



Verger Capital Management LLC

FORM ADV PART 2A

March 12, 2021

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336-934-4101

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This brochure provides information about the qualifications and business practices of Verger Capital Management LLC. If you have any questions about the contents of this brochure, please contact us at 336-934-4101. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority.

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

This is neither an offer to sell nor a solicitation of an offer to buy interest in any investment fund managed by Verger Capital Management LLC. Any such offering can be made only at the time a qualified offeree receives a Confidential

Private Offering Memorandum which contains significant details with respect to risks and should be carefully read.

Item 2 Summary of Material Changes

Verger Capital has no material changes to report since the last annual amendment in March 2020.

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Item 4 Advisory Business

The Company

Verger Capital Management LLC ("Verger Capital" or "the Firm") is a Delaware limited liability company formed in 2013 and registered with the SEC as an investment adviser in 2014. Verger Capital is principally owned by Wake Forest University, a private, coeducational university located in Winston-Salem, North Carolina.

As of December 31, 2020, Verger Capital has \$1,951,485,308 in total assets under management of which \$1,897,335,067 are managed on a discretionary basis and \$54,150,241 are managed on a non-discretionary basis.

Investment Services

Verger Capital acts as an Outsourced Chief Investment Officer ("OCIO") providing investment advisory services to private funds and institutional investors, including charitable institutions, foundations, and endowments. Verger Capital primarily provides discretionary investment advisory services to private investment funds, through a Master Feeder structure (Verger Funds). Verger Capital serves as the investment adviser to Verger Fund I LLC ("Verger Fund I"), a single investor fund formed and maintained for the purpose of investing certain assets of Wake Forest University; Verger Capital Fund LLC ("Verger Capital Fund"), a master fund into which Verger Fund I and Verger Fund II LLC ("Verger Fund II") invests all or substantially all of their assets; and Verger Offshore Fund Ltd ("Verger Offshore Fund") a feeder fund which will also invest all or substantially all of its assets in Verger Fund II. The Verger Funds are exempt from registration under the Investment Company Act of 1940 ("the Investment Company Act"), as amended and the Securities Act of 1933, as amended ("the Securities Act").

We also provide discretionary and non-discretionary advisory services, including recommendations with respect to portfolio construction, allocation among asset classes and allocation among unaffiliated investment managers, to institutional investors such as charitable institutions, private foundations and endowment funds ("Separate Accounts" or "Verger Custom Accounts").

Verger Capital provides advice with respect to a wide variety of securities, including interest in private investment funds that are managed by unaffiliated investment advisers ("Underlying Funds")

We enter into sub-advisory relationships whereby investment discretion will be exercised by a diversified group of unaffiliated investment advisers ("Sub-Advisers") who may invest capital of the Verger Funds and the Verger Custom Accounts in a wide variety of securities and other instruments, including derivative instruments. Underlying Funds, sub-advised accounts and any assets invested directly by Verger Capital on behalf of a client are referred to collectively as the "Portfolios," and each a "Portfolio." Interests in Verger Funds will be offered and sold only to qualified investors on a private placement basis. Verger Capital provides investment advice directly to the Verger Funds, subject to the oversight of the applicable managing entity or board, and not individually to the investors in the Verger Funds.

We manage Verger Capital clients' assets pursuant to investment guidelines discussed and agreed upon. Such guidelines may be tailored for the Verger Capital client and may reflect investment restrictions or limitations imposed by them. We make investment decisions that are consistent with the terms in the investment management agreements with Verger Capital clients and, where applicable, the organizational and offering documents of each Verger Fund. Limitations on Verger Capital's

discretionary authority may result in client accounts that perform differently (and potentially less successfully) than other accounts with similar strategies managed by Verger Capital that do not have such limitations.

In managing Verger Custom Accounts, Verger Capital will execute investments on behalf of the client. We may purchase, sell, convert and otherwise acquire or dispose of all forms of securities and other investments permitted by the investment guidelines, including without limitation: mutual funds, exchange traded funds ("ETFs"), exchange traded notes ("ETNs"), derivatives and portfolios managed by Sub-Advisers or other external investment advisers.

Please see Item 8, "*Methods of Analysis, Investment Strategies and Risk of Loss*" for more information regarding our investment strategies.

Item 5 Fees and Compensation

Verger Custom Account Clients

Verger Capital receives an asset-based management fee as compensation for our investment advisory services. We charge an investment management fee for Verger Custom Account clients of 50-70 basis points annually. We may however negotiate the precise amount and manner of payment (check, wire or deduct from custodial account) of the management fee with each client and the management fee may differ among Verger Capital clients. Management fees for Verger Custom Accounts are payable quarterly in arrears. The quarterly investment management fee is based on the Quarter Average Assets Under Management ("AUM") or Quarter Average Notional Exposure Under Management ("EUM"). AUM is calculated by taking the net asset value of the aggregated assets as of the last business day of each month of the relevant quarter and adjusting for Verger Custom Account client cash flow activity (contributions and withdrawals) to calculate an adjusted monthly total. Each adjusted monthly total for the quarter will be added together and divided by three.

EUM is calculated by taking the total notional exposure as of the last business day of each month of the relevant quarter and adjusting for investment activity affecting the total notional exposure of the portfolio (purchases, sales, and expiration) to calculate an adjusted monthly total. Each adjusted monthly total for the quarter is added together and divided by three.

Verger Custom Accounts are billed directly for management fees.

On termination of services, Verger Capital shall be entitled to receive all fees and other monies accrued but not yet paid on a pro rata basis up to the date of such termination or withdrawal, as provided in the investment management agreement.

Verger Funds

Each investor in the Verger Funds will bear certain expenses relating to its investment in the Funds. Such expenses include, but are not limited to: legal, accounting, bookkeeping, tax compliance, auditing, consulting and other professional expenses, including those of valuation firms, and expenses associated with compliance with securities regulations; administration fees and other expenses charged by or relating to the services of third-party providers of administration services, fees payable to sub-advisers, including without limitation, through investments in pooled investment vehicles; third-party and out-of-pocket research and market data expenses (including, without limitation, news, quotation, statistics and pricing services; hardware, software, data bases and other technical and telecommunications services and equipment used in the investment management and order management processes; and consulting fees and travel expenses in connection with investigation and monitoring potential and existing investments); bank service, custodial and similar fees; fees and

expenses (including travel expenses) related to the analysis, purchase or sale of securities, whether or not the investments are consummated; expenses related to the purchase, monitoring, sale, settlement, custody or transfer of Fund assets (directly or through trading affiliates); third-party and out-of-pocket fees and expenses relating to systems and software used in connection with the operation of the Funds and investment related activities; fees and expenses in connection with any advisory board or committee, entity-level taxes; fees and expenses relating to the offer and sale of Interests (including, without limitation, organizational fees and expenses), and filing and legal fees; costs and expenses incurred in connection with the dissolution, winding up or termination of the Funds; costs and expenses incurred in connection with any meeting of the members relating to the Funds, costs and expenses associated with an advisory or similar board or committee of the Funds; expenses related to the Funds' indemnification obligations hereunder; reorganizational expenses; such insurance, if any, as Verger Capital shall deem necessary or appropriate for the conduct of the business of the Funds; and such other ordinary or extraordinary expenses associated with the operation of the Funds and their investment activities as Verger Capital may deem necessary or proper to incur.

Verger Capital deducts its management fees directly from the account of each investor in the Verger Funds. Such fees are deducted quarterly in arrears.

For additional information regarding brokerage practices, please see Item 12, *Brokerage Practices*.

Note: Prospective Verger Fund investors are provided with offering documents prior to their investment and we encourage those investors to review the offering documents carefully for a complete understanding of related expenses.

Additional Compensation

Two Supervised Persons of Verger Capital are Registered Representatives of an unaffiliated broker-dealer. They are eligible to receive asset-based sales compensation in these roles.

Item 6 Performance-Based Fees and Side-By-Side Management

Verger Capital does not charge performance-based fees.

Item 7 Types of Clients

We provide investment advisory services to private funds and institutional investors, including charitable institutions, foundations, and endowments. Investors in Verger Funds and Verger Custom Account clients are generally organizations described in Internal Revenue Code ("IRC") Section 501(c) to which contributions may be made that are deductible under IRC Section 170 and are "qualified purchasers" as defined in the Investment Company Act.

Interests in the Verger Funds are offered pursuant to applicable exemptions from registration under the Securities Act and the Investment Company Act. Investors in the Verger Funds must be "accredited investors" under Regulation D of the Securities Act, Qualified Purchasers under the Investment Company Act, and "qualified eligible persons" under CFTC Rule 4.7. Investors should review the offering documents for each Verger Fund for further information with respect to minimum requirements for investment.

The minimum account size for an investment in the Verger Funds is \$5 million. The minimum account size for Verger Custom Accounts is \$25 million; however, we may choose to waive the minimum at our sole discretion.

Unless otherwise noted, for purposes of this Form ADV Part 2A, "Verger clients" refers to the Verger Funds, investors in the Verger Funds and Verger Custom Account clients.

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

Verger Capital specializes in asset allocation, portfolio construction and manager selection. We take a holistic view of the portfolio and aim to gain a deep understanding of the factors that are driving the portfolio's risks and returns. Unlike asset classes, risk factors are flexible and they afford deeper insight into the portfolio. Armed with this deeper understanding, we strive to combine risk factors in such a way that maximize the portfolio's chances of success. We believe the result of this process is a well-balanced, diversified, and robust portfolio that is positioned to weather storms that periodically erupt in capital markets. Lastly, we employ a factor-based approach to create a customized portfolio hedge to help limit losses and reduce volatility.

Our manager selection process focuses on both a qualitative evaluation as well as a quantitative analysis. The qualitative evaluation researches the organization (background, structure, depth, and compensation scheme), analyzes its particular edge in sourcing opportunities, and evaluates the rigor of portfolio construction, risk management and strategy implementation. The quantitative analysis helps us thoroughly evaluate both return and risk by comparing historical results to both appropriate benchmarks as well as to managers with similar investment strategies.

We may use a variety of resources or services to help form an investment idea or strategy including, but not limited to: financial publications and corporate rating services; annual reports, prospectuses and other SEC filings; information provided by investment fund managers and private investment funds; direct dialogue (either phone calls or in-person meetings) with investment fund managers; and, information provided by third parties including, but not limited to, research memoranda, periodicals, offering memoranda, and due diligence memoranda.

Verger Capital analyzes certain characteristics of Underlying Funds and Sub-Advisers, including their return expectations, expected contribution to risk, liquidity, and their fit within the portfolio. While the capital of the Verger Funds will typically be allocated to Underlying Funds that are privately offered or to accounts managed by a Sub-Adviser, we may also invest in mutual funds, exchange traded funds or other types of pooled investment vehicles, as well as derivatives and other hedging instruments.

Risks

The following items represent some of the material risks for the investment strategies discussed above with further information being found in the Funds Offering Document:

- Reliance on Management and Key Personnel
- Lack of, and Dependence on Third-Party Managers for, Information on Underlying Funds
- In-Kind Distributions
- Regulatory Oversight
- Cyber-Security Risk
- Portfolio Balance Risks
- Conflicting or Offsetting Investments
- Performance-Based Compensation Risk
- Withdrawal and Redemption Risk
- Master-Feeder Structure
- Recourse to Fund Assets
- Non-Disclosure of Positions
- Forward-Looking Statements
- Fully-Funded Subscriptions
- Valuation Risks
- General Economic and Market Conditions
- Bank Loans
- Committed Loan Obligation and Total Return Swap Facilities
- Convertible Securities Risk
- Credit Market Illiquidity Risk
- Derivatives Risk
- High Yield Bond Risk
- Large Investor Risk
- Leveraged Companies
- Market Risk—Equity Securities
- Natural Resources Risk
- Options Risk
- Private Equity Risks
- Short Sales Risk
- Swaps Risk
- ETFs
- Cash and Other investments
- Other Instruments and Future Developments
- Repurchase Agreements and Reverse Purchase Agreements
- Emerging Markets
- Credit Risk
- Reliance on Third-Party Fund Management
- Limited Liquidity; No Market for Interests or Shares
- Repayment of Certain Distributions
- Legal and Regulatory Changes
- Multiple Levels of Fees and Expenses
- Managed Account Allocations
- Compliance Risks
- Portfolio Turnover Risk
- Large Investor Risk
- Broad Indemnification
- Misconduct of Employees and Third Party Service Providers
- Side Letters
- Risks Related to Electronic Communication
- Tax Risks
- Interim Period Information; Estimates
- Investments in Hedge Funds and Private Equity Funds
- Borrowing and Leverage Risk
- Commodities Risk
- Counterparty Risk
- Currency Risk
- Focused Investment Risk
- Investments in Illiquid Securities Risks
- Less Established Company Risks
- Market Disruption and Geopolitical Risk
- Market Risk—Fixed Income Securities
- Non-U.S. Investments Risks
- Preferred Securities Risk
- Real Estate Risk
- Smaller Company Risk
- Zero-Coupon and Deferred Interest Rate Bonds

Prospective investors in Verger Funds are provided with offering documents prior to their investment and are encouraged to carefully review the offering documents for a more complete description of the risks applicable to a particular Verger Fund.

A Verger Capital client or Verger Fund investor may lose all, or a substantial portion of, its investment and Verger Capital clients and investors in Verger Funds must be prepared to bear the risk of a complete loss of their investment.

Item 9 Disciplinary Information

Verger Capital has no legal or disciplinary events to report.

Item 10 Other Financial Industry Activities and Affiliations

Verger Capital is principally owned by Wake Forest University. Verger Capital's Board of Managers consists of members of the Board of Trustees of Wake Forest University and those who are independent from Wake Forest. Although we are not affiliated directly with any other investment adviser, or with any broker-dealer or other financial institution, Related Persons of Verger Capital are affiliated with other investment advisers with which Verger Capital does not have a business relationship (a Related Person is defined as: Any advisory affiliate and any person that is under common control with Verger Capital. Advisory Affiliate is defined as: all of Verger Capital's officers, partners or directors or any Person performing similar functions; all Persons directly or indirectly controlling or controlled by Verger Capital and all of Verger Capital's current employees other than employees performing only clerical, administrative, support or similar functions. Employees include independent contractors who perform advisory functions of behalf of Verger Capital. Person is defined as: a natural person or a company. A company includes any partnership, corporation, trust, limited liability company, limited liability partnership, sole proprietorship, or other organization.)

Supervised Persons of Verger Capital sit on advisory boards of securities in which the Verger Funds invest as representatives of Verger Capital and in the interest of Verger Capital's clients and investors.

Verger Capital is registered as a CPO with the CFTC and is a member of the NFA. Additionally, certain employees and management persons of the Firm are registered Principals or Associated Persons of the Firm in connection with the Firm's registration as a CPO and membership with the NFA.

Verger Capital serves as investment adviser to certain Verger Funds where a related party acts as the managing entity. For additional information about the Verger Funds for which affiliates of Verger Capital serve as the managing entity, please see Part 1 of Verger Capital's Form ADV.

Two of Verger Capital's Supervised Persons are Registered Representatives of an unaffiliated FINRA registered broker-dealer of Foreside Financial Group ("Foreside") for the purpose of facilitating the offering of interests in the Verger Funds. Verger Capital, at its expense, pays Foreside a fee for distribution related services for the Verger Funds.

Supervised Persons of Verger Capital have a number of outside activities as Boards members, Advisory Counsel members, and as an adjunct Investment Officer. These persons are not compensated for these activities. One Supervised Person receives compensation from one foreign company to attend meetings as an independent Director to a Review Committee. Verger Capital has no investment interests in this foreign entity. Verger Capital supervises potential conflicts of interest, in part, by reviewing supervised persons trading and investments.

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

Code of Ethics

Verger Capital has adopted a written Code of Ethics ("the Code") that is applicable to all Supervised Persons. The Code, which is designed to comply with Rule 204A-1 under the Advisers Act, establishes guidelines for professional conduct and personal trading procedures.

The Code states that it is improper for Supervised Persons and their families to use for their own benefit (or the benefit of anyone other than a Verger client) information about Verger Capital's trading or investment recommendations, or to take advantage of investment opportunities that would otherwise be available for a Verger client. The Code requires all Supervised Persons to comply with applicable U.S. federal securities laws at all times.

The Code outlines written policies regarding personal trading in any brokerage or trading account in which Supervised Persons, or their immediate family, have any direct or indirect control or beneficial ownership. Under the Code of Ethics, Access Persons are also required to disclose all personal account holdings to Verger Capital upon employment and to provide periodic reports to Verger Capital's Chief Compliance Officer. The Code helps Verger Capital detect and prevent potential conflicts of interest.

Supervised Persons who violate the Code may be subject to remedial actions, including, but not limited to, profit disgorgement, fines, censure, demotion, suspension or dismissal. Supervised Persons are also required to promptly report any violation of the Code of which they become aware and to annually certify compliance with the Code.

A copy of Verger Capital's Code is available to any Verger client or prospective Verger client upon request to Vicki West, Chief Operating Officer, at 336-934-4101 or in writing to Vicki West, Chief Operating Officer, Verger Capital Management LLC, 751 W. Fourth Street, Suite 410, Winston-Salem, NC 27101.

Conflicts of Interest

Verger Capital engages in a broad range of activities, including investment activities for its affiliates and for the accounts of Verger clients. In the ordinary course of conducting its activities, the interests of a Verger client may conflict with the interests of Verger Capital, its affiliates or other Verger clients. Certain of these conflicts of interest, as well as a description of how Verger Capital addresses such conflicts of interest, is outlined below. The discussion does not describe all conflicts that may arise.

Resolution of Conflicts - In the case of all conflicts of interest, Verger Capital's determination regarding which factors are relevant, and the resolution of such conflicts, will be made using Verger Capital's best judgment, in its sole discretion. In resolving conflicts, Verger Capital may consider various factors, including the interests of the applicable Verger clients with respect to the immediate issue and/or with respect to their longer-term courses of dealing. Certain procedures for resolving specific conflicts of interest are set forth below. When conflicts arise, the following factors may mitigate, but will not eliminate, conflicts of interest:

1. A Verger client will not make an investment unless Verger Capital believes that such investment is an appropriate investment considered solely from the viewpoint of the applicable Verger client.
2. Conflicts of interest will be resolved by set procedures contained in Verger Capital's compliance policies and, if applicable, in the relevant offering and organizational documents of a Verger Fund.
3. On any issue involving actual conflicts of interest, Verger Capital will be guided by its fiduciary duty.

Potential Conflicts - Potential material conflicts of interest include those discussed below, although the discussion does not necessarily describe all conflicts that may be faced by a Verger client. Other conflicts may be disclosed throughout this brochure and the brochure should be read in its entirety for other conflicts.

Principal Transactions - Section 206 of the Advisers Act regulates principal transactions among an investment adviser and its affiliates, on the one hand, and its clients. If an adviser (or an affiliate) purchases a security from or sells a security to a client, the adviser must disclose the terms of the transaction to the client and obtain the consent of the client prior to engaging in the principal transaction. In connection with Verger Capital's management of Verger client assets, Verger Capital from time to time engages in principal transactions and transactions with affiliates. Such transactions present conflicts of interest for Verger Capital, its affiliates and the managing entities of the Verger Funds. Verger Capital has established certain policies and procedures to address such conflicts of interest and to comply with the requirements of the Advisers Act as they relate to principal transactions and transactions with affiliates.

Cross Transactions - In certain cases, Verger Capital causes a Verger client to purchase investments from another Verger client, or causes a Verger client to sell investments to another Verger client. Such transactions create conflicts of interest because, by not exposing such buy and sell transactions to the market, a Verger client may not receive the best price otherwise possible. Additionally, in connection with such transactions, Verger Capital, its affiliates and/or their professionals (i) may have significant investments, or intentions to invest, in a Verger Fund that is selling and/or purchasing such an investment or (ii) otherwise have a direct or indirect interest in the investment (such as through certain other participations in the investment).

Verger Capital and its affiliates receive management or other fees in connection with their management of the Verger Funds and Verger Custom Accounts, which creates a conflict of interest when a Verger Fund or Verger Custom Account is involved in such transaction as noted above. To address these conflicts of interest, Verger Capital's Chief Compliance Officer, in consultation with Verger Capital's Chief Executive Officer, will be responsible for confirming that Verger Capital (i) considers its respective duties to each Verger client, (ii) determines whether the purchase or sale and price or other terms are comparable to what could be obtained through an arm's length transaction with a third party, and (iii) obtains any required approvals of the transaction's terms and conditions. Verger Capital will not directly or indirectly receive any commission or other transaction-based compensation for effecting any such transaction, and Verger Capital will not affect any such transaction for any Verger client where Verger Capital may be deemed to own more than 25% of the Verger client, unless such transaction complies with the requirements of Verger Capital's principal transactions policy, as described above.

Conflicts Related to Purchases and Sales - Verger Capital, its affiliates and Supervised Persons may own, buy or sell securities or other instruments that Verger Capital has bought, sold or recommended to Verger clients. Such transactions are subject to the policies and procedures set forth in Verger Capital's Code of Ethics. The investment policies, fee arrangements, and other circumstances of these investments may vary among Verger clients and Verger Capital, its affiliates and Supervised Persons.

A particular investment may be bought or sold for only one Verger client or in different amounts and at different times for one (or more than one) Verger client, even though it could have been bought or sold for other Verger clients at the same time. Likewise, a particular investment may be bought for one or more Verger clients when one or more other Verger clients are selling the investment.

Verger Capital, the manager of an Underlying Fund, or a Sub-Adviser could disadvantage other Verger clients due to activities conducted on behalf of the Fund or other private fund clients as a result of, among other things: legal restrictions on the combined size of positions which may be taken for all accounts managed by Verger Capital, the manager of such Underlying Fund, or such Sub-Adviser, thereby limiting the size of a portfolio's position; and the difficulty of liquidating an investment for more than one account where the market cannot absorb the sale of the combined positions.

Allocation of Investment Opportunities - Verger Capital, the manager of an Underlying Fund and Sub-Advisers will, from time to time, encounter situations in which each must determine how to allocate investment opportunities among its clients. Verger Capital has little influence over how the manager of an Underlying Fund or a Sub-Adviser allocates investment opportunities but expects them to allocate opportunities in a fair and equitable manner.

In exercising discretion to allocate investment opportunities and fees and expenses, Verger Capital, managers of Underlying Funds and Sub-Advisers may be faced with a variety of potential conflicts of interest. For example, an investment adviser allocating an investment opportunity among clients with differing fee, expense and compensation structures creates an incentive for the investment adviser to allocate investment opportunities to the clients from which it derives, directly or indirectly, a higher fee, compensation or other benefit.

Verger Capital seeks to make all allocations of investment opportunities among Verger clients in a fair and equitable manner and will not favor or disfavor any Verger client in relation to any other Verger client. Further, Verger Capital will not allocate investment opportunities based, in whole or in part, on (i) the relative fee structure or amount of fees paid to Verger Capital by any Verger client, or (ii) the profitability to Verger Capital of any Verger client.

The appropriate allocation between Verger clients of expenses and fees generated in the course of evaluating and making investments which are not consummated, such as out-of-pocket fees associated with due diligence, attorney fees and the fees of other professionals, will be determined by Verger Capital in its good faith judgment.

Management of the Funds - Verger Capital may establish one or more additional investment funds with investment objectives substantially similar to, or different from, those of current Verger Funds or Verger clients. Allocation of available investment opportunities among Verger clients and any such investment fund could give rise to conflicts of interest. See "*Allocations*" above. In addition, it is expected that employees of Verger Capital responsible for managing a particular Verger client account will have responsibilities with respect to other Verger clients, including Verger Funds that may be established in the future. Verger Capital employees may also have outside affiliations or participate in other professional activities outside of Verger Capital. Conflicts of interest may arise in allocating time, services or functions of these employees between Verger clients.

Diverse Membership - The investors in the Verger Funds may include entities with conflicting interests with respect to their investments in a Verger Fund. The conflicting interests among the investors could relate to or arise from, among other things, the nature of investments made by a Verger Fund, the structuring of the acquisition of investments and the timing of the disposition of investments, as well as the structure of a Verger Fund and any associated parallel funds. As a consequence, conflicts of interest may arise in connection with decisions made by Verger Capital, including with respect to the nature or structuring of investments, that may be more beneficial for one investor than for another investor, especially with respect to investors' individual tax situations. Subject to disclosures contained within a particular Verger Fund offering documents, in selecting and structuring investments appropriate for a Verger Fund, Verger Capital will consider the investment objectives of the applicable Verger Fund and the investors as a whole, not the investment, tax or other objectives of any investor individually.

Conflicts Related to Fee Structure - Because a Verger Fund's management fee is based upon the value of investor's capital accounts or net asset value, to the extent that the valuation of such assets is determined or influenced by Verger Capital, this creates a conflict of interest.

Conflicts of Underlying Funds and Sub-Advisers - Underlying Funds and Sub-Advisers have interests and relationships that may create conflicts of interest related to their management of Portfolios. Such conflicts of interest may be similar to, different from or supplemental to those conflicts described herein relating to Verger Capital. For example, Underlying Funds or Sub-Advisers may have additional or different conflicts with respect to trading and investment practices, including their selection of broker-dealers, aggregation of orders for multiple clients or netting of orders for the same client as well as with respect to the investment of client assets in companies in which they have an interest.

Valuation - The valuation of investments in Verger Custom Accounts or investments and interest in Verger Funds presents several conflicts of interest between and among Verger clients and Verger Capital. As discussed in Item 8, Verger Capital may invest in, or allocate assets to Underlying Funds or Sub-Advisers that invest in assets that lack a readily ascertainable market value. Such assets will generally be assigned a fair valuation determined by Verger Capital, or the Underlying Fund or Sub-Adviser, or by the managing entity or board of a Verger Fund. The valuation of such assets presents a conflict of interest for Verger Capital, and for an Underlying Fund or Sub-Adviser, insofar as such valuation affects the performance results of Verger Capital or the underlying manager, the calculation of any asset-based performance-based fees on such assets, and the price at which investors purchase, sell or redeem interests in Verger Funds. Additionally, certain Verger clients and investors in Verger Funds participate, directly or indirectly, in investments that were previously made by Wake Forest University or investments currently held by Verger Funds. In connection with such participation, Verger Capital, or a managing entity or board of a Verger Fund affiliated with Verger Capital, has fair valued such investments in order to establish a price at which a portion of such investments were sold to participating Verger clients, including Verger Funds. Verger Capital, its affiliates and managing entities or boards of Verger Funds may face conflicts of interest in connection with such purchase or sale transactions, including with respect to the consideration offered by, and the obligation of Verger Capital, its affiliates or the managing entities or boards of Verger Funds.

Other Conflicts - Verger Capital and Verger Funds will generally engage common legal counsel and other advisers in a particular transaction, including transactions in which there may be conflicts of interest. Members of the law firms engaged to represent the Verger Funds may also represent investors in a Verger Fund. In the event of a significant dispute or divergence of interest between Verger Funds and Verger Capital, the parties may engage separate counsel in the sole discretion of Verger Capital. Moreover, in litigation and certain other circumstances, separate representation may be required.

Item 12 Brokerage Practices

While Verger Capital may provide advice with respect to a wide variety of securities, we generally invest in interests in the Underlying Funds. Interests in these funds are traded directly with the issuer and not placed through a broker-dealer. We also enter into sub-advisory relationships with unaffiliated investment advisers. We expect that the managers of the Underlying Funds and the Sub-Advisers will

direct brokerage business on the basis of best available execution and in consideration of such brokers' provision of brokerage, research and related services, but we do not participate in those decisions and no absolute assurances can be made in that respect.

With respect to any direct trading activity conducted by Verger Capital (for example in individual publicly traded securities), we will seek "best execution" of the transaction. In determining whether a particular broker or dealer is likely to provide best execution in a particular transaction, we take into account a number of factors we deem relevant to the broker's or dealer's execution capability, for example, price, the size of the transaction, the nature of the market for the security, the amount of the commission, the timing of the transaction, market trends, the reputation, experience and financial stability of the broker or dealer, and the quality of service rendered by the broker or dealer in other transactions.

Verger Capital clients may direct the Firm to use a particular broker to execute transactions in the client's Verger Custom Account. In all these cases, the client may pay a higher transaction fees and costs or receive less favorable trade execution than would otherwise be the case if the client had not directed trading to a designated broker.

Recommendation of Broker-Dealers for Client Transactions

Verger Capital utilizes the custody, brokerage and clearing services of Charles Schwab & Co., Inc. ("Schwab") for certain investment management accounts (Verger Custom Accounts). The final decision to custody assets with Schwab is at the discretion of the client. Verger Capital is independently owned and operated and not affiliated with Schwab. Schwab provides Verger Capital with access to its institutional trading and custody services, which are typically not available to retail investors.

Factors which Verger Capital considers in recommending any broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research and service. The commissions and/or transaction fees charged by Schwab may be higher or lower than those charged by other Financial Institutions.

The commissions paid by Verger Capital clients to Schwab comply with the Firm's duty to seek "best execution." Clients may pay commissions that are higher than another qualified Financial Institution might charge to effect the same transaction where Verger Capital determines that the commissions are reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a Financial Institution's services, including among others, the value of research provided, execution capability, commission rates and responsiveness. Verger Capital seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

Verger Capital periodically and systematically reviews its policies and procedures regarding its recommendation of Financial Institutions in light of its duty to obtain best execution.

Schwab - Your Custody and Brokerage Costs

For the client accounts maintained, Schwab generally does not charge separately for custody services but is compensated by charging commissions or other fees on trades that are executed or settled in Schwab accounts. In addition to commission rates, Schwab charges a flat dollar amount as a "prime broker" or "trade away" fee for each trade that is executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into the client's Schwab account. These fees are in addition to the commissions or other compensation paid to the executing broker-dealer.

Schwab Advisor Services

Schwab Advisor Services (formerly called Schwab Institutional) is Schwab's business serving independent investment advisory firms like Verger Capital. They provide access to institutional brokerage - trading, custody, reporting and related services - many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help Verger Capital manage or administer client accounts while others may help manage and grow our business. Schwab's support services are available on an unsolicited basis and at no charge to Verger Capital.

Services that Benefit Verger Capital Clients

Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we may not otherwise have access or may require a significantly higher minimum initial investment by our clients. Schwab's services described in this paragraph generally benefit Verger Capital clients.

Services that May Not Directly Benefit Verger Capital Clients

Schwab also makes available other products and services that may benefit Verger Capital, but may not directly benefit Verger Capital clients. These products and services assist us in managing and administering our client accounts. These include investment research, both Schwab's and that of third parties. We may use this research to service all or some substantial number of our client accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- provides access to client account data (such as duplicate trade confirmations and account statements);
- facilitates trade execution and allocates aggregated trade orders for multiple client accounts;
- provides pricing and other market data;
- facilitates payment of Verger fees from client accounts; and
- assists with back-office functions, recordkeeping and client reporting.

Services that Generally Benefit Only Verger Capital

Schwab also offers other services intended to help Verger Capital manage and further develop our business enterprise. These services include:

- educational conferences and events;
- technology, compliance, legal, and business consulting;
- publications and conferences on practice management and business succession; and
- access to employee benefits providers, human capital consultants and insurance providers.

Schwab may provide some of these services itself, or may arrange for third-party vendors to provide the services. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. Schwab may also provide us with other benefits such as occasional business entertainment of our personnel.

Our Interest in Schwab's Services

The availability of these services from Schwab benefits Verger Capital because we do not have to produce or purchase them. These services may provide an incentive to recommend that clients maintain an account with Schwab based on our interest in receiving Schwab's services that benefit our business rather than based on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a potential conflict of interest. We believe, however, that when we select or recommend a custodian and broker it is in the best interests of our clients. It is primarily supported by the scope, quality and price of the custodian's and broker's services (based on the factors discussed above) and not custodian's services that benefit only Verger Capital. We do not believe that maintaining client assets at Schwab for services presents a material conflict of interest.

Research and Other Soft Dollar Benefits

Verger Capital does not participate in Soft Dollar arrangements.

Trade Aggregation

When exercising discretion, BEM may combine orders for more than one client's account to form a "block" order for the purpose of seeking a better price and or execution. When a block order is executed, the broker/dealer executing the order typically allocates an average execution price to all shares in the block order, which BEM then allocates to each customer's account position on a pro rata basis. Should a block order only be partially filled, available shares are distributed in a manner fair to all accounts.

When it is in the best interest of clients and we have the opportunity to do so, Verger Capital aggregates orders of more than one Verger client for the purchase or sale of the same security or instrument. Portfolio managers and traders often employ this practice because larger transactions may enable them to obtain better overall prices, including lower commission costs. Upon execution of the aggregate order, Verger Capital allocates the investment between participating Verger clients so that each participating Verger client receives the average price of the aggregate order's execution on a pro-rata basis. When Verger is unable to aggregate orders, we may choose another allocation method, such as a rotational method (After an account has been allocated a trade it is placed last in the order for the next trade and the next account takes its turn going first in the trade order.).

Verger Capital will correct any trade error in a client account where Verger Capital is determined to be at fault in such a way that the client account is made "whole" and not harmed. Examples of trade errors include situations in which a security was purchased or sold instead of being sold or purchased, the wrong security is purchased or sold, a security was purchased or sold in the wrong account or the incorrect number of securities were purchased or sold.

Item 13 Review of Accounts

Verger client accounts are regularly reviewed by the investment team with respect to investment strategy and the suitability of the investments used to meet the investment objectives of an account.

Reporting may differ for each client and clients should confirm which reports they will receive. Investors in the Verger Funds are provided reports as identified in such Verger Fund's organizational and offering documents. Typically, Verger Custom Accounts are provided a monthly report and investors in the Verger Funds receive quarterly reports.

Item 14 Client Referrals and Other Compensation

We may receive referrals or introductions to potential Verger clients from Related Persons or Advisory Affiliates. These activities are done in compliance with established policies and procedures.

Item 15 Custody

Verger Capital does not act as a custodian for Verger client assets. However, under Rule 206(4)-2 under the Advisers Act, Verger Capital may be deemed to have custody of Client assets under certain circumstances.

The independent, qualified custodian of the Verger Funds is disclosed in the relevant offering and other fund documents. To the extent a Verger Fund relies on the "audit exemption" under Rule 206(4)-2(b)(4) of the Advisers Act, Verger Fund investors may not receive reports or statements directly from such qualified custodians. However, to the extent Verger Fund investors receive periodic reports or statements from a Verger Fund qualified custodian, Verger Capital urges such Verger Fund investors to carefully review such reports or statements and to compare them to any reports or statements provided to such investors by Verger Capital.

In the case of Verger Custom Account clients, Verger Capital does not have physical custody of the client assets. Verger Capital will recommend an independent, qualified custodian to the Verger Custom Account client whose services and fees will be separate from Verger Capital's investment management fees. Verger Custom Account clients are responsible for opening custodial accounts directly with the independent, qualified custodian. Verger Custom Account clients should receive required periodic reports or statements from their qualified custodians, and should carefully review those reports or statements and compare the records from the qualified custodians to any reports or statements that we provide. The information in any reports or statements from us may vary from a qualified custodian's reports or statements based on reporting of accrued interest and dividends, reporting dates (trade date vs. settlement date), or valuation methodologies of certain securities.

Item 16 Investment Discretion

We provide discretionary investment advisory services to the Verger Funds pursuant to a written investment management agreement and subject to the discretion and control of the managing entity of the applicable Fund. Restrictions on authority are set forth in the organizational documents of the Verger Funds.

Verger Capital manages Verger Custom Accounts on a discretionary and non-discretionary basis. In the case of Verger Custom Accounts that we manage on a discretionary basis, we provide investment advice pursuant to a written investment management agreement which sets forth any investment restrictions, limitations or guidelines on such account's investments or on our investment authority. In the case of Verger Custom Accounts that we manage on a non-discretionary basis, we will make recommendations to the client with respect to investment transactions pursuant to a written investment advisory agreement, but the client will make the ultimate investment decision.

Item 17 Voting Client Securities

The managers of the Underlying Funds and the Sub-Advisers vote the proxies for securities under their management. The Underlying Funds and the Sub-Advisers are responsible for retaining all required books and records associated with the proxy voting they conduct.

The Verger Capital Valuation Committee ("the Committee") is responsible for voting proxies which are not voted by the Underlying Funds or the Sub-Advisers. This includes certain portfolios or sleeves within the Fund and the Verger Custom Accounts. The Committee will review each proxy independently and conduct and document any necessary research in the decision on how to vote in your best interest. In addition, the Committee will be responsible for resolving any conflicts of interest regarding proxy votes. If a conflict arises, the proxy will be sent to the client, to vote. Upon the execution of the vote, the Committee will provide the Chief Operating Officer with a copy of the proxy statement, a record of the vote cast and a copy of any document created that was material to making the decision on how to vote the proxy or that memorializes the basis for the decision.

We will make information regarding how proxies were voted, as well as a copy of our voting policy and procedures, available at your request. Please submit any such requests to Vicki West, Chief Operating Officer, at 336-934-4101 or in writing to Vicki West, Chief Operating Officer, Verger Capital Management LLC, 751 W. Fourth Street, Suite 410, Winston-Salem, NC 27101.

Item 18 Financial Information

In certain circumstances, registered investment advisers are required in this item to provide you with financial information or disclosures about their financial condition. Verger Capital has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has never been the subject of a bankruptcy proceeding.