



# VERMILLION & WHITE WEALTH MANAGEMENT GROUP, LLC

## ADV PART 2A Disclosure Brochure

July 28, 2021

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This brochure provides information about the qualifications and business practices of Vermillion and White Wealth Management Group. If you have any questions about the contents of this brochure, please contact us at 610-977-2098.

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 Vermillion and White Wealth Management Group is also available at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Vermillion and White Wealth Management Group, LLC  
Disclosure Brochure

Material Changes

Since the last update to this Brochure was filed on July 30, 2020, Vermillion & White Wealth Management Group, LLC (“VWG”) made the following material changes:

VWG is now registered with the United States Securities & Exchange Commission.

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## **Advisory Business**

Vermillion and White Wealth Management Group (hereinafter referred to as VWG) was formed in August of 2013. The Managing Partners of VWG are Ryan L. Vermillion and Brian J. White, CFP®.

Whether the goal is to enhance, preserve, or transfer wealth, Vermillion and White Wealth Management Group's (hereinafter referred to as VWG) objective is to help clients achieve their goals through comprehensive financial planning and quality investment advice. VWG is committed to servicing our clients with a personal, professional, and dedicated approach.

The investment philosophy of Vermillion and White Wealth Management Group is based on matching a client's portfolio with their respective risk tolerance, time horizon, and investment objectives. Our focus is to help clients develop investment strategies that assist in helping them achieve their goals. VWG is designed to assist clients with the development of financial planning and investment strategies based on these stated objectives. To assist clients in developing these strategies, VWG can, but is not required to, use various financial data gathering and investment risk-tolerance questionnaires. These tools will be used on an as needed basis for VWG clients.

Investment vehicles include money markets, CD's, treasury securities, corporate bonds, municipal bonds, preferred stocks, mutual funds, exchange-traded funds, options, and individual stocks. Investments are selected according to how well, in VWG's opinion, they are expected to help meet the clients' objectives.

Financial and investment recommendations will be client specific. Once VWG completes its analysis, a review of their findings will take place with each client prior to any investment implementation.

VWG offers investment advisory and financial planning services to individuals, entities and trusts on a discretionary and non-discretionary basis (as defined below). VWG also offers non-discretionary pension consulting services to employer retirement plans (401(k) plans). Such pension consulting services involve selection of investment menus, assistance with educating participants as to the terms of the plan, evaluating the performance of selected investment options, and advising participants on investment options based on each participant's investment profile, risk tolerances, time horizon and objectives.

As of December 31, 2020, VWG managed 765 customer accounts with a combined total of \$141,710,420 in assets, of which, \$ 93,100,000 in assets are managed on discretionary basis and \$48,610,420 are managed on a non-discretionary basis.

## **Fees and Compensation**

### *Vermillion and White Wealth Management Fee Schedule*

<b><u>Managed Assets</u></b>	<b><u>Annual Fee</u></b>
Up to \$1,000,000	1.00% - 1.50%
\$1,000,000 - \$5,000,000	0.60% - 0.90%
\$5,000,000 and over	0.40%

VWG negotiates asset management fees within the above-referenced ranges based on the complexity of the account, the value of the assets, the level of services requested, and other factors considered at the time the agreement is executed. It is the responsibility of each client to inform VWG as to the level of financial advice and investment management they are seeking. VWG will outline to each client their fee structure for the services they provide. Client fees for investment management and pension consulting services are based on a percent of assets managed. Financial planning services and certain non-discretionary investment advisory services may be offered at a fee of \$250.00 per hour. VWG does not offer any commission-based investment products or services. Commissions may be paid by insurance companies to VWG's investment adviser representatives who are licensed insurance producers for any business conducted by such investment adviser representatives. Clients are not obligated to conduct insurance business with VWG's investment adviser representatives, but may be offered insurance products suitable to the investor's objectives, time horizons and risk tolerances. Investment management fees may vary from the schedule due to particular circumstances such as the size and complexity of the account or if VWG and the client negotiate otherwise.

Investment management fees will be based on a client's portfolio value on the final day of the quarter. VWG will be compensated exclusively in quarterly arrears for investment management. All fees will be paid from the account Custodian on a quarterly basis to VWG. Prior to having fees withdrawn from a client's account, VWG will:

- (a) Possess written authorization from the client to deduct advisory fees from an account held by a Qualified custodian;
- (b) Send the Qualified custodian written notice of the amount of the fee to be deducted from the client's account; and

- (c) Send the client an itemized invoice including any formulae used to calculate the fee, the time period covered by the fee, and the amount of assets under management on which the fee was based.

Assignment of the VWG investment advisory agreement is prohibited without prior consent of both parties.

### **Performance Based Fees**

VWG does not charge performance-based fees.

### **Clients**

VWG represents individual and institutional investors, and may also represent investment companies and their advisors. VWG clients may include pension and profit sharing plans, trusts, estates, and charitable organizations. VWG contracts with clients via VWG's advisory agreement. This document clearly defines each party's responsibility in their relationship, including outlining a client's rights and responsibilities, the advisor's rights and responsibilities, the applicable fee structure, and contract termination and cancellation provisions. Should a client not be provided a copy of this disclosure document at least 48 hours prior to signing the advisory agreement, the client has five business days in which to cancel the agreement without cost or penalty.

VWG provides investment advice and asset management services to their clients. VWG may also provide financial planning advice and services to their clients. Each client has the option to choose which services best meet their needs. No client is required to use any specific service that VWG provides.

### **Methods of Analysis, Investment Strategies and Risk of Loss**

It is Vermillion and White Wealth Management Group's policy to invest in a manner designed to provide quality investment advice while matching the client's risk tolerance, time horizon, and goals; while at the same time meeting the daily cash flow needs of its clients while complying with all state and federal statutes governing public investments.

Through fundamental and technical analysis VWG may help clients design and implement suitable investment programs. VWG has established the following objectives to help clients understand how it structures investment portfolios.

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The primary objectives of VWG are:

1. Diversification - VWG through strategic asset allocation and investment analysis, seeks to diversify client investments in order to provide broad exposure to the overall market.
2. Return on Investment - Investment portfolios shall be designed in accordance with the investment risk constraints and cash flow characteristics of each investor. VWG's goal is to help clients through the varying investment cycles and economic conditions of the capital markets.
3. Liquidity - Investment portfolios shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated.

VWG encourages clients to minimize risk exposure by maintaining reasonable diversification and limiting investments in equity securities to no more than a ten percent (10%) position in any single security and to limit the total security's position (debt to equity) in any one company to no more than twenty percent (20%) of the portfolio. Reasonable sector allocations and diversification should also be maintained. While VWG recommends this formula to limit risk, they do understand that client needs vary and not all clients will follow this recommendation.

VWG has adopted investment rebalancing as a risk-management strategy. Once an investment model using asset allocation is implemented, rebalancing will take place as needed depending on market and economic conditions and each investor's individual needs. Where VWG maintains discretionary authority over client accounts, VWG will implement the rebalancing without the client's prior authorization. Where VWG acts as a non-discretionary adviser, rebalancing will be implemented only upon approval and authorization of the client prior to any transaction executed in the client's account.

To help make the most appropriate investment decisions, VWG uses a variety of sources of information including mutual fund prospectuses, financial newspapers and periodicals along with reports outlining corporate activities of the companies in which VWG invests. This includes, but is not limited to, annual reports, corporate documents and any filings with the Securities and Exchange Commission.

VWG also uses research prepared by independent third party organizations to help them maintain the investment strategies for each of their clients. These investment strategies include long-term purchases of securities held for more than one year, short-term purchases representing securities held for less than one year, trading which represents securities held for less than 30 days, margin transactions and writing options that include covered and uncovered options along with spread strategies.

Clients are advised that investments are not guaranteed and there is a risk of loss. The value of securities and portfolios containing investments will fluctuate, and may be worth more or less than the original investment value at the time of sale. Clients are advised that VWG's past results are not predictive of future results, that no investment return is guaranteed, and that significant losses can occur by investing in any security or by following any strategy. Clients are

advised that all investment programs have certain risks and that accounts can decline in value. These risks include, but are not limited to:

**General Risks** Investing in securities always involves risk of loss that the client should be prepared to accept. VWG does not represent or guarantee that the investment management services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. VWG cannot offer any guarantees or promises that a client's financial goals and objectives can or will be satisfied. Past performance is in no way an indication of future performance. VWG also cannot assure that third-parties will satisfy their obligations in a timely manner or perform as expected or marketed.

**General Market Risk.** The value and investment return of any portfolio will fluctuate based upon changes in the value of the securities held in that portfolio. Certain securities held may be worth less than the price originally paid for them, or less than they were worth at an earlier time.

**Common Stocks.** The portfolios and strategies offered by VWG include investments in common stocks, both directly and indirectly through investment in shares of mutual funds and ETFs, which may fluctuate in value in response to many factors, including, but not limited to, the activities of the individual companies, general market and economic conditions, interest rates, and specific industry changes. Such price fluctuations subject certain portfolios and strategies to potential losses. During temporary or extended bear markets, the value of common stocks will decline, which could also result in losses for each strategy.

**Portfolio Turnover Risk.** Turnover measures the rate at which securities are traded in a particular portfolio. High rates of portfolio turnover could lower performance of a particular portfolio or strategy due to increased costs and may result in the realization of capital gains. If the portfolio realizes capital gains when it sells its securities investments, it will increase taxable distributions to the client. High rates of turnover in a given year would likely result in short-term capital gains and under current tax law the client would be taxed on short-term capital gains at ordinary income tax rates, if held in a taxable account. VWG seeks to minimize turnover, but cannot guarantee that strategies will not pose these risks.

**Model Risk.** Financial models are based upon assumptions that may prove invalid or incorrect under certain market environments and conditions. There is no guarantee that any particular model will work under all market conditions. For this reason, VWG includes model-related results as part of its investment decision process, but also relies on professional judgment in making trades or asset allocations.

**ETF Risks,** An ETF's performance may not exactly match the performance of the index or market benchmark that the ETF is designed to track because 1) the ETF will incur expenses and transaction costs not incurred by any applicable index or market benchmark; 2) certain securities comprising the index or market benchmark tracked by the ETF may, from time to time, temporarily be unavailable; and 3) supply and demand in the market for either the ETF



and/or for the securities held by the ETF may cause the ETF shares to trade at a premium or discount to the actual net asset value of the securities owned by the ETF. Clients should be aware that to the extent they invest in ETF securities they will pay two levels of advisory compensation – advisory fees charged by VWG, plus any advisory fees charged by the issuer of the ETF. This scenario may cause a higher advisory cost (and potentially lower investment returns) than if a client purchased the ETF directly. An ETF typically includes embedded expenses that may reduce the ETF's net asset value, and therefore directly affect the ETF's performance and indirectly affect a client's portfolio performance or an index benchmark comparison. Expenses of the ETF may include investment advisor management fees, custodian fees, brokerage commissions, and legal and accounting fees. ETF expenses may change from time to time at the sole discretion of the ETF issuer. ETF tracking error and expenses may vary.

**Inflation, Currency, and Interest Rate Risks** - Security prices and portfolio returns will likely vary in response to changes in inflation and interest rates. Inflation causes the value of future dollars to be worth less and may reduce the purchasing power of an investor's future interest payments and principal. Inflation also generally leads to higher interest rates, which in turn may cause the value of many types of fixed income investments to decline. In addition, the relative value of the U.S. dollar-denominated assets primarily managed by VWG may be affected by the risk that currency devaluations affect client purchasing power.

**Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash to prevent a loss, realize an anticipated profit, or otherwise transfer funds out of the particular investment. Generally, investments are more liquid if the investment has an established market of purchasers and sellers, such as a stock or bond listed on a national securities exchange. Conversely, investments that do not have an established market of purchasers and sellers may be considered illiquid. A client's investment in illiquid securities may be for an indefinite time, because of the lack of purchasers willing to convert the client's investment to cash or other assets.

**Legislative and Tax Risk:** Performance may directly or indirectly be affected by government legislation or regulation, which may include, but is not limited to: changes in investment advisor or securities trading regulation; change in the U.S. government's guarantee of ultimate payment of principal and interest on certain government securities; and changes in the tax code that could affect interest income, income characterization and/or tax reporting obligations, particularly for Mutual Funds, Real Estate Investment Trust and Exchange Traded Products/Funds/Securities. VWG does not engage in tax planning, and in certain circumstances a client may incur taxable income on their investments without a cash distribution to pay the tax due. Clients and their personal tax advisors are responsible for how the transactions in their account are reported to the Internal Revenue Service or any other taxing authority.

### **Disciplinary Information**

There are no legal or disciplinary events that have taken place or related to the Vermillion and White Wealth Management Group.

### **Other Financial Industry Activities and Affiliates**

Certain investment adviser representatives of VWG are licensed with the Pennsylvania Department of Insurance to offer its clients a variety of insurance products and services. VWG's investment adviser representatives will hold the necessary licenses to help provide advice to its clients on life, accident, and health insurance matters. VWG's investment adviser representatives shall hold the necessary licenses as required by law to conduct insurance transactions with individuals and groups in these areas. VWG's licensed investment adviser representatives may receive commissions paid directly by the insurance companies in these types of transactions. As a result, this could provide a conflict of interest to VWG clients. Clients of VWG are not obligated to purchase any insurance product directly through VWG's investment adviser representatives.

VWG is not registered nor does it have a pending registration with any broker-dealer or futures commission merchant, commodity pool operator or commodity-trading advisor. VWG has no other arrangements that are material to its advisory business or its clients with any related person as defined by the Securities and Exchange Commission.

VWG's related persons may engage in transactions in securities that VWG recommends or purchases and sells for and on behalf of clients. In such situations, VWG's related persons are subject to strict policies and procedures that prohibit any unfair, abusive or dishonest conduct in personal transactions, such as prohibitions against insider trading, front-running, misappropriation of investment opportunities and similar dishonest and unethical practices. The policies and procedures governing VWG investment adviser representatives' personal transactions are set forth in the VWG compliance manual and code of ethics (as summarized below).

### **Code of Ethics**

In our efforts to ensure that VWG develops and maintains a reputation for integrity and high ethical standards, it is essential not only that VWG and its employees comply with relevant federal and state securities laws, but also that we maintain high standards of personal and professional conduct. VWG's Code of Ethics (the "Code") is designed to help ensure that we conduct our business consistent with these high standards. VWG's Code of Ethics outlines various professional responsibilities imposed upon the company and its personnel. A true and current copy of VWG's Code of Ethics is available to clients and prospective clients upon request.

Brian J. White maintains the CFP® designation as he and VWG abide by the Certified Financial Planner Board of Standards "Code of Ethics". It is available at [www.cfp.net/learn/codeofethics.asp](http://www.cfp.net/learn/codeofethics.asp).

### **Brokerage Practices**

VWG is an independent firm that does not have any affiliation with product sales firms. The selection of a broker or dealer shall be based on reputation in the industry, financial integrity, best execution of orders, proven track record and input from colleagues. VWG does not receive any portion of trading fees or custodial fees.

### **Review of Accounts**

VWG conducts portfolio reviews no less than once per year. Portfolio reviews consist of a full evaluation. Investment reviews will take place no later than on a client's contract anniversary date. Client portfolios will be evaluated and rebalanced if necessary to match the client's stated investment objectives. Where VWG maintains discretionary authority over client accounts, VWG will implement the rebalancing without the client's prior authorization. Where VWG acts as a non-discretionary adviser, rebalancing will be implemented only upon approval and authorization of the client prior to any transaction executed in the client's account.

Investment objectives during reviews will be determined by a client's time horizon, risk tolerance, objectives, and stated goals. Changes in a client's time horizon, risk tolerance, objectives, or stated goals prior to an annual review will trigger an immediate evaluation. It is the clients' responsibility to inform VWG of any changes to the above mentioned. Prior to any investment implementation each client will undergo an evaluation to determine their acceptable range of investment risk along with their financial goals.

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

VWG currently has two outside agreements established. The agreements are with Christi Lynn Bender, principal of Christi Bender, CPA and Robert DeCampi, principal of Robert DeCampi, CPA. Mr. DeCampi and Ms. Bender solicit clients for VWG for compensation. The relationships between VWG and the solicitors are defined in independent contractor agreements. Pursuant to these agreements, all investment advisory services will be provided to clients by VWG, and all investment advisory fees will be paid to VWG in accordance with the terms and conditions of the investment advisory agreement to be executed between client and VWG. Mr. DeCampi and Ms. Bender will be compensated from a percentage of the fees the client will pay to VWG. The client will not pay any additional fees, and will not incur any additional costs, due to the compensation VWG pays to the solicitors. The fees that the client will pay to VWG for investment advisory services are the same fees paid by clients who are not solicited by these individuals.

## **Custody**

Clients will establish and maintain, in their name, accounts into which they shall deposit funds and/or securities. Unless otherwise specified, accounts will be established at TD Ameritrade Institutional Services (member NYSE/SIPC), a division of TD Ameritrade Investor Services, Inc. TD Ameritrade is located at 4075 Sorrento Valley Boulevard, Suite A, San Diego, CA 92122. VWG also has a relationship with Charles Schwab & Co., Inc. (member NYSE/SIPC), located at 211 Main Street, San Francisco, CA 94105, which customers may also choose to open an investment account. (TD Ameritrade and Charles Schwab are individually and collectively referred to as “the Broker.”) The customer’s invested funds held in these custodians’ accounts will be referred to as managed assets. Business clients which accounts are required to be held in trust will do so. Account trustees will vary depending on client needs.

Client understands that the Broker and/or Trust, not VWG, will have full custody of their funds and that client will be required to pay brokerage commissions to the Broker and/or the Trust with respect to all transactions affected in their account. Client will receive statements directly from the Broker and/or Trust. VWG will not prepare regular client account statements or transaction documents.

Client authorizes the Broker and/or Trust to forward copies of all confirmations, statements, and/or reports to VWG. Client authorizes the Broker and/or Trust to forward copies of confirmations, statements, or reports to the advisor listed on this agreement. Client authorizes the advisor to view only online access confirmations, statements, and reports.

## **Investment Discretion**

Client Accounts will be managed on a self-directed basis. Client accounts will at all times be held solely in the name of the client and will require the client’s authorization for withdrawal or adjustment. The client may at any time increase or decrease their position with regard to the managed asset. Clients may grant VWG investment or brokerage discretion as defined in Part II of section 12 of from ADV. Investment discretion means that the client authorizes VWG to execute transactions in the client’s account(s) without prior consultation with or pre-approval from the client. Brokerage discretion means the client grants VWG the authority to select, without prior consultation with or pre-approval from the client, the broker-dealer through which client transactions will be executed. Where VWG has discretion with respect to broker-dealer selection, the firm will execute securities transactions for the clients in such a manner that the total cost or proceeds in each transaction is the most favorable under all the circumstances and, in selecting brokers, will consider all factors it deems relevant, including, but not limited to:

1. Clearance and settlement capabilities;
2. Quality of confirmations and account statements;

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3. Ability of the broker to settle the trade promptly and accurately;
4. The financial standing, reputation and integrity of the broker-dealer;
5. Broker-dealer's access to markets, research capabilities, market knowledge and any "value-added" characteristics;
6. VWG's past experience with the broker-dealer;
7. VWG's past experience with similar trades; and
8. Any additional factors deemed relevant by VWG.

This practice is known as "best execution."

To grant VWG investment or brokerage discretion, clients must check the box marked *YES* and initial the line in section 2 of VWG's advisory agreement describing investment discretion.

In doing so, client grants VWG full investment discretion. This will allow VWG to make investment changes on behalf of the client without consent from the client. This authority will not allow VWG to withdraw or have monies sent to the client without client consent. If neither *YES* or *NO* is checked, VWG will assume that investment and/or brokerage discretion was not authorized by the client. If a client selects *NO*, initials are not required.

Clients will describe any limitations regarding investment or brokerage discretion prior to any investment implementation. Discretionary limitations will be discussed and offered to all clients prior to any investment implementation. If the client offers no direction or limitations, it is understood that VWG will have full investment or brokerage discretion.

### **Voting Client Securities**

Vermillion and White Wealth Management Group will not accept or have the authority to vote client securities. Clients will receive their proxies as well as other solicitations directly from account custodians. VWG may assist you in interpreting proxy information, but the voting is the decision of the client. Clients can contact VWG with questions pertaining to specific solicitations.

### **Financial Information**

VWG does not receive fees of more than \$1,200 six months or more in advance, thus no financial statement for VWG is attached. VWG does not have any financial condition that is reasonably likely to impair its contracted commitment to any client.