to TD Ameritrade of the assets in, and trades placed for, Advisor's Client accounts maintained with TD Ameritrade. TD Ameritrade has the right to terminate the Additional Services Addendum with Advisor, in its sole discretion, provided certain conditions are met. Consequently, in order to continue to obtain the Additional Services from TD Ameritrade, Advisor may have an incentive to recommend to its Clients that the assets under management by Advisor be held in custody with TD Ameritrade and to place transactions for Client accounts with TD Ameritrade. Advisor's receipt of Additional Services does not diminish its duty to act in the best interests of its Clients, including to seek best execution of trades for Client accounts.

### ***Institutional Advisor Benefits***

Verus Capital Partners, LLC may recommend/require that clients establish brokerage accounts with the Schwab Advisor Services division of Charles Schwab & Co., Inc. (Schwab), a registered broker-dealer, member SIPC, to maintain custody of clients' assets and to effect trades for their accounts. The final decision to custody assets with Schwab is at the discretion of the Advisor's clients, including those accounts under ERISA or IRA rules and regulations, in which case the client is acting as either the plan sponsor or IRA accountholder. Verus Capital Partners, LLC is independently owned and operated and not affiliated with Schwab. Schwab provides Verus Capital Partners, LLC with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the advisor's clients' assets are maintained in accounts at Schwab Advisor Services. Schwab's services include brokerage services that are related to the execution of securities transactions, custody, research, including that in the form of advice, analyses and reports, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

For Verus Capital Partners, LLC client accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions or other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

Schwab also makes available to Verus Capital Partners, LLC other products and services that benefit Verus Capital Partners, LLC but may not benefit its clients' accounts. These benefits may include national, regional or Verus Capital Partners, LLC specific educational events organized and/or sponsored by Schwab Advisor Services. Other potential benefits may include occasional business entertainment of personnel of Verus Capital Partners, LLC by Schwab Advisor Services personnel, including meals, invitations to sporting events, including golf tournaments, and other forms of entertainment, some of which may accompany educational opportunities. Other of

these products and services assist Verus Capital Partners, LLC in managing and administering clients' accounts. These include software and other technology (and related technological training) that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of [Advisor Firm's] fees from its clients' accounts, and assist with back-office training and support functions, recordkeeping and client reporting. Many of these services generally may be used to service all or some substantial number of [Advisor Firm's] accounts, including accounts not maintained at Schwab Advisor Services. Schwab Advisor Services also makes available to Verus Capital Partners, LLC other services intended to help Verus Capital Partners, LLC manage and further develop its business enterprise. These services may include professional compliance, legal and business consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, employee benefits providers, human capital consultants, insurance and marketing. In addition, Schwab may make available, arrange and/or pay vendors for these types of services rendered to Verus Capital Partners, LLC by independent third parties. Schwab Advisor Services may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to Verus Capital Partners, LLC. While, as a fiduciary, Verus Capital Partners, LLC endeavors to act in its clients' best interests, [Advisor Firm's] recommendation/requirement that clients maintain their assets in accounts at Schwab may be based in part on the benefit to Verus Capital Partners, LLC of the availability of some of the foregoing products and services and other arrangements and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest.

### ***Other sources of compensation***

From time to time, Verus adds new individuals as investment adviser representatives of our firm. At the same time, these individuals will register as broker-dealer representatives of LPL. To assist these new representatives as they transition to Verus and LPL, LPL has and will provide these representatives with cash loans. While the specific terms of each loan may differ, they are generally structured as forgivable loans. LPL provides one type of forgivable loan.

The forgivable loan LPL provides is a time-based loan. In this type of loan, the loan is forgiven based on the amount of time the representative continues to work with LPL. For example, in a 4-year time-based loan, 25% of the loan is forgiven after one year, another 25% is forgiven after two years, and so forth until the loan is 100% forgiven. Time based loans are typically based on 4- or 5-year periods.

A time-based loan presents a conflict of interest in that if the representative's performance is not satisfactory during the period of the loan, LPL may terminate the representative, and the representative will owe LPL the remaining balance of the loan. The representative is incentivized to keep production at a high enough level that his or her employment will be continued through the course of the loan.

When acting as an investment adviser representative of Verus, each representative is required to put your interest ahead of his or her own interest. When acting on behalf of LPL, each representative is required to act in your best interests. Whenever your representative



recommends an investment product or service, you should ask:

- Whether the representative is acting as an investment adviser or broker-dealer representative;
- The fees and expenses associated with any recommendation;
- How you will benefit from following the new recommendation; and
- Whether comparable products or services are available at a lower cost.

In certain circumstances, Verus' Managing Partner, Steven Bull, has become a guarantor of some of the forgivable loans taken out by registered representatives. In other words, Mr. Bull may be personally required to pay any or all of these loans if the representatives do not meet their revenue targets. Mr. Bull is not required to repay the unpaid balance of any forgivable loan taken directly by a Verus representative whose employment with LPL is terminated before the loan is repaid as long as Mr. Bull did not directly receive loan proceeds. In other words, Mr. Bull is personally responsible for an unpaid balance of a forgivable cash loan only when he was a direct recipient of cash loan proceeds, and his responsibility is limited to the unpaid balance of funds he personally received.

Mr. Bull is also responsible for reviewing client accounts to determine if advisory accounts are being managed in a manner consistent with Verus' fiduciary duty to the client. This presents a conflict of interest for Mr. Bull, as he has an incentive to approve investment plans that provide the greatest amount of revenue to LPL and/or keep a particular representative's production at a level that will continue the representative's employment with LPL, rather than lower-cost products or services that generate no business for LPL.

Investment advisers may accept compensation for the sale of securities, insurance products, or other investment products, including asset-based sales charges from the sale of mutual funds. They can do so in their capacity as registered representatives, and if they are appropriately licensed to do so.

This practice presents a conflict of interest and presents the adviser's supervised persons a financial incentive to recommend investment products based on the compensation received, rather than on the client's needs. Our firm and its' supervised persons address this conflict of interest by basing investment decisions on behalf of clients not on what pays the supervised person the highest level of compensation, but on what investment is in the best interest of the client. The client's risk tolerance, time horizon, state investment objectives, and investment experience are always taken into consideration when advisers recommend investments. If mutual-funds are recommended, the adviser takes into account the implications of load compared to no-load fees. The supervised persons do not utilize load mutual funds in advisory accounts.

Ultimately clients have the option to purchase investment products that we recommend through other brokers or agents that are not affiliated with our firm.

The majority of our compensation from advisory clients is based upon a percentage of assets under management, which is agreed upon between advisor and client when the client opens their account with the advisor. This fee will be detailed in the investment advisory agreement and signed by both the client and an authorized individual of the firm.

Our firm does not charge advisory fees in addition to commissions or markups.

The individuals that are licensed as registered representatives of LPL Financial are subject to regulations that restrict them from conducting securities transactions away from LPL Financial without written authorization from LPL Financial. Clients should, therefore, be aware that for accounts where LPL Financial serves as the custodian, Verus is limited to offering services and investment vehicles that are approved by LPL Financial, and may be prohibited from offering services and investment vehicles that may be available through other broker/dealers and custodians.

### ***Item 5: Account Requirements and Types of Clients***

In our Wrap Fee Program, we provide investment advice to Individuals, Trusts, Estates, Corporations and other business entities.

The Firm has a minimum family of accounts value of \$250,000. We may waive this based on the complexity of the situation or your needs.

### ***Item 6: Portfolio Manager Selection***

We are the Portfolio Manager for the Wrap fee program. This could create a conflict of interest in that we are recommending ourselves as the manager of our assets. To address this conflict of interest, we consistently monitor the performance and quality of the advice we provide. Because we are a portfolio manager for the program, a description of the services we provide is below.

#### ***Advisory Services***

When providing investment supervisory services, we evaluate your current investments with respect to your risk tolerance levels and time horizon. Verus Capital Partners believes that a prudent investment strategy reacts to current market conditions and does not lock a portfolio into a fixed allocation. We are an active manager, meaning we build portfolios with the flexibility to diversify among asset classes and management styles.

Clients electing to use our investment supervisory services give us discretionary authority, meaning that based upon your investment strategy, Verus Capital Partners will make decisions about the purchases and sales of securities on an ongoing basis. We tailor advisory services to your individual needs. For average net worth clients, we do so through conversations. For our higher net worth clients, we may use a tool called Money Guide Pro to help establish your goals and objectives. You may impose restrictions on investing in certain securities or types of securities.

Verus Capital Partners, LLC manages client assets. As of 03/31/2021 its' discretionary assets under management were \$790,787,671.69

#### ***Investment Strategies and Risk of Loss***

We recommend a wide variety of publicly traded securities including stocks, bonds,

exchange traded funds, mutual funds, CDs, and fixed income securities. Some clients may own private partnerships, but the Firm does not recommend these products as part of the typical investment portfolio.

Investing in securities involve risk of loss that you should be prepared to bear.

Our investment methodology involves risks. The primary risks you should consider are market risk, company risk and sector risk. These primary risks are described below. Other risks include small and medium capitalization risk, ETF risks, Inverse ETF risks, mutual fund risks, and global geo-political risks.

Market risk is the risk that your investments will be worth less than when you originally invested. Markets fluctuate, causing the value of your investments to fluctuate.

Company risk is the risk that a specific company we recommend fails to perform as expected, causing a portion of your investment to be worth less than originally invested or nothing at all.

Another area of risk is the focus of your assets in securities of a particular sector. Sector risk is the possibility that securities within the same group of industries will decline in price due to sector-specific market or economic developments. If a Fund invests more heavily in a particular sector, the value of its shares may be especially sensitive to factors and economic risks that specifically affect that sector. Certain sectors are subject to greater government regulation and changes in regulatory policies for those sectors may have a material effect on the value of securities issued by companies in those sectors.

### ***Performance-Based Fees and Side By Side Management***

We do not accept performance-based fees.

### ***Voting Client Securities***

For its investment management accounts, Verus Capital Partners does not vote proxies. You retain this right. Clients may receive a copy of our proxy voting policies and procedures upon request.

## ***Item 7: Client Information Provided to Portfolio Mangers***

You will provide information to us. We are the portfolio manager of your account and will use that information to manage your investments.

## ***Item 8: Client Contact with Portfolio Managers***

There are no limitations on your contact with us as your portfolio manager. You may contact us at any time to discuss your account.

## ***Item 9: Additional Information***

Neither the Firm nor any of our management persons have been involved in any event that are material to a client's or prospective client's evaluation of the Firm or the integrity of its management.

Advisor participates in the institutional advisor program (the "Program") offered by TD Ameritrade Institutional. TD Ameritrade Institutional is a division of TD Ameritrade Inc., member FINRA/SIPC ("TD Ameritrade"), an unaffiliated SEC-registered broker-dealer and FINRA member. TD Ameritrade offers to independent investment advisors services which include custody of securities, trade execution, clearance and settlement of transactions. Advisor receives some benefits from TD Ameritrade through its participation in the Program.

As disclosed above, Advisor participates in TD Ameritrade's institutional customer program and Advisor may recommend TD Ameritrade to Clients for custody and brokerage services. There is no direct link between Advisor's participation in the program and the investment advice it gives to its Clients, although Advisor receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving Advisor participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from Client accounts; access to an electronic communications network for Client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to Advisor by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by Advisor's related persons. Some of the products and services made available by TD Ameritrade through the program may benefit Advisor but may not benefit its Client accounts. These products or services may assist Advisor in managing and administering Client accounts, including accounts not maintained at TD Ameritrade.

Other services made available by TD Ameritrade are intended to help Advisor manage and further develop its business enterprise. The benefits received by Advisor or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to clients, Advisor endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by Advisor or its related persons in and of itself creates a potential conflict of interest and may indirectly influence the Advisor's choice of TD Ameritrade for custody and brokerage services.

## ***Code of Ethics, Participation or Interest in Client Transactions***

## ***and Personal Trading***

Associated persons may buy or sell for their own accounts the same securities recommended to you. This creates a conflict of interest. Associated persons seek to ensure that they do not personally benefit from the short-term market effects of their recommendations to you and we monitor their personal trading.

Associated persons are aware of the rules regarding material non-public information and insider trading. Associated persons may also buy or sell a specific security for their own account based on personal investment considerations, which the Advisor does not deem appropriate to buy or sell for clients.

We have adopted a Code of Ethics to instruct its personnel in their ethical obligations and to provide rules for their personal securities transactions. The Firm and our personnel owe a duty of loyalty, fairness and good faith to their clients, and the obligation to adhere not only to the specific provisions of the code but also to the general principles that guide the Code. The Code covers a range of topics including general ethical principles, reporting personal securities trading, exceptions to reporting securities trading, reportable securities, initial public offerings and private placements, reporting ethical violations, distribution of the Code, review and enforcement processes, amendments to Form ADV and supervisory procedures. We will provide a copy of the Code to any client or prospective Client upon request.

## ***Brokerage Practices***

We do not receive any research or other products or services other than execution from a broker-dealer or third party in connection with your securities transactions. Nor do we receive any client referrals from a broker-dealer or third party.

We typically recommend TD AMERITRADE Institutional, Division of TD AMERITRADE, Inc. member FINRA/SIPC or CHARLES SCHWAB Institutional, Division of Charles Schwab and Co., INC. Member SIPC. as a custodian. The Firm chose TD Ameritrade and Charles Schwab as its' main custodians because of their customer service, technology, trade execution, and low expenses to clients. They have relatively low transaction fees, no custodial fees, provide many client services free of charge, and provide documentation on best execution for our review and monitoring.

We may “bunch” buy or sell orders for two or more clients into a single large order, and place the bunched order with a single broker or dealer for execution. We are not obligated to place all transactions on a “bunched” basis. When determining whether to “bunch” orders, we rely on the judgment of the Chief Compliance Officer (CCO) as to what course of action is likely to be fair and in the best interests of the relevant accounts on an overall basis. That is, we seek to avoid putting any client account at an advantage or disadvantage compared to our other client accounts that are buying or selling the same security.

Block trading is permitted where the following conditions are met:

Orders of two or more clients may be bunched only if Verus has determined, on an individual basis that the securities order is:

1. In the best interests of each client participating in the order;
2. Consistent with Verus' duty to obtain best execution; and
3. Consistent with the terms of the investment Advisory agreement of each participating client.

Where conducting a block trade, the IAR will determine the accounts that will participate, and the specific allocations in advance of the transaction. If the entire order is filled, you will receive your portion of the allocation specified on the trade ticket. All allocations are prior to the close of business on trade date. Client accounts participating in the transaction will receive the weighted average price of the security and will incur a pro-rata share of the transaction cost.

If part of the order is unfilled, the allocation is based upon an alphabetical order pre-determined with a random alphabet generator. The trading allocation is made in order based on the last name of the client using this list. This list is amended every six months. The allocation shall be made in the best interests of all the clients, taking into account all relevant factors, including, but not limited to, the size of each client's allocation, clients' liquidity needs, and previous allocations. If appropriate, we will then re-submit the trade on the following business day for completion of the balance of the order if the portfolio manager determines that the price is still advantageous for the remaining accounts.

The books and records of the Firm separately reflect, for each client for whom an order is bunched, the securities held by, purchased, and sold for that client.

### ***Review of Accounts***

We continuously review the securities in every client's account. The accounts are reviewed quarterly.

### ***Client Referrals and Other Compensation***

We do not pay anyone for client referrals for our wrap fee accounts.

### ***Financial Information***

Verus Capital Partners has no financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients.

### ***Custody***

We have custody of client assets only due to our ability to withdraw fees from customer accounts. The qualified custodian of client assets sends account statements directly to clients. You will receive account statements from the broker-dealer or other qualified custodian. Clients should carefully review those statements.

### ***Investment Direction***

For those investment supervisory accounts, we maintain limited power of authority over your account with respect to securities to be bought and sold and amount of securities to be bought and sold.