

**Verity and Verity, LLC  
d/b/a  
Verity Investment Partners**

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**MARCH 2022  
FORM ADV PART 2A  
BROCHURE**

This brochure provides information about the qualifications and business practices of Verity Investment Partners. If you have any questions about the contents of this brochure, please contact us at: 843-379-6661 or by email at [info@verityvip.com](mailto:info@verityvip.com).

The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Verity Investment Partners is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Verity Investment Partners is 119630.

Verity Investment Partners 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.

## Item 2 Summary of Material Changes

Form ADV Part 2 requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes.

The Adviser implemented policies, procedures and controls relating to the Marketing Rule and the Department of Labor Prohibited Transaction Exemption 2020-02 ("PTE 2020-02") regarding rollover recommendations.

### Item 3 Table of Contents

Item 2 Summary of Material Changes .....	2
Item 3 Table Of Contents.....	3
Item 4 Advisory Business .....	4
Item 5 Fees and Compensation.....	7
Item 6 Performance-Based Fees and Side-By-Side Management.....	9
Item 7 Types of Clients .....	9
Item 8 Methods of Analysis, Investment Strategies and Risk of Loss .....	9
Item 9 Disciplinary Information .....	11
Item 10 Other Financial Industry Activities and Affiliations .....	11
Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	11
Item 12 Brokerage Practices .....	12
Item 13 Review of Accounts .....	14
Item 14 Client Referrals and Other Compensation.....	14
Item 15 Custody.....	15
Item 16 Investment Discretion .....	16
Item 17 Voting Client Securities.....	16
Item 18 Financial Information .....	16
Item 19 Requirement for State-Registered Advisers .....	16
Item 20 Additional Information .....	16

## Item 4 Advisory Business

### Description of Services

Verity and Verity, LLC d/b/a Verity Investment Partners is a registered investment adviser based in Beaufort, South Carolina with offices in Bluffton, South Carolina, Edwards, Colorado and San Antonio, Texas. We are organized as a limited liability company under the laws of the State of South Carolina. We have been providing investment advisory services since 2002. William W. Verity is our firm's principal owner.

The following paragraphs describe our services. Please refer to the description of each investment advisory service listed below for information on how we tailor our advisory services to your individual needs. As used in this brochure, the words "we", "our" and "us" refer to Verity Investment Partners and the words "you", "your" and "client" refer to you as either a client or prospective client of our firm. Also, you may see the term Associated Person throughout this brochure. As used in this brochure, our Associated Persons are our firm's officers, employees, and all individuals providing investment advice on behalf of our firm.

We offer discretionary investment management services. Our investment advice is tailored to meet our clients' needs and investment objectives. If you retain our firm for portfolio management services, we will meet with you to determine your investment objectives, risk tolerance, and other relevant information (the "suitability information") at the beginning of our advisory relationship. We will use the suitability information we gather to develop a strategy that enables our firm to give you ongoing and focused investment advice and/or to make investments on your behalf. Once we construct an investment portfolio for you, we will monitor your portfolio's performance on an ongoing basis and will rebalance the portfolio as required by changes in market conditions and in your financial circumstances.

We request you grant our firm discretionary authority to manage your account. Discretionary authorization will allow our firm to determine the specific securities, and the amount of securities, to be purchased or sold for your account without your approval prior to each transaction. Discretionary authority is typically granted by the investment advisory agreement you sign with our firm, a power of attorney, or trading authorization forms. You may limit our discretionary authority (for example, limiting the types of securities that can be purchased for your account) by providing our firm with your restrictions and guidelines in writing.

### Financial Planning

We offer financial planning services but do not charge separately for this service. Our financial planning services may be general in nature or focused on particular areas of interest or request, depending on each client's unique circumstances and goals. Financial planning advice is offered in the areas of goal setting, cash flow and debt management, retirement planning, investment planning, college education funding, tax planning and estate planning as applicable. We offer such services as requested by the client and the client is responsible for implementing, accepting or rejecting any plans we may present. We do not serve as an attorney, accountant, insurance agent and no portion of our services should be construed as same.

### Limitations of Financial Planning

To the extent requested by a client, we may recommend the services of other professionals for certain non-investment implementation purposes. You are under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation that we make. Please note: If the client engages any unaffiliated recommended professional, and a dispute arises thereafter relative to such

engagement, the client agrees to resolve the dispute directly with the engaged professional.

### **Use of Sub-Advisors**

As part of our investment management services, we may use sub-advisors to manage your account on a discretionary basis. Our ability to hire the sub-advisor on your behalf is based on you granting our firm discretionary authority, which is typically granted by the investment advisory agreement you sign with our firm and trading authority forms with the custodian. Whether we manage the account directly or use a sub-advisor, we will maintain the day-to-day discretionary management responsibility for the allocated assets. In most cases, we will have the ability to terminate the sub-advisor relationship without your prior approval. We will pay a portion of our advisory fees to the sub-advisor and the client will not pay a higher advisory fee as a result of the sub-advisory arrangement. For some accounts, clients may have a separate management agreement with the sub-advisor and therefore pay the sub-advisor directly.

### **Introduction from Primary Investment Professional/Solicitor**

Verity Investment Partners provides investment management services to clients who are introduced to us through the client's primary investment professional, including an advisor that serves as a solicitor to Verity Investment Partners. For clients who have been acquired as such, fees may be as much as .25% higher than our normal fee schedules. In these types of engagements, the client will be requested to acknowledge and agree that: (1) at all times the introducing Investment Professional shall serve as the client's primary investment professional and shall be responsible for: (a) assisting client in determining the initial and ongoing suitability for Verity Investment Partners' investment portfolios and/or strategies. Verity Investment Partners' only obligation shall be to manage the assets consistent with the designated investment strategy; and (b) for receiving/ascertaining client's directions, notices, and instructions, and forwarding them to Verity Investment Partners in writing. Verity Investment Partners shall be entitled to rely upon any such direction, notice, or instruction until it has been advised in writing of changes. Verity Investment Partners shall have no responsibility to the client for the failure of the Investment Professional to timely receive/ascertain/forward/communicate any and all such directions, notices, and instructions; (2) Verity Investment Partners is permitted to share account-related information with Investment Professional until such time as client notifies Verity Investment Partners, in writing, to the contrary; and (3) if Verity Investment Partners is directed to effect account transactions through a specific broker-dealer/custodian, Verity Investment Partners will be unable to negotiate commissions and/or transaction costs and/or seek better execution. As a result, the client may pay higher commissions or other transaction costs or greater spreads or receive less favorable net prices on transactions for the account than would otherwise be the case through alternative brokerage/custody arrangement. Higher transaction costs adversely impact account performance.

Please note: In certain situations, the client may pay a higher advisory fee than referenced in Item 5 below. Higher fees can also adversely affect account performance. Please see Item 14 regarding additional disclosure(s).

### **Advisory Services to Retirement Plans and Plan Participants**

As disclosed above, we offer investment advisory and financial planning services. For Plans that allow participants to have self-directed accounts, we provide our services to employee benefit plan participants ("Participants") or pooled accounts. The services are designed to assist plan sponsors in meeting their management and fiduciary obligations to Participants under the Employee Retirement Income Securities Act ("ERISA"). Pursuant to adopted regulations of the U.S. Department of Labor, we are required to provide the Plan's responsible plan fiduciary (the person who has the authority to engage us as an investment adviser to the Plan) with a written statement of the services we provide to the Plan, the compensation we receive for providing those services, and our status (which is described below).

The services we provide to your Plan and the compensation we receive for these services are

described above, and in the service agreement that you have previously signed. We do not reasonably expect to receive any other compensation, direct or indirect, for the services we provide to the Plan or Participants, unless the plan sponsor directs us to deduct our fee from the plan or directs the plan record-keeper to issue payment for our fee out of the plan. If we receive any other compensation for such services, we will (i) offset the compensation against our stated fees, and (ii) we will promptly disclose the amount of such compensation, the services rendered for such compensation and the payer of such compensation to you.

### **IRA Rollover Considerations and Recommendations**

As part of our investment advisory services to you, we may recommend that you withdraw the assets from your employer's retirement plan and roll the assets over to an individual retirement account (IRA) that we will manage on your behalf. We comply with the Department of Labor ("DOL") Prohibited Transaction Exemption 2020-02 ("PTE 2020-02") where applicable. Our firm is providing the following additional acknowledgment:

When we provide investment advice to individuals regarding a retirement plan account or individual retirement account, the firm is deemed a fiduciary within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way we make money creates potential conflicts with a client's interest. Therefore, we, operate under a special rule which requires the firm to act in a client's best interest and not put our interests ahead of the client. Under this special rule's provisions, we must:

- Meet a professional standard of care when making investment recommendations (give prudent advice);
- Never put our financial interests ahead of a client when making recommendations (give loyal advice);
- Avoid misleading statements about conflicts of interest, fees and investments;
- Follow policies and procedures designed to ensure advice given is in the client's best interest;
- Charge no more than is reasonable for services; and
- Provide basic information about conflicts of interest.

We benefit financially from the rollover of a client's assets from a retirement account to an account managed by the firm. This is a primary conflict of interest because when we provide investment advice, the assets increase the firm assets under management and, in turn, advisory fees. To meet the fiduciary responsibility we only recommend a rollover when it is deemed in the client's best interest.

### **Sub-Advisory Services to Registered Investment Advisers**

We may also serve as a sub-adviser to unaffiliated registered investment advisers per the terms and conditions of a written agreement. With respect to its sub-advisory services, the unaffiliated investment advisers that engage our sub-advisory services maintain both the initial and ongoing day-to-day relationship with the underlying client, including initial and ongoing determination of client suitability for our designated investment strategies. If the custodian/broker-dealer is determined by the unaffiliated investment adviser, we will be unable to negotiate commissions and/or transaction costs, and/or seek better execution. As a result, underlying accounts may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case through alternative clearing arrangements recommended by us. Higher transaction costs adversely impact account performance.

### **Investment Strategy and Research Services to Registered Investment Advisers**

We may provide model portfolios to unaffiliated registered investment advisers (third party) for their use in managing their underlying clients' accounts. Per the terms of the written agreement, with the

unaffiliated registered investment adviser we do not have an advisory, fiduciary or other relationship with any of the third party's underlying client(s). The unaffiliated registered investment adviser is exclusively responsible for determining the suitability of the model portfolio for their underlying client(s) and whether to implement any of the model portfolios.

### **Status**

In providing services to the Plan and Participants, our status is that of an investment adviser registered under the Investment Advisers Act of 1940, and we are not subject to any disqualifications under Section 411 of ERISA. In performing fiduciary services, we are acting as a discretionary fiduciary of the plan as defined in Section 3(38) under ERISA.

### **Types of Investments**

In general, we offer advice on equity securities, ETFs, corporate debt securities, commercial paper, certificates of deposit, municipal securities, mutual funds, U.S. Government securities, interests in partnerships investing in real estate and oil and gas interests and other investments. You may request that we refrain from investing in particular securities or certain types of securities. You must provide these restrictions to our firm in writing.

### **Client Obligation**

In performing our services, Verity Investment Partners shall not be required to verify any information received from the client or from the client's other professionals and is expressly authorized to rely thereon. Each client is advised that it remains his/her responsibility to promptly notify us in writing if there is ever any change in his/her financial situation or investment objectives for the purpose of reviewing/evaluating/revising our previous recommendations and/or services. We also request that you keep us advised of any changes of address, phone, email and the like.

### **Assets Under Management**

As of December 31, 2021, we provide continuous management services for \$730,855,940 in client assets on a discretionary basis as well as \$11,871,318 on a non-discretionary basis.

## **Item 5 Fees and Compensation**

Our fee for advisory services is based on a percentage according to the value of the assets we manage for you and is set forth in the following fee schedule\*:

<b>Assets Under Management</b>	<b>Annual Fee</b>
First \$2,000,000	1.00%
Next \$2,000,000 and \$5,000,000	0.75%
\$5,000,000 and above	0.50%

\*Older client relationships may be subject to a different fee schedule or sub-advisor arrangement.  
*Employee accounts and their families receive a lower management fee.*

Our minimum account size is generally \$1 Million and as a result, our minimum fee is generally \$10,000 per year. The amount of the fee is reviewed on a case by case basis depending upon several factors including assets invested, amount of attention required to manage the relationship and the amount of work involved.

For clients who have been acquired through certain referral relationships, fees may be as much as

.25% higher than our normal fee schedules. The fees will be clearly stated in the individual advisory agreement.

Our annual advisory fee is billed and payable quarterly in arrears. Fees are based on the average daily balance of your account(s). If the portfolio management agreement is executed at any time other than the first day of a calendar quarter, our fees will apply on a pro rata basis, which means that the advisory fee is payable, based on the average daily account balance, in proportion to the number of days in the quarter for which you are a client.

At our discretion, we may combine the account values of family members living in the same household to determine the applicable advisory fee. For example, we may combine account values for you and your minor children, joint accounts with your spouse, and other types of related accounts. Combining account values may increase the asset total, which may result in your paying a reduced advisory fee based on the available breakpoints in our stated fee schedule.

Prior to engaging Verity Investment Partners to provide investment management services, the client will be required to enter into a formal Investment Management Agreement with Verity Investment Partners setting forth the terms and conditions under which Verity Investment Partners shall advise on the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

We will send you an invoice for the payment of our advisory fee, or we will deduct our fee directly from your account through the qualified custodian holding your funds and securities. We will deduct our advisory fee only when you have given our firm written authorization permitting the fees to be paid directly from your account. Further, the qualified custodian will deliver an account statement to you at least quarterly. These account statements will show all disbursements from your account. You should review all statements for accuracy. We will also receive a duplicate copy of your account statements.

You may terminate the portfolio management agreement at any time. You will incur a pro rata charge for services rendered prior to the termination of the portfolio management agreement, which means you will incur advisory fees only in proportion to the number of days in the quarter for which you are a client.

### **Sub-Advisory Services for Registered Investment Advisers**

Fees and payment arrangements are negotiable and will vary on a case-by-case basis.

### **Additional Fees and Expenses**

As part of our investment advisory services to you, we may invest, or recommend that you invest, in mutual funds and exchange traded funds. The fees that you pay to our firm for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds or exchange traded funds (described in each fund's prospectus) to their shareholders. These fees will generally include a management fee and other fund expenses. You will also incur transaction charges and/or brokerage fees when purchasing or selling securities. These charges and fees are typically imposed by the broker-dealer or custodian through whom your account transactions are executed. We do not share in any portion of the brokerage fees/transaction charges imposed by the broker-dealer or custodian. To fully understand the total cost you will incur, you should review all the fees charged by mutual funds, exchange traded funds, our firm, and others. For information on our brokerage practices, please refer to the "Brokerage Practices" section of this brochure.

### **Retirement Rollovers-Potential for Conflict of Interest**

A client or prospective client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in their former



retirement plan, if permitted, (ii) roll over the assets to the new employer's plan, if available and permitted, (iii) roll over to an IRA or (iv) cash out the account value (which could have adverse tax consequences). If we recommend that a client roll over their retirement plan assets into an account to be managed by Verity Investment Partners, such a recommendation creates a conflict of interest if Verity Investment Partners will earn an advisory fee on the rolled over assets. No client is under any obligation to roll over retirement plan assets to an account managed by Verity Investment Partners. Verity Investment Partners' Chief Compliance Officer, Paula Verity, remains available to address any questions that a client or prospective client may have regarding the potential for conflict of interest presented by such roll over recommendation.

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

We do not accept performance-based fees or participate in side-by-side management. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees. Performance-based fees are fees that are based on a share of capital gains or capital appreciation of a client's account. Our fees are calculated as described in the *Advisory Business* section above and are not charged on the basis of a share of capital gains upon, or capital appreciation of, the funds in your advisory account.

## **Item 7 Types of Clients**

We offer investment advisory services to individuals, pension and profit-sharing plans or participants, trusts, estates, charitable organizations, corporations, and other business entities. In general, we require a minimum of \$1,000,000 to open and maintain an advisory account. Verity Investment Partners, in its sole discretion, may charge a lesser investment management fee and/or waive the \$1,000,000 minimum portfolio size based upon certain criteria (i.e., anticipated future earning capacity, anticipated, future additional assets, dollar amount of assets to be managed, related accounts, composition, negotiations, employee accounts, etc.) We may also combine account values for you and your minor children, joint accounts with your spouse, and other types of related accounts to meet the stated minimum. Please Note: If your account balance is below our minimum of \$1,000,000 and you are being charged the stated minimum annual fee you will be paying above our normal stated management fees.

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

We may use one or more of the following methods of analysis or investment strategies when providing investment advice to you:

- **Fundamental Analysis** - involves analyzing individual companies and their industry groups, such as a company's financial statements, details regarding the company's product line, the experience and expertise of the company's management, and the outlook for the company's industry. The resulting data is used to measure the true value of the company's stock compared to the current market value. The risk of fundamental analysis is that information obtained may be incorrect and the analysis may not provide an accurate estimate of earnings, which may be the basis for a stock's value. If securities prices adjust rapidly to new information, utilizing fundamental analysis may not result in favorable performance.
- **Technical Analysis** - involves studying past price patterns and trends in the financial markets to predict the direction of both the overall market and specific stocks. The risk of market timing based on technical analysis is that charts may not accurately predict future price movements. Current prices of securities may reflect all information known about the security and day to day

changes in market prices of securities may follow random patterns and may not be predictable with any reliable degree of accuracy.

- Long Term Purchases - securities purchased with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year. Long term purchases may be affected by unforeseen long-term changes in the company in which you are invested or in the overall market.

Our investment strategies and advice may vary depending upon each client's specific financial situation. As such, we determine investments and allocations based upon your predefined objectives, risk tolerance, time horizon, financial horizon, financial information, liquidity needs, and other various suitability factors. Your restrictions and guidelines may affect the composition of your portfolio.

Our strategies and investments may have unique and significant tax implications. However, unless we specifically agree otherwise, and in writing, tax efficiency is not our primary consideration in the management of your assets. Regardless of your account size or any other factors, we strongly recommend that you continuously consult with a tax professional prior to and throughout the investing of your assets.

Moreover, as a result of revised IRS regulations, custodians and broker-dealers report the cost basis of equities acquired in client accounts on or after January 1, 2011. Your custodian will default to the Tax-Efficient accounting method for calculating the cost basis of your investments. You are responsible for contacting your tax adviser to determine if this accounting method is the right choice for you. If your tax adviser believes another accounting method is more advantageous, please provide written notice to our firm immediately and we will alert your account custodian of your individually selected accounting method. Please note that decisions about cost basis accounting methods will need to be made before trades settle, as the cost basis method cannot be changed after settlement.

### **Risk of Loss**

Investing in securities involves risk of loss that you should be prepared to bear. We do not represent or guarantee that our 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. We cannot offer any guarantees or promises that your financial goals and objectives will be met. Past performance is in no way an indication of future performance. It should not be assumed that the future performance of any specific investment strategy (including the investments and/or investment strategies recommended or undertaken by Verity Investment Partners) will be profitable or equal to any specific performance level.

### **Investment Risk**

Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments or investment strategies recommended or undertaken by Verity Investment Partners) will be profitable or equal any specific performance level(s).

### **Recommendation of Particular Types of Securities**

As disclosed under the "Advisory Business" section in this Brochure, we generally recommend equities with a history of dividend growth. We consider each client's goals and risk tolerance in constructing their portfolio. Each type of security has its own unique set of risks associated with it and it would not be possible to list here all of the specific risks of every type of investment. Even within the same type of investment, risks can vary widely. However, in very general terms, the higher the anticipated return of an investment, the higher the risk of loss associated with it.

## Item 9 Disciplinary Information

Neither our firm nor any of our Associated Persons has any reportable disciplinary information.

## Item 10 Other Financial Industry Activities and Affiliations

We are not related, through control or ownership, with any type of the following entities:

- broker-dealer, municipal securities dealer, or government securities dealer or broker
- investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or “hedge fund,” and offshore fund)
- other investment adviser or financial planner
- futures commission merchant, commodity pool operator, or commodity trading advisor
- banking or thrift institution
- accountant or accounting firm
- lawyer or law firm
- pension consultant
- real estate broker or dealer
- sponsor or syndicator of limited partnerships

We may provide model portfolios to unaffiliated registered investment advisers (third party) for their use in managing their underlying clients’ accounts. The unaffiliated registered investment adviser is exclusively responsible for determining the suitability of the model portfolio for their underlying client(s) and whether to implement any of the model portfolios.

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

### Description of Our Code of Ethics

We strive to comply with applicable laws and regulations governing our practices. Therefore, our Code of Ethics includes guidelines for professional standards of conduct for our Associated Persons. Our goal is to protect your interests at all times and to demonstrate our commitment to our fiduciary duties of honesty, good faith, and fair dealing with you. All of our Associated Persons are expected to adhere strictly to these guidelines. Our Code of Ethics also requires that certain persons associated with our firm submit reports of their personal account holdings and transactions to a qualified representative of our firm who will review these reports on a periodic basis. Persons associated with our firm are also required to report any violations of our Code of Ethics. Additionally, we maintain and enforce written policies reasonably designed to prevent the misuse or dissemination of material, non-public information about you or your account holdings by persons associated with our firm.

Clients or prospective clients may obtain a copy of our Code of Ethics by contacting us at the telephone number on the cover page of this brochure.

### Participation or Interest in Client Transactions

Neither our firm nor any of our Associated Persons has any material financial interest in client transactions beyond the provision of investment advisory services as disclosed in this brochure.

### Personal Trading Practices

Our firm or persons associated with our firm may buy or sell the same securities that we recommend to

you or securities in which you are already invested. We may also combine our orders to purchase securities with your orders to purchase securities ("block trading"). Please refer to the "Brokerage Practices" section in this brochure for information on our block trading practices. A conflict of interest exists in such cases because we have the ability to trade ahead of you and potentially receive more favorable prices than you will receive. To eliminate this conflict of interest, it is our policy that neither our Associated Persons nor we shall have priority over your account in the purchase or sale of securities.

## **Item 12 Brokerage Practices**

We recommend the brokerage and custodial services of Schwab Institutional, a division of Charles Schwab & Co., Inc. ("Schwab Institutional"), a securities broker-dealer and a member of NYSE/SIPC. Clients are advised that there may be transaction charges involved when purchasing or selling securities. Our firm does not share in any portion of the brokerage fees/transaction charges imposed by Schwab Institutional. Additionally, the commission/transaction fees charged by Schwab Institutional may be higher or lower than those charged by other broker-dealer/custodians.

Schwab Institutional provides our firm with access to its institutional trading and operations services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisers at no charge to them so long as a total of at least \$10 million of the adviser's clients account assets are maintained at Schwab Institutional. Schwab Institutional services may include research, brokerage, custody, access to mutual funds and other investments that are otherwise available only to institutional investors or would require significantly higher minimum initial investments. Schwab Institutional also makes available to our firm other products and services that benefit our firm but may not benefit its clients' accounts. These include software and other technology that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution, provide research, pricing information and other market data, and provide custodial services which facilitate payment of our firm's fees from its clients' accounts and clients reports. The availability to our firm of the foregoing products and services is not contingent upon our firm committing to Schwab Institutional any specific amount of business (assets in custody or trading).

We believe that Schwab Institutional provides quality execution services at competitive prices. Price is not the sole factor we consider in evaluating best execution. We also consider the quality of the brokerage services provided by Schwab Institutional, including the value of research provided, the firm's reputation, execution capabilities, commission rates, and responsiveness to our clients and our firm. In recognition of the value of research services and additional brokerage products and services Schwab Institutional provides, you may pay higher commissions and/or trading costs than those that may be available elsewhere.

### **Brokerage for Client Referrals**

We do not receive client referrals from broker-dealers in exchange for cash or other compensation, such as brokerage services or research.

### **Non-Soft Dollar Research and Additional Benefits**

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, Verity Investment Partners may receive from *Schwab* (or another broker-dealer/custodian, investment manager, platform or fund sponsor, or vendor) without cost (and/or at a discount) support services and/or products, certain of which assist Verity Investment Partners to better monitor and service client accounts maintained at such institutions. Included within the support services that may be obtained by Verity Investment Partners may be investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis

consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support-including client events, computer hardware and/or software and/or other products used by Verity Investment Partners in furtherance of its investment advisory business operations.

As indicated above, certain of the support services and/or products that *may* be received may assist Verity Investment Partners in managing and administering client accounts. Others do not directly provide such assistance, but rather assist Verity Investment Partners to manage and further develop its business enterprise.

Verity Investment Partners' clients do not pay more for investment transactions effected and/or assets maintained at Schwab as a result of this arrangement. There is no corresponding commitment made by Verity Investment Partners to Schwab or any other any entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as result of the above arrangement.

### **Directed Brokerage**

Verity Investment Partners recommends that its clients utilize the brokerage and custodial services provided by *Schwab*. Verity Investment Partners generally does not accept directed brokerage arrangements (when a client requires that account transactions be affected through a specific broker-dealer). In such client directed arrangements, the client will negotiate terms and arrangements for their account with that broker-dealer, and Verity will not seek better execution services or prices from other broker-dealers or be able to "batch" the client's transactions for execution through other broker-dealers with orders for other accounts managed by Verity. As a result, a client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case. **Please Note:** In the event that the client directs Verity Investment Partners to effect securities transactions for the client's accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements that may be available through Verity. Higher transaction costs adversely impact account performance. **Please Also Note:** Transactions for directed accounts will generally be executed following the execution of portfolio transactions for non-directed accounts.

### **Tradeaway/Prime Broker Fees**

Relative our discretionary investment management services (and sub-advisors), when beneficial to the client, Verity Investment Partners or sub-advisors, may purchase individual fixed income securities through broker-dealers other than the account custodian, in which event, the client generally will incur the fee (commission, mark-up, mark-down) charged by the executing broker-dealer and potentially, a separate "tradeaway" and/or prime broker fee charged by the account custodian.

### **Internal Cross Transactions**

From time to time, we may affect a transaction between two or more of our managed accounts. In such transactions, one client account may purchase or sell a security to another client account. As a general rule, we will only facilitate cross transactions when we believe the trade is in the best interest of both parties. In order to approximate an arms-length transaction and as is directed by FINRA regulations, we will receive bids from the custodian on the open market who in turn will offer a buy and sell at the mid-point of the bids. The custodian retains all documentation for such transactions and is subject to periodic auditing of cross trades. In our effort to implement cross transactions, we will not receive any additional compensation other than our normal advisory fees, as disclosed in Item 5.

### **Order Aggregation/Block trades**

Transactions for each client account generally will be affected independently unless we decide to purchase or sell the same securities for several clients at approximately the same time. Verity Investment Partners may (but is not obligated to) combine or “bundle” (aka block trades) such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among Verity Investment Partners clients’ differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. These allocations are made at the custodian level. Verity Investment Partners shall not receive any additional compensation or remuneration as a result of such aggregation.

**Verity Investment Partners’ Chief Compliance Officer, Paula Verity, remains available to address any questions that a client or prospective client may have regarding the above arrangements and any corresponding perceived conflict of interest such arrangements may create.**

## **Item 13 Review of Accounts**

The firm’s Investment Adviser Representatives monitor your account(s) on an ongoing basis to ensure that the portfolio management services provided to you are consistent with your stated investment needs and objectives. The level of review will vary depending upon the complexity of the individual client portfolio. Additional reviews may be conducted based on various circumstances, including, but not limited to:

- contributions and withdrawals,
- year-end tax planning,
- market moving events,
- security specific events, and/or,
- changes in your risk/return objectives.

We will provide you with written reports at least quarterly and on an interim basis if requested. Reports we provide to you include the following: asset allocation, portfolio summary, account performance and billing statement. In addition, you will receive trade confirmations and monthly or quarterly statements from your account custodian(s).

## **Item 14 Client Referrals and Other Compensation**

As referenced in Item 12 above, Verity Investment Partners may receive from Schwab, without cost (and/or at a discount), support services and/or products. Verity Investment Partners’ clients do not pay more for investment transactions effected and/or assets maintained at Schwab as result of this arrangement. There is no corresponding commitment made by Verity Investment Partners to Schwab or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangements.

### **Solicitor introductions/Referral Fees**

If a client is introduced to Verity Investment Partners by either an unaffiliated or an affiliated solicitor, we *may* pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, and any corresponding state securities law requirements. Any such referral fee shall be paid solely from Verity Investment Partners investment management fee. If the client is introduced to us by an unaffiliated solicitor, the solicitor, at the time of the solicitation, shall disclose the nature of his/her/its solicitor relationship, and shall provide each prospective client with a

copy of Verity Investment Partners' written Brochure with a copy of the written disclosure statement from the solicitor to the client disclosing the terms of the solicitation arrangement between Verity Investment Partners and the solicitor, including the compensation to be received by solicitor.

### **Solicitor-Continued Obligations**

When indicated on the solicitor written disclosure statement to be provided by the solicitor to the prospective client, the solicitor shall be exclusively responsible for: (1) assisting the referred client in determining the initial and ongoing suitability for Verity's investment portfolios and/or strategies; and (2) for receiving/ascertaining the referred client's directions, notices and instructions, and forwarding them to Verity, in writing. Verity shall be entitled to rely upon any such direction, notice, or instruction (including any information or documentation regarding the referred client's investment objectives, risk tolerances and/or investment restrictions) until it has been duly advised in writing of changes thereto; and (3) Verity shall have no responsibility for solicitor's failure to correctly, accurately and/or timely ascertain/forward/communicate any and all such directions, notices and instructions.

### **Increased Investment Advisory Fee**

As result of above-referenced initial and ongoing services to be provided by the solicitor, a client introduced by a solicitor may pay us an investment advisory fee in excess (as much as 25% more) of the fee schedule set forth at Item 5 had the client engaged Verity Investment Partner services independent of the solicitor's introduction. Verity shall pay the excess fee to solicitor. We shall not receive any portion of the excess fee.

### **Trading Model Fee**

We may offer our advisory trading model to unaffiliated registered investment advisers per the terms and conditions of a written agreement. With respect to our trading model, the unaffiliated investment advisers contracting to use our model, receive the initial model and periodic updates to the model. The unaffiliated investment advisor will decide whether to implement trades and maintain the ongoing day-to-day relationship with their underlying client, including initial and ongoing determination of client suitability when implementing the trading model.

**Verity Investment Partners' Chief Compliance Officer, Paula Verity, remains available to address any questions that a client or prospective client may have regarding the above arrangements and any corresponding conflicts of interest such arrangements may create.**

## **Item 15 Custody**

As paying agent for our firm, your independent custodian will directly debit your account(s) for the payment of our advisory fees. This ability to deduct our advisory fees from your accounts causes our firm to exercise limited custody over your funds or securities. We do not have physical custody of any of your funds and/or securities. Your funds and securities will be held with a bank, broker-dealer, or other independent, qualified custodian. You will receive account statements from the independent, qualified custodian(s) holding your funds and securities at least quarterly. The account statements from your custodian (s) will indicate the amount of our advisory fees deducted from your account(s) each billing period. You should carefully review account statements for accuracy. We also provide a billing statement with our quarterly statements, so you understand how our fees are calculated.

### **Asset Transfer Authority**

Our firm or persons associated with our firm may complete third party asset transfers on behalf of client accounts by having a client sign and establish a standing letter of authorization (SLOA) with the custodian. Because we do not seek client written authorization each time the SLOA is used to transfer assets, we are deemed to have access to the client's assets and therefore we are required to claim custody of the assets associated with the accounts.



If you have a question regarding your account statement or if you did not receive a statement from your custodian, please contact us directly at the telephone number on the cover page of this brochure.

## **Item 16 Investment Discretion**

Before we can buy or sell securities on your behalf on a discretionary basis, you must first sign our management agreement and discretionary trading authorization forms with the custodian. You may specify investment objectives, guidelines, and/or impose certain conditions or investment parameters for your account(s). For example, you may specify that the investment in any particular stock or industry should not exceed specified percentages of the value of the portfolio and/or restrictions or prohibitions of transactions in the securities of a specific industry or security. Please refer to the "Advisory Business" section in this brochure for more information on our discretionary management services.

## **Item 17 Voting Client Securities**

### **Proxy Voting**

We will not vote proxies on behalf of your advisory accounts. If you own shares of common stock or mutual funds, you are responsible for exercising your right to vote as a shareholder. In certain cases, the sub-advisor may be able to vote proxies for those assets the sub-adviser manages.

In most cases, you will receive proxy materials directly from the account custodian. If we inadvertently receive any written or electronic proxy materials, we will forward them directly to you by mail, unless you have authorized our firm to contact you by electronic mail, in which case, we will forward any electronic solicitation to vote proxies.

## **Item 18 Financial Information**

We are not required to provide financial information to our clients because we do not:

- require the prepayment of more than \$1,200 in fees and six or more months in advance, or
- take custody of client funds or securities, or
- have a financial condition that is reasonably likely to impair our ability to meet our commitments to you.

## **Item 19 Requirement for State-Registered Advisers**

Our firm is SEC registered therefore this section is not applicable.

## **Item 20 Additional Information**

### **Information Security Information**

We view protecting your private information as a top priority. Pursuant to applicable information security requirements, we have instituted policies and procedures to ensure that we reduce the risk regarding your personal and confidential information being breached.

### **Your Privacy**

We do not disclose any nonpublic personal information about you to any non-affiliated third parties, except as permitted by law. In the course of servicing your account, we may share some information



with our service providers, such as transfer agents, custodians, broker-dealers, accountants, consultants, and attorneys.

We restrict internal access to nonpublic personal information about you to employees, who need that information in order to provide products or services to you. We maintain physical and procedural safeguards that comply with regulatory standards to guard your nonpublic personal information and to ensure our integrity and confidentiality. We will not sell information about you or your accounts to anyone. We do not share your information unless it is required to process a transaction, at your request, or required by law.

You will receive a copy of our privacy notice prior to or at the time you sign an advisory agreement with our firm. Thereafter, we will deliver a copy of the current privacy policy notice to you on an annual basis. Please contact our main office at the telephone number on the cover page of this brochure if you have any questions regarding this policy.

### **Trade Errors**

In the event a trading error occurs in your account, our policy is to restore your account to the position it should have been in had the trading error not occurred. Depending on the circumstances, corrective actions may include canceling the trade, adjusting an allocation, and/or reimbursing the account. If a trade error results in a profit, you will keep the profit.

### **Class Action Lawsuits**

We do not determine if securities held by you are the subject of a class action lawsuit or whether you are eligible to participate in class action settlements or litigation nor do we initiate or participate in litigation to recover damages on your behalf for injuries as a result of actions, misconduct, or negligence by issuers of securities held by you. Verity Investment Partners has identified an unaffiliated service provider (Chicago Clearing Corporation) to assist the client with class action matters. The Client is under no obligation to engage the service provider. If you wish to engage the service provider, we will share your transaction data with Chicago Clearing Corporation who in turn reviews class action lawsuits in which you may be eligible to participate. Chicago Clearing Corporation will charge only for those cases where it recovers monies and charges 20% of the proceeds for its services. You may opt-out of this service by contacting us at the number on the cover page of this brochure or by signing the Opt-Out Agreement provided with your Investment Management Agreement.