

# VERITY

WEALTH ADVISORS LLC

SEC Form ADV Part 2A Firm Brochure  
("Brochure")

1505 Bridgeway

Suite 208

Sausalito, CA 94965

Telephone: 415-561-3340 [www.veritywealth.com](http://www.veritywealth.com)

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This Brochure provides information about the qualifications and business practices of VERITY Wealth Advisors LLC ("VERITY"). If you have any questions about the contents of this brochure, please contact us at telephone number 415- 561-3340 or via e-mail at [evan@veritywealth.com](mailto:evan@veritywealth.com). 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. VERITY is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training.

This Brochure does not constitute an offer to sell, or the solicitation of an offer to buy, any securities. Additional information about VERITY is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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## **Item 2 - Material Changes**

There are no material changes in this brochure from VERITY's last annual updating amendment of March 22, 2019.

Non-material changes were made that are not discussed in this summary and, consequently, clients are encouraged to read this version of VERITY's disclosure brochure in its entirety.

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## **Item 4 - Advisory Business**

VERITY Wealth Advisors was founded in 2003 by Evan Oliver, who remains the principal owner of the firm. VERITY provides a broad range of financial advisory services that depend upon the needs of the client. Our services fall into two main categories:

Managed	VERITY builds, directs and maintains an investment portfolio for the client
Consulting	VERITY provides ad-hoc financial advice on an as-needed basis

These service arrangements may or may not include the provision of Financial Planning services.

VERITY believes that the best investment advice is provided when an advisor is deeply intertwined in every aspect of their clients' overall financial picture, a view best gained through the financial planning process. However, in limited situations, VERITY will manage a client's assets without also providing financial planning services. We currently have clients engaged under such investment management-only agreements.

VERITY also provides non-managed financial consulting to a limited number of clients. Under these contracts, VERITY provides investment and/or financial planning advice on an ad-hoc hourly basis but does not take on any management responsibility of the clients' assets.

Until September 30, 2018, VERITY Wealth Advisors acted as the general partner of a limited partnership, Verity Alternative Partners L.P. ("VAP"). This partnership was formed in 2005 as a means of providing VERITY clients with exposure to such alternative investments as real estate, commodities and hedge funds. The fund has been closed to new investment since 2006 and was dissolved and wound-down as of September 30, 2018. Since December 31, 2013, VERITY has not received any management fees or other compensation for serving as the general partner of VAP.

As of December 31 2019, the assets upon which VERITY provides supervisory services totaled \$201,836,098 in discretionary funds. This amount include accounts to which VERITY provides "continuous and regular supervisory or management services" over the assets. This figure also includes engagements whereby VERITY provides a broad range of Financial Planning services (i.e. our traditional wealth management mandates), including but not limited to general guidance on estate planning, taxes, insurance and retirement planning issues. The provision of these services is driven by and tailored to each client's needs as articulated/requested by the client. VERITY is NOT licensed to provide specific tax or legal advice and therefore the guidance given under these mandates is designed only to supplement the expert counsel of tax and/or legal practitioners.

## **Item 5 - Fees and Compensation**

For VERITY's full wealth management services, we generally charge a flat \$10,000 fee for the first \$1 million of managed assets (which equates to 1%) and then 0.50% (50 basis points) for assets above \$1 million. As assets approach \$5 million, we waive the initial flat fee so that the fees for portfolios above \$5 million are charged a flat 0.50%. Standard fees at each level of portfolio size are shown below:

Assets managed	
\$1 million and below	\$10,000
\$1 million to \$4 million	\$10,000 plus 0.50% of assets over \$1 million
\$4 million to \$5 million	\$25,000
Above \$5 million	0.50% of assets

While the above table represents a standard schedule of fees, each service contract contains a specific billing regimen within the engagement agreement that may or may not adhere to this standard, so deviations from this schedule can and do occur. These fees are paid on a quarterly basis (i.e. one-fourth each quarter) and are calculated using portfolio values as of the last day of the final month of each calendar quarter (March, June, September and December). These fees are then deducted directly

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from portfolio assets, though VERITY will consider other payment options.

Investment management only services are generally available only to those clients with managed assets above \$5 million and fees are negotiated on a case-by-case basis and currently range between 0.15% and 0.50%. Billing for these fees is handled in the same fashion as for the wealth management mandates above.

Consultation clients are billed on an hourly basis at the then prevailing rate or a rate initially agreed to in an engagement agreement, whichever is less. The current billing rate is \$300 per hour and has ranged between \$300 and \$450 per hour over the past fifteen years. These fees are billed by invoice on a monthly (or bi-monthly or quarterly, depending upon the size of the invoice) basis.

A limited number of clients have engaged VERITY on a flat dollar fee basis. In this type of agreement, a fixed dollar fee is charged for investment management services, regardless of the amount of assets managed.

The fees mentioned above represent the only fees that VERITY collects in relation to VERITY's management of client assets and the provision of advice. The securities and/or funds that VERITY purchases for clients charge separate fees (i.e. underlying management fees) and the custodian of the client's assets (i.e. Schwab) charges commissions on certain security transactions and fees for providing certain services (e.g. wire fees). VERITY does NOT in any way share in these underlying fees. For more information about the custodial relationships that VERITY has established and its choice of brokerage services, see the Brokerage Practices and Custody sections below. Clients have the option to purchase investment products that we recommend through other brokers or agents not recommended by VERITY, if they so choose. However, such assets will not be considered as regulatory assets under management for reporting purposes.

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

VERITY does not charge any performance-based fees nor do we share in any such arrangements with any manager we recommend who may charge such fees. VERITY may charge different marginal rates based upon portfolio size and other factors. VERITY's style of portfolio management and supervision (described later in this brochure) is designed with the goal of treating each client equitably.

## **Item 7 - Types of Clients**

VERITY provides its services primarily to high-net-worth ("HNW") and non-HNW individuals, but also does limited work with other entities such as retirement plans, and trustees of irrevocable trusts. VERITY also supervises assets managed or sub-advised by other investment advisers

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

VERITY Wealth Advisors develops investment plans tailored to the specific needs of each client based many different factors, primarily:

- 1) The role that the portfolio plays in the client's overall financial picture;
- 2) The client's tolerance for risk (in terms of both capacity and comfort); and
- 3) The interplay of return needs and risk tolerance.

These factors are combined to guide a targeted asset allocation designed to provide a reasonable balance between these factors. After allocation targets are determined, VERITY then considers, as the default investment strategy, the use of index or index-like securities to execute the specific asset class allocations. In the presence of compelling evidence, we will sometimes opt instead to execute a target allocation using investments other than index-based securities, including actively-managed funds.

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Once in place, VERITY periodically, but no less than quarterly, monitors portfolios and, when allocations deviate substantially from the target allocation, rebalances client portfolios. While we discourage our clients from making changes to the target allocations based on short-term changes to their comfort with risk, we do adjust target allocations as their long-term appetite for risk changes or if the client makes a specific request for an allocation change.

VERITY believes that the single most important determinant of the risk of loss within a given client's portfolio is the target percentage devoted to fixed income. While the risk tolerance of each client differs, we tend to maintain a significant allocation to fixed income regardless of economic cycle in hopes of buffering the capital preservation characteristics of our client's portfolios.

This style of management results in portfolios that span a wide range of risk levels from lower-risk (i.e. less stock exposure) to higher-risk (more stock exposure), depending upon each client's risk tolerance. While less stock exposure typically results in less dramatic principal fluctuations, there may be periods wherein even such portfolios exhibit meaningful drawdowns. VERITY makes no guarantees that the theoretical basis supporting its investment management approach will hold up in the future and it must be made clear that future investment results may not resemble past results.

### **Item 9 - Disciplinary information**

Neither VERITY Wealth Advisors, its employees, nor Verity Alternative Partners L.P. have been involved in any legal or disciplinary events since the firm's inception in 2003.

### **Item 10 - Other Financial Industry Activities and Affiliations**

VERITY has entered a sub-advisory agreement with CW Henderson, a municipal bond separately-managed account manager, wherein CW Henderson sub-manages municipal bond portfolios for certain VERITY clients. VERITY does not receive compensation from CW Henderson (or any other advisor).

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

The principals and employees of VERITY Wealth Advisors are governed by the firm's Trading Code of Ethics, established pursuant to SEC Rule 204A-1. A copy of this code of ethics is available upon request. VERITY's principals and employees may buy, sell or hold securities identical to those recommended to clients. Trading of such securities by VERITY personnel at about the same time as client trades are conducted may skew transaction prices and hence represent a potential conflict of interest. Personal transactions in certain securities must first be approved by a principal of the firm and procedures are in place to avoid transactions from occurring at or near the same time as client transactions are taking place in the same securities. Approval is not required for the trading of mutual funds or government-related securities.

Additionally:

- A principal or employee of VERITY shall not buy or sell securities for his or her own personal portfolio when their decision to do so is a result of information derived from their position at VERITY, unless that information is also reasonably available to the investing public.
- VERITY maintains records of all securities bought, sold or held by its principals and employees and these records are reviewed on a regular basis by a principal of the firm.
- VERITY requires that its principals and employees obey applicable federal and state regulations governing registered investment advisory practices.
- Any individual found to have violated any of these rules is subject to disciplinary action, including dismissal from the firm.

### **Item 12 - Brokerage Practices**

VERITY currently maintains no active broker relationship outside of the brokerage business associated with the custodial platform that we use for our clients, which is the Schwab Advisor Services Division of Charles Schwab & Co., Inc. ("Schwab"). VERITY seeks to engage in a low level of trading and therefore chooses to negotiate favorable commission rates and centralized service team support from a single broker.

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VERITY believes that the electronic and liquid nature of the markets for the securities that we trade, along with the fact that we have already selected an industry leader for combined custody and execution, allows no tangible value to be added by expanding the list of brokers that we use.

VERITY does not participate in any wrap-fee agreements with Schwab or any other broker, nor do we permit clients to direct brokerage to brokers other than Schwab. Additionally, VERITY did not choose Schwab as its clients' custodian based upon any expectation or possibility of receiving client referrals from Schwab.

Although VERITY has not entered into a specific soft-dollar agreement with Schwab, some may consider the services that Schwab provides to advisers working on their institutional platform to resemble soft-dollar services and, hence, we disclose these services below.

VERITY currently requires clients to establish brokerage accounts with the Schwab, which is a FINRA-registered broker-dealer and member of SIPC, to maintain custody of clients' assets and to effect trades for their accounts. Schwab provides VERITY with access to its institutional trading and custody services. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them, so long as a sizeable amount of the advisor's clients' assets are maintained in accounts at Schwab. These services are not contingent upon VERITY committing to Schwab any specific amount of business (assets in custody or trading commissions). Schwab's brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and other investments. Schwab does not charge clients separately for general custody services. However, client account holders pay Schwab commissions and 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 VERITY other products and services that benefit VERITY but may not directly benefit clients' accounts. These products and services may be used to service all or some substantial number of VERITY accounts, including accounts not specifically maintained at Schwab.

Schwab's products and services that assist VERITY in managing and administering clients' accounts include software and other technology that (i) provide access to client account data (such as trade confirmations and account statements); (ii) facilitate trade execution and allocate aggregated trade orders for multiple client accounts; (iii) provide research, pricing and other market data; (iv) facilitate payment of VERITY's fees from its clients' accounts; and (v) assist with back-office functions, recordkeeping and client reporting.

Schwab also offers other services intended to help VERITY manage and further develop its business enterprise. These services may include: (i) compliance, legal and business webinars and programs; (ii) publications and conferences on practice management and business succession; and (iii) access to employee benefits providers, human capital consultants and insurance providers. Schwab may make available, arrange and/or pay third-party vendors for the types of services rendered to VERITY. Schwab Institutional 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 VERITY. Schwab may also provide other benefits such as educational events or occasional business entertainment of VERITY personnel. In evaluating whether to recommend that clients custody their assets at Schwab, VERITY may consider the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors it considers and not solely the nature, cost or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest. The receipt of the above services does not result in the client paying a higher than normal commission rate to Schwab.

In certain circumstances, VERITY will aggregate trades for client accounts under our master account, enter a block trade and then allocate those trades to specific client accounts after execution. This practice allows VERITY to (1) aggregate multiple trades in a security for specific clients and/or (2) group together trades for multiple clients in the same security. This type of trade typically occurs because of portfolio rebalancing efforts and ensures the same execution price for multiple accounts and potentially reduces market impact. It is important to note that, because of the customized nature of its portfolio construction and rebalancing procedures, VERITY will tend to trade/rebalance portfolios in a serial manner, rather than inputting trades in a

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certain security broadly across portfolios, which limits the use of trade aggregation. VERITY believes that the size of its trades (singular or block) are sufficiently small relative to the issue size of the securities in which it transacts to limit the market impact of multiple smaller trades. Nonetheless, by not using aggregated trades, trades in the same security may occasionally be executed in different accounts at different times in the same day (or on other days), which would result in some clients getting better or worse execution prices than others.

### **Item 13 - Review of Accounts**

VERITY's portfolio management system as well as other tools provide us with the ability to view the entirety of our clients' assets on a consistent basis to determine whether specific action is required within a portfolio. Each portfolio is specifically reviewed and compared against targets on at least a quarterly basis to determine whether any routine rebalancing or other adjustments are necessary. VERITY provides written quarterly performance reports to clients.

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

VERITY maintains relationships with numerous professionals from whom we receive and to whom we send client referrals. VERITY neither pays nor receives any compensation for these referrals and, accordingly, considers only the merit of the service provider when making referral recommendations and we expect our colleagues to use the same criteria in determining whether to refer potential clients to us.

### **Item 15 - Custody**

Assets under VERITY's management are held at Charles Schwab & Co. a FINRA-registered broker-dealer. Clients provide Schwab, as custodian, with authorization to accept directions from VERITY in connection with: a) the purchase and sale of securities; b) the withdrawal of management fees; and 3) the limited movement of assets on the client's behalf to like-titled accounts.

These transactions, as well as any other changes to a client's portfolio, are automatically reflected in the records of the custodian and VERITY has no ability to alter these records. In the case of trades, confirmation of all trades is made available directly to the clients in hard or electronic format. Schwab also sends periodic (monthly or quarterly depending on account activity) reports showing the assets held in the account and the history of any transactions that occurred. We recommend that clients take care to review these custodial reports and confirmations and to immediately bring any questions or issues surrounding them to our attention or to the attention of Schwab.

Each quarter, VERITY sends to each client for whom a portfolio is managed, a report that summarizes the performance for various time periods. VERITY recommends (here and in each report disclosure) that clients compare information within these performance reports with that contained within the periodic reports send directly by Schwab.

VERITY does not act as trustee for any client funds.

### **Item 16 - Investment Discretion**

Clients provide Schwab with authorization to act on the investment instructions of VERITY within managed accounts. Our authority to direct client assets may be altered by specific arrangement with the client. Limitations on discretionary authority may be detailed in an investment policy statement executed between the two parties. Discretionary authority allows us to choose: a) the types of securities held/traded; b) the timing of transactions; and c) the broker to be used for executions and the applicable commission rates (although all trades are currently executed by Charles Schwab and Co., Inc., as previously disclosed.)

There may be circumstances where VERITY determines that it may be in the best interest to maintain certain positions which we might not otherwise recommend (e.g. stock positions that have a low cost basis and therefore a high tax cost to selling).



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## **Item 17 - Voting Client Securities**

VERITY maintains and adheres to a strict proxy voting policy. Within the engagement agreement, during the account opening process and within any applicable IPSs, VERITY specifically informs clients that it does not vote proxies for shares of funds or securities held in client accounts. Within account documents, VERITY specifically directs Schwab to send proxy materials directly to the client or a designee thereof. A copy of VERITY's Proxy Voting Policy is available upon request. While this policy allows VERITY to provide a client with information clarifying the intent and effect of a particular proxy, VERITY is prohibited from providing a specific vote recommendation.

## **Item 18 - Financial Information**

VERITY charges and collects all fees in arrears (i.e. after applicable services have been rendered).

VERITY, its affiliates, and its supervised persons have never filed bankruptcy. VERITY is not aware of any financial condition that is expected to affect its ability to meet contractual commitments to clients.