



## **WRAP FEE BROCHURE**

**Verde Capital Management, Inc.  
8031 Ortonville Road, Suite 210 Clarkston, MI 48348**

**(248) 528-1870 [www.verdecn.com](http://www.verdecn.com)**

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This wrap fee program brochure (this "Brochure") provides information about the qualifications and business practices of Verde Capital Management, Inc. (referred to in this Brochure as "us," "we," "our" or the "firm"). If you have any questions about the contents of this Brochure, please contact us at (248) 528-1870. 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.

We are a registered investment adviser. Registration of an adviser does not imply any level of skill or training.

Additional information about us also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**ITEM 2: MATERIAL UPDATES**

This section of our brochure discusses material updates made to our wrap-fee program since our last brochure update. Our last brochure update was July 14, 2022. Since then, we have made the following material updates to our wrap-fee program: we have removed TD Ameritrade from our brochure due to the merger with Schwab. We have also added additional information on digital assets.

Please review the information in this brochure carefully before investing.

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#### **ITEM 4: SERVICES, FEES AND COMPENSATION**

##### **Our Services**

A wrap fee program is an investment program where you would pay us, as the sponsor of the program, a single fee which covers the costs of investment management, brokerage, custody and other services provided under the program. Additional information regarding our firm, program fees, and minimum account requirements are described in more detail below.

Prior to engaging us to provide our services you will be required to enter into an investment advisory agreement with us setting forth the terms and conditions under which we will provide our services. We will obtain information from you about your financial situation, investment objectives and risk tolerance, by meeting with you and providing you with a questionnaire or using another method designed to obtain your relevant financial information. Generally, we will prepare a financial plan for you based upon an analysis of the documents and information you provide us. We will rely on the information you or your attorney, accountant or other professional provides to us and will not verify this information when preparing our recommendations. After analyzing your individual circumstances, objectives and risk profile, we present our recommendations to you.

We implement our recommendations and investment management services through our wrap fee program. We emphasize continuous personal client contact and interaction in providing discretionary investment supervisory services. We may also recommend that you work with other professionals, such as attorneys or accountants, or utilize various financial products, such as insurance or securities, to implement our recommendations and to obtain your financial goals. You will be responsible for any fees associated with the services provided by other professionals. We do not charge a separate fee for the financial planning. We provide our investment advice on a discretionary basis. Based upon your individual investment objectives, financial situation, and risk tolerance, we will recommend an initial portfolio allocation. As your financial situation, goals, objectives, or needs change, you must notify us promptly. In addition, you will have the opportunity to place reasonable restrictions on the types of investments held in your portfolio.

## **Our Fees**

Our standard program fee is as follows:

<b><u>Asset Level</u></b>	<b><u>Annual Fee</u></b>
\$0-1,000,000	1.5%
\$1,000,001-2,500,000	1.4%
\$2,500,001-5,000,000	1.1%
\$5,000,001-10,000,000	0.8%
\$10,000,001+	Negotiable

The Advisor's fee payable under the Assets Under Management Payment Schedule is the percentage of the market value of the Assets under Advisor's management. Advisor charges its fee monthly, in arrears, based upon the average daily Account balance as valued by the custodian. The average daily Account balance is calculated by taking the average of each day's ending market value for the number of days in the billing period. Advisor calculates the standard annual fee by applying the above fee schedule to the average daily Account balance for the period and then dividing it by 12 to determine the monthly fee. If a portion of Client's Account is invested in an alternative investment, such as a real estate investment trust (also known as a REIT), the alternative investment is valued at the cost as reported by the custodian of the alternative investment to the Advisor.

The percentage fee payable under the Assets under Management Payment Schedule corresponds only to those assets in that specific bracket. To illustrate, if Client deposits \$2,500,000 to its Account, 1.5% will be charged to the first \$1,000,000 (or, \$15,000) and 1.4% will be charged on the remaining \$1,500,000 (or, \$21,000), for a total fee of \$36,000.

In some cases, and only when agreed upon in advance, we may absorb your termination fees when your account is being transitioned to us for management from another firm. We may, in our sole discretion, negotiate our fee based upon certain criteria (i.e., anticipated future additional assets to be managed and/or the addition of financial planning services paid for separately).

### **Cash Reserve Account Fees**

Our annual fee for continuous and regular investment advice for clients with assets invested in cash reserve accounts, which are separate accounts invested in money market funds, municipal bonds, treasury bonds, corporate bonds, commercial paper and government sanctioned enterprise debits is 0.5% of the assets held in the cash reserve account.

### **Direct Billing to Your Custodian**

You may elect to be billed directly for our fees or you may authorize us to debit our fees from your accounts. Generally, our clients authorize us under our investment advisory agreement to deduct our fees directly from their account. If you choose, in the investment advisory agreement, you may authorize us and instruct your custodian, to bill your 401(k) participant account for advisory services directly from a non-qualified account under our management. If you provide us such authorization, the custodian's periodic statements will show each fee deduction from your account. You may withdraw this authorization for direct billing of these fees at any time by notifying your custodian or us in writing. Your custodian will not determine whether our fee is accurate or properly calculated. You are responsible for verifying the accuracy of the calculation of the management fee.

### **Fee Comparison**

Our fee includes such services as investment management (ETF analysis and market analysis), execution of securities, the custodian's monthly reports, account servicing, and continuous account management. Participation in our program may cost you more or less than purchasing these services separately. The portfolio size and amount, number of transactions made in your account, as well as the commissions charged for each transaction, will determine the relative cost of our program versus paying for executions on a per transaction basis and paying a separate fee for advisory services. You may be able to receive services similar to those offered through our program from other investment advisers either separately or as part of a similar wrap fee program. These services or programs may cost more or less than our program, depending on the fees charged by the other service providers. Because we absorb all of the transaction costs in our program, we have a financial incentive to infrequently trade our program client accounts because

infrequent trades will increase our net fee. To mitigate this conflict of interest in our program, we monitor trading frequency. Advisory accounts with ongoing asset-based fees are best suited for actively traded accounts. If an account does not have enough trading to justify the ongoing fee, we will recommend that you no longer participate in the program. Infrequently traded accounts can benefit from a commission-based brokerage account because you are only charged when a transaction occurs rather than an ongoing and consistent management fee. If you don't participate in our program, you may direct your brokerage to another unaffiliated broker-dealer. Although investment advisers may allow clients to direct their transactions to their own preferred broker-dealer, this is generally not done with wrap fee programs.

### ***Other Fee and Charges***

The mutual funds and ETFs that we typically use charge their shareholders various advisory fees and expenses associated with the establishment and operation of the funds. These fees will generally include a management fee, shareholder servicing, other fund expenses, and sometimes a distribution fee. We generally use a combination of no-load retail and institutional class mutual funds that may or may not have transaction fees. When selecting a fund, we will consider a variety of factors including its expense ratio and other factors that may vary depending on the client's objectives. Based upon these and other considerations, in some instances we may choose a no transaction fee ("NTF" or no-load) share class having higher ongoing fund expenses (which reduces the return of the fund) over an institutional share class that imposes transaction fees but has a lower on-going fund expense ratio. In a wrap fee program we pay the transaction fees. By choosing NTFs, we reduce the transaction fees we pay and, thus, increase our profitability and your expense. Increasing your expense lowers your investment return. Therefore, this is a conflict of interest. We mitigate this conflict by selecting share classes based on available fund information and your circumstances, and choosing the mutual fund share class that is in your best interest. It is possible that circumstances may change for reasons beyond our control, including your changing investment objectives, financial needs, or time horizon. Each fund's current prospectus discloses these fund's fees and expenses, which are assessed separately from Verde's fees. A copy of the prospectus is available from the fund.

In addition to our fee, you may incur other fees and charges not directly related to the execution and clearing of transactions imposed by third-parties, including, but are not limited to, fees charged by your custodian, fees for trades executed away from your custodian, transfer taxes, wire transfer and electronic fund fees, check writing fees, custodial termination fees, and other fees and taxes on brokerage accounts and securities transactions. We do not receive any compensation from these fees or commissions.

### ***Termination***

You may terminate our agreement at any time by giving us five (5) days written notice; we may terminate our agreement by providing you with five (5) days written notice. Upon termination, we prorate the fee through the date of termination and charge you any remaining balance, as appropriate. You are responsible for any cost incurred in transferring your assets from our program to a different custodial account. After our agreement is terminated, we have no further duties or obligations to you under our agreement.

## **ITEM 5: ACCOUNT REQUIREMENTS AND TYPES OF CLIENTS**

### **Account Requirements**

We do not impose any conditions for starting or maintaining an investment management account, such as a minimum annual fee or account balance. As noted above, wrap-fee programs charging ongoing management fees are designed to accommodate accounts with moderate to high trading frequency. We will monitor your account and if trading activity does not support or warrant the ongoing management fee charged for participating in Verde's program, we will request that your account move to a more cost-favorable account.

### **Types of Clients**

We provide investment management services to individuals, high net worth individuals, trusts, estates, charitable institutions, corporations and other business entities.



## **ITEM 6: PORTFOLIO MANAGER SELECTION AND EVALUATION**

### **Advisory Business**

We are the portfolio manager for all accounts in our program. We provide investment advice to qualified plans and retirement plan participants outside of our program.

For additional information regarding these services, and our fees, contact Carl Szasz, our President and Chief Compliance Officer, at (248) 528-1870 or [carlszasz@verdecmm.com](mailto:carlszasz@verdecmm.com) to receive a copy of Part 2A of our Form ADV.

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

We do not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of your assets).

Side-by-side management occurs when an investment adviser manages both performance-based fee accounts and non-performance-based fee accounts at the same time. Side-by-side management can result in conflicts of interest because there is an incentive to direct clients to performance-based fee accounts because the firm will, most likely, receive increased compensation. However, because Verde does not charge performance-based fees, we do not engage in side-by-side management and have no conflicts of interest relevant to side-by-side management.

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

#### **Methods of Analysis**

We utilize fundamental analysis to evaluate investments. Fundamental analysis is a technique that attempts to determine a security's value by focusing on the economic well-being of a financial entity as opposed to only its price movements. When conducting fundamental analysis, we will review a company's financial statements and consider factors including, but not limited to, whether the company's revenue is growing, if the company is profitable, if the company is in a strong enough position to beat its competitors in the future, and if the company is able to repay its debts. Because it can take a long time for a company's value to be

reflected in the market, the risk associated with this method of analysis is that a gain is not realized until the stock's market price rises to the company's true value.

The valuation method is a technique used to calculate a theoretical value for a security in order to estimate potential future market prices. When utilizing the valuation method, we will review such things as a security's earnings per share, price to earnings and growth rate.

We also utilize technical analysis to evaluate potential investments. Unlike fundamental analysis, technical analysis does not analyze the company's value, but instead analyzes the stock's price movement in the market. Charting is a form of technical analysis in which the various technical factors are diagrammed in order to illustrate patterns. Technical analysis studies the supply and demand in the market in an attempt to determine what direction, or trend, will continue in the future. However, there are risks involved with this method, including the risk that the trends will change unpredictably, which is why we use a combination of methods and obtain information from a variety of sources.

We obtain information from a number of sources, both public and by purchase, including research materials prepared by third-parties, corporate rating services, annual reports, prospectuses and filings with the SEC and company press releases. We believe these resources are reliable and regularly depend on them when making our investment decisions; however, we are not responsible for the accuracy or completeness of this information.

### ***Investment Strategies***

We use a variety of investment strategies depending on your circumstances, financial objectives and needs. We may recommend implementing one or more of the following investment strategies: long-term purchases (held at least a year), short term purchases (held less than a year), trading (held less than 30 days), margin transactions (purchase of a security on credit extended by a securities company), and option writing (selling an option) or a combination of these strategies to help you meet your investment objectives.

**Long-Term Purchases** – The Long-Term assumption is that financial market values will increase over time (at least a year) and this may not happen. There is also the risk that the segment of the market you are invested in (or perhaps just your

particular investment) will decrease over time even if overall stock market values increase. In addition, purchasing investments long-term may create an opportunity cost, “locking-up” assets that you may be better off using elsewhere.

**Short-Term Purchases and Trading** – Securities are purchased with the idea of selling them very quickly (typically within 30 days or less). This is done in an attempt to take advantage of predictions of brief price swings. The Short-Term strategy may produce higher gains however, the risk may be greater. Deciding to use or not use short-term investments must be made in terms of the level of risk and the projected time frame for meeting your goals. In addition, securities held less than one year before selling are classified by the IRS as a short-term capital gains and the profit is taxed as ordinary income.

**Short sales** – Short selling is the selling of a security that the seller does not own based on the assumption that the seller will be able to buy the stock at a lower amount than the price at which the seller sold short. Managers use short positions to reduce the risk of long positions purchased with money borrowed on margin. If correct and the stock price has gone down since the shares were borrowed from the original owner, the client account realizes the profit. As stock prices increase, short seller losses also increase as short sellers rush to buy the stock to cover their positions. This increase in demand, in turn, further drives the prices up, increasing losses. Clients shorting stock as an investment strategy should understand the risks, including potentially limitless losses. When you take a long position in a stock (as described above), your downside is limited to 100% of the money you invested. But when you short a stock, its price can keep rising which, in theory, means there’s no upper limit to the amount you would have to pay to replace the borrowed shares. There are strategies to try and mitigate losses, but there is no guaranteed solution. It is important that you understand the risks associated with short selling and be willing to bear the risks before investing in this strategy.

**Margin transactions** – Stocks may be purchased for client portfolios with money borrowed from the broker. This allows the investor to purchase more stock than they would be able to with their available cash, and allows the purchase of stock without selling other holdings. A risk in margin trading is that, in volatile markets, securities prices can fall very quickly. If the value of the securities in your account minus what you owe the broker falls below a certain level, the broker will issue a “margin call”, and you will be required to sell your position in the security

purchased on margin or add more cash to the account. In some circumstances, you may lose more money than you originally invested. You should understand the following risks before agreeing to a margin account or margin transactions:

- You can lose more money than you have invested;
- You may have to deposit additional cash or securities in your account on short notice to cover market losses;
- You may be forced to sell some or all of your securities when falling stock prices reduce the value of your securities;
- Your brokerage firm may sell some or all of your securities without consulting you to pay off your margin loan;
- You are not entitled to choose which securities your brokerage firm sells in your accounts to cover your margin loan;
- Your brokerage firm can increase its margin requirements at any time and is not required to provide you with advance notice; and
- You are not entitled to an extension of time on a margin call.

**Option writing.** An option is a contract that gives the buyer the right, but not the obligation, to buy or sell an asset (such as a share of stock) at a specific price on or before a certain date. An option, just like a stock or bond, is a security. An option is also a derivative, because it derives its value from an underlying asset. Options may be used to speculate on the possibility of a sharp price swing up or down.

We may recommend implementing these strategies using mutual funds (held directly or held within variable annuities or life insurance products), exchange traded funds and other types of investments. We often recommend mutual funds of different kinds to promote portfolio diversification within various asset classes, such as industry sectors, domestic/international, or equities/bonds. We may recommend periodic purchases, sales, and exchanges of those mutual fund shares within mutual fund families and between different mutual fund families when there are changes in your needs, market conditions, or economic developments.

### ***Types of Investments and Risk of Loss***

We offer advice about a wide variety of investment types, including mutual funds, index funds, exchange traded funds (“ETFs”), international securities and variable annuities, each having different types and levels of risk. We will discuss these risks with you in determining the investment objectives that will guide our

investment advice for your account. We will explain and answer any questions you have about these kinds of investments, which present special considerations such as the following.

Investing in securities involves risk of loss that you should be prepared to bear. Obtaining higher rates of return on investments typically entails accepting higher levels of risk. We work with you to attempt to identify the balance of risks and rewards that is appropriate and comfortable for you. However, it is still your responsibility to ask questions if you do not fully understand the risks associated with any investment or investment strategy.

While we cannot foresee all potential risks, and many more exist than listed below, these are the most common risks investors face:

Interest-rate Risk: Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.

Market Risk: The price of a security, bond, ETF, or mutual fund may drop in reaction to market events or other factors. This type of risk is caused by external factors independent of a security's particular individual circumstances. For example, political, economic and social conditions may trigger market events.

Inflation Risk: When inflation is present, a dollar today will not buy as much as a dollar in the future, because purchasing power is eroding at the rate of inflation. Your investment may lose value if it is not keeping pace with inflation.

Currency Risk: Overseas investments are subject to fluctuations in the value of the dollar relative to the currency of the investment's home country. This is also referred to as exchange rate risk.

International Risk: International investments may involve risk of capital loss from unfavorable fluctuations in currency exchange rates, differences in generally accepted accounting principles, or economic or political instability in other nations.

Reinvestment Risk: The risk that proceeds from maturing investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily affects fixed income securities.

**Financial Risk:** Excessive borrowing to finance a business' operations increases the risks to profitability, because the company must meet the terms of its debt obligations in good times and bad. The inability to meet debt obligations, in severe economic downturns, may result declining market value of the company's debt and equity securities or possibly even bankruptcy.

The previously mentioned risks will vary for each type of investment; therefore, we will diversify your account in an attempt to mitigate those risks. Nevertheless, diversification alone cannot eliminate the possibility of significant price declines. We will work with you to attempt to identify the balance of risk and reward that is appropriate and comfortable for you. However, it is still your responsibility to ask questions if you do not fully understand the risks associated with any investment or investment strategy.

Also, while we strive to render our best judgment on your behalf, many economic and market variables beyond our control can affect the performance of your investments and we cannot assure you that your investments will be profitable or assure you that no losses will occur in your investment portfolio. Past performance is one relatively important consideration with respect to any investment or investment advisor, but it is not a predictor of future performance.

### ***Mutual Funds, Index Funds and Exchange-Traded Funds***

Exchange traded products are types of securities that derive their value from a basket of securities such as stocks, bonds, commodities or indices and trade on exchanges during the day like individual stocks, while traditional mutual funds are priced once a day at the close. The value of our portfolio will fluctuate with the value of the underlying securities. ETFs trade like a stock, and there will be brokerage commissions associated with the buying and selling of the ETFs unless, trading occurs in a wrap fee program.

ETFs are not mutual funds. Some differences between ETFs and mutual funds include:

- Because of differences in distribution and often lower transaction costs, total operating expense ratios for ETFs often have been historically less than those for corresponding mutual funds.

- Many ETFs will disclose to the public their holdings every day, in addition to the quarterly disclosure required for all mutual funds.
- ETFs can be more tax efficient than mutual funds because ETF shares generally are redeemable “in-kind.” This means that an ETF may deliver specified portfolio securities to Authorized Participants who are redeeming Creation Units instead of selling portfolio securities to meet redemption demands, which could otherwise result in taxable gains to the ETF. Typically, such taxable gains (if not otherwise offset by the ETF) would be passed through to the retail investor. Very generally, the federal income tax consequences of investing in ETFs and mutual funds are comparable. However, the SEC does not provide tax advice, and information about the federal income tax consequences to the retail investor of specific investments is beyond the scope of this bulletin. For questions regarding the tax implications of investments in specific ETFs and their consequences with respect to your unique situation, please consult your tax adviser.

For additional information describing ETFs, please see the SEC’s Investor Alert, [Investor Bulletin: Exchange-Traded Funds \(ETFs\)](#). And for more information about the federal income tax consequences of registered investment companies generally, please see the SEC publication entitled “[Mutual Funds: A Guide for Investors](#).”

Mutual funds and ETFs that we typically use charge their shareholders various advisory fees and expenses associated with the establishment and operation of the funds. These fees will generally include a management fee, shareholder servicing, other fund expenses, and sometimes a distribution fee. If the fund also imposes sales charges, **you will pay an initial or deferred sales charge**. We generally use a combination of no-load retail and institutional class mutual funds that may or may not have transaction fees. When selecting a fund, we will consider a variety of factors including its expense ratio and other factors that may vary depending on the client. Based upon these and other considerations, in some instances we may choose a no transaction fee (“NTF” or no-load) share class having higher on-going fund expenses (which reduce the return of the fund) over an institutional share class that imposes transaction fees but has a lower ongoing fund expense ratio. Our share class selections are based upon then available information and circumstances, which may later turn out differently for many reasons beyond our control, including your

changing investment objectives, financial needs, or time horizon. These separate fees and expenses are disclosed in each fund's current prospectus, which is available from the fund or we can provide it to you upon request.

Consequently, for any type of fund investment, it is important for you to understand that you are directly and indirectly paying two levels of advisory fees and expenses: one layer of fees at the fund level and one layer of advisory fees and expenses to us. Generally speaking, most mutual funds may be purchased directly, without using our services and without incurring our advisory fees.

### **Voting Client Securities**

As a matter of firm policy and practice, we will not be responsible for responding to proxies that are solicited with respect to annual or special meetings of shareholders of securities held in your account. Proxy solicitation materials will be forwarded to you by your custodian for response and voting.

### **ITEM 7: CLIENT INFORMATION PROVIDED TO PORTFOLIO MANAGERS**

We are the sponsor and the portfolio manager of the wrap fee program. You should notify us promptly if your financial situation or investment objectives change. You may contact us at (248) 528-1870.

### **ITEM 8: CLIENT CONTACT WITH PORTFOLIO MANAGERS**

As a portfolio manager of a wrap fee program, we must inform you if there are any restrictions placed on your ability to contact us. You may contact us at (248) 528-1870. Our normal business hours are 9:00 a.m. to 5:00 p.m. Monday through Friday.

### **ITEM 9: ADDITIONAL INFORMATION**

#### **Disciplinary Information**

As a registered investment adviser, we must inform you of all material facts regarding any legal or disciplinary events that would be material to your evaluation



of our firm or the integrity of our management. We have no legal or disciplinary events to disclose.

Our firm receives economic benefit from both of our custodians, TradePMR and Schwab, in the form of the support products and services made available to our firm and other independent investment advisors that have their clients maintain accounts at either TradePMR and/or Schwab. These products and services, how they benefit our firm, and the related conflicts of interest are described in our Firm brochure (see Item 14 – Client Referrals and Other Compensation) and discussed below under Item 9 – Client Referrals and Compensation. The availability of TradePMR's and Schwab's products and services is not based on our firm giving particular investment advice, such as buying particular securities for our clients.

### **Other Financial Industry Activities and Affiliations**

As a registered investment adviser, we must disclose information regarding our business activities, other than giving investment advice, our other activities in the financial industry, and any arrangements with related persons that are material to our advisory business or clients. We are also required to disclose if we receive cash or other economic benefits from a third-party in connection with advising our clients.

Mr. Carl Szasz is the owner of Verde Real Estate, LLC, which solely owns a commercial office building in Clarkston, MI. As part of her duties to support Mr. Szasz, Ms. Holly Kamm performs general operational tasks and occasionally processes rent payments for tenants. Mr. Szasz may offer existing clients advice or products from those activities, or tenants of Verde Real Estate, LLC, may become clients of Verde Capital Management, Inc. Therefore, a potential conflict of interest exists when we recommend that you rent office space in the building owned and managed by Verde Real Estate, LLC. To mitigate any conflict of interest, we do not require you or any client to rent office space through Verde Real Estate, LLC, or that tenants or employees of tenants become clients of Verde Capital Management, Inc. You are free to rent office space where you deem fit, and which best suits your needs and budget.

Mr. Szasz, Mr. Smart, Mr. Shepherd, Ms. Lundberg, and Mr. Yarosh are also certified by Sedera Health to act as affiliate sales representatives under Verde Capital Management, Inc., an affiliated organization with Sedera Health, to sell membership plans under Sedera Access+ and Sedera Select+ to individuals, families, organizations, and employers. Therefore, a potential conflict of interest exists when we recommend that you select to use Sedera Health's

individual/family/employer plans in lieu of traditional health insurance products as part of our financial planning advice. To mitigate any conflict of interest, we do not require you to select to become a member of Sedera Health, and you are free to select the health care tools (member cost sharing or traditional health insurance) directly or from an unaffiliated insurance agent.

Ms. Tommi Harris is the owner of Parallel Insurance Agency, LLC, and is independently licensed to sell insurance products through various insurance companies. Although we do not provide Ms. Harris with additional compensation for her insurance sales, Ms. Harris receives commissions from insurance companies if you purchase insurance through her. The receipt of this compensation creates a conflict of interest. To mitigate this conflict of interest, we do not require you to purchase any recommended insurance products from Ms. Harris, and you can choose to purchase insurance through other unaffiliated insurance agents.

Ms. Holly Jamie Kamm is a licensed attorney with the states of Michigan and Ohio. Ms. Hamm does not practice law through Verde Capital Management or on her own. No portion of our services to you constitutes legal advice. Rather, you should consult with and seek the advice of your own attorney.

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

We have adopted a Code of Ethics (the “Code”) describing the standards of business conduct we expect all officers, directors, employees, and advisory representatives to follow. The Code also describes certain reporting requirements with which particular individuals associated with or employed by us must comply. We will provide a copy of the Code to you upon request.

Our principals and representatives will often own the same securities we recommend to you or our other clients. Generally, these securities will be shares of open ended mutual funds or stocks and bonds actively traded on a national securities exchange or market where the time and size of their purchases or sales will not affect transactions for you or our other clients. If we do recommend the purchase or sale of a thinly traded security to you, we will ensure that our principals’ and representatives’ transactions do not adversely affect you nor improperly benefit them, typically by completing our principals’ and representatives’ transactions after all your and other client transactions have been made. Orders for your account and our own accounts may sometimes be aggregated or “batched” into one large order.

If we aggregate an order for securities transactions, it will be on a portfolio basis such that all accounts invested in accordance with the same portfolio will be traded in a block trade. Aggregated orders may achieve better execution for all participating accounts and those benefits will be fairly allocated among all participating accounts. Each account that participates in an aggregated order will participate at the average share price for all transactions ordered by us in that security on a given business day.

You may request a copy of our Code by contacting our President, Carl Szasz at (248) 528-1870 or [carlszasz@verdecapm.com](mailto:carlszasz@verdecapm.com).

### **Review of Accounts**

The frequency and triggering factors for internal account reviews depend upon the services we provide to you. We are available to meet with you on a quarterly basis to review your account. Our advisory representatives share responsibility for these reviews.

Generally, we review portfolios in our wrap fee program on a quarterly basis. We will rebalance your account taking into consideration market conditions as well as your goals and objectives. We will provide investment reports and research papers to you during our meetings. Unless otherwise agreed upon, you will receive electronically, at least quarterly, account statements from your custodian, which will reflect account balances, transactions and our advisory fees.

You must contact us when a real or potential change in your financial condition occurs so we can review the portfolio along with your new information to ensure the investment strategies continue to be appropriate.

### **Client Referrals and Compensation**

#### ***Charles Schwab & Co., Inc Advisor Services***

Charles Schwab & Co., Inc. Advisor Services ("Schwab") provides Verde Capital Management with access to Schwab's institutional trading and custody services, which are typically not available to Schwab's retail investors. These services generally are available to independent investment advisers on an unsolicited basis, at no charge to the investment adviser as long as a total of at least \$10 million of the investment adviser's assets under management are maintained in accounts at

Schwab. Schwab includes brokerage services that are related to the execution of securities transactions, custody, research, including that in the form of advice, analyses and reports, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment. For Verde Capital Management client accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions or other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

Schwab also makes available to Verde Capital Management other products and services that benefit Verde Capital Management but may not benefit its clients' accounts. These benefits may include:

**Entertainment Benefits**

- National, regional or Verde Capital Management specific educational events organized and/or sponsored by Charles Schwab & Co., Inc. Advisor Services.
- Occasional business entertainment of personnel of Verde Capital Management, including meals, invitations to sporting events, including golf tournaments, and other forms of entertainment, some of which may accompany educational opportunities

**Client Account Administration Benefits**

- Software and other technology (and related technological training) that provide access to client account data (such as trade confirmations and account statements). Provide research, pricing information, and other market data, facilitate payment of VCM's fees from its clients' accounts (if applicable).
- Facilitating trade execution (and allocation of aggregated trade orders for multiple client accounts if applicable).
- Assistance with back-office training and support functions, recordkeeping and client reporting.

**Business Development Benefits**

- Professional, compliance, and legal consulting. Publications and conferences on practice management, information technology, business succession, regulatory compliance.

- Human capital consultants, insurance, and marketing.

In addition, Schwab may make available, arrange and/or pay vendors for these types of services rendered to Verde Capital Management by independent third parties. Schwab may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to Verde Capital Management. These benefits, whether paid directly to Verde or to a third-party on Verde's behalf, constitute a conflict of interest because they create an incentive to solicit clients to Verde in order to maintain at least \$10 million in assets under management with Schwab and to recommend Schwab for custody and brokerage services. Verde Capital Management is independently owned and operated and not affiliated with Schwab.

### **Financial Information**

As a registered investment adviser, we must provide you with certain financial information or disclosures about our financial condition if we have financial commitments that impair our ability to meet contractual and fiduciary commitments to you. We have not been the subject of a bankruptcy proceeding and do not have any financial commitments that would impair our ability to meet any contractual or fiduciary commitments to you.