



# VIRIDIAN

## Firm Brochure (Part 2A of Form ADV)

Business Continuity Plan  
Privacy Policy

Pursuant to Rule 206(4)-3  
Updated: March 31, 2018

**Viridian RIA, LLC**  
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Bothell, WA 98021

This brochure provides information about the qualifications and business practices of Viridian RIA, LLC. If you have any questions about the contents of this brochure, please contact us by telephone at 206-388-2210 or email at [Mark@ViridianAdvisors.com](mailto:Mark@ViridianAdvisors.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 Viridian RIA, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching CRD# 171332.

Please note that the use of the term "registered investment adviser" and description of Viridian RIA, LLC and/or our associates as "registered" does not imply a certain level of skill or training. You are encouraged to review this Brochure and Brochure Supplements for our firm's associates who advise you for more information on the qualifications of our firm and our employees.

## 2. Material Changes

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The SEC requires that an annual update of Form ADV Part 2A identify and discuss material changes to the business that have occurred since the last annual amendment filing, which was February 17, 2017. The standard of materiality under the Advisors Act is whether there is a substantial likelihood that a reasonable investor (client) would have considered the information important.

Since our last annual amendment filing, the following material changes have occurred. Most of these continue to be related to the merger between Viridian and Appropriate Balance Financial Services.

- Appropriate Balance Financial Services, Inc. has been retired as an SEC registered investment advisor.
  - All clients and operations have transferred to Viridian.
  - Advisor dual registration with Appropriate Balance Financial Services, Inc. is no longer needed.
- All advisors have amended their registrations to be associated with Viridian RIA LLC only.
  - All advisors that are also registered representatives have resigned from LPL financial.
- LPL Financial brokerage business associated with Viridian has been transferred to another LPL representative.
- Viridian RIA has withdrawn from the TD Ameritrade Advisor Direct program as it is no longer needed.
- Viridian has added Fidelity Investments as a new custodian.
- Viridian has combined offices and is now located in Bothell, WA.

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## 4. Advisory Business

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Viridian RIA, LLC (Viridian) is an independent investment advisory firm registered with the U.S. Securities and Exchange Commission (SEC) under the Investment Advisors Act of 1940. The firm is a limited liability company formed in the state of Washington and has been registered as an investment advisor since 2014.

In February 2017, Appropriate Balance Financial Services, Inc., (ABFS) another investment advisory firm founded in 1984 and registered with the SEC, merged with Viridian Investment Corp. and Viridian Tax and Accounting, LLC to form Appropriate Balance Holdings, Inc. (AB Holdings). AB Holdings owns 100% of Viridian Investment Corp., which in turn owns 100% of Viridian RIA, LLC.

As of December 31, 2017, Viridian managed approximately \$499,171,000 on a discretionary basis and \$9,942,000 on a non-discretionary basis.

Viridian provides financial planning and investment advisory services to high-net-worth individuals, families (including associated trusts, estates, pension & profit sharing plans, and other legal entities), pension plan sponsors and Not-For-Profit organizations.

Viridian RIA, LLC does not provide legal or accounting services. Viridian Tax and Accounting, Corp., a sister company of Viridian RIA, LLC does provide both tax and accounting services. Any tax and accounting services provided as part of an engagement with Viridian will be provided by Viridian Tax and Accounting, Corp. Additionally, with a client's consent, Viridian can work with a client's other professional advisors to assist with the coordination and implementation of a client's financial plan. Viridian can also participate in meetings and/or phone calls between the client and professional advisor at the client's request. Viridian may provide contact information for other professional advisors if the client wishes to hire someone for legal or other accounting services.

Advisors often work in teams and may call in other professionals, as appropriate, to provide the client with a broader perspective and deeper level of service. Advisors will meet periodically with clients physically and/or by phone to discuss the client's financial situation, progress towards their goals, and adjust as needed.

### **Bundled Services for Individuals and Families**

Viridian believes in providing a client with a broad base of financial and tax planning, combined with investment management, and 1040 tax preparation. Because these are interrelated, and optimal planning involves addressing all of them, they are offered to clients in a single service bundle at a single service price. While these services are offered as a bundle, a slightly more detailed explanation of each component piece follows.

### **Investment Advisory Services**

Viridian provides several ongoing investment advisory services working with the client to identify those goals that are important to them, prioritizing and quantifying those goals; determining the appropriate time frame(s) in which to accomplish them; and allocating/managing the client's investment assets on an ongoing basis. Viridian has designed several portfolio strategies that are consistent with certain specific personal and family goals. Multiple strategies can be matched with client goals, and then combined to create an overall portfolio that is uniquely suited to each client and their goals. Investment Advisory Services are only offered as part of the bundled services package.

To achieve the appropriate balance of investments in the client's portfolio, most Viridian strategies use a core and satellite portfolio construction approach, dividing the portfolio into two corresponding categories of investments.

Core investments attempt to deliver a return in line with market performance and to provide broad, diversified exposure at a lower cost. Building a strong core for the investment portfolio, based on asset allocation, is essential since it provides the central foundation for your overall investments.

Viridian seeks relatively low cost and tax-efficient core investments for the portfolio. Typically, this means using exchange traded funds and mutual funds to build the core of the portfolio. This approach seeks to match the return and risk characteristics of a market segment by being broadly diversified, providing access to asset classes that accomplish two things: (i) broadly represent the market and (ii) help target risk-adjusted returns without incurring the risk and volatility associated with active core management.

Satellite investments are typically more specialized investments that potentially will generate additional returns or reduce risk. A satellite manager can enhance the diversification in the portfolio by providing low correlation to the core. Satellite investments may carry higher risk and higher costs.

Viridian may use other portfolio management techniques to assist the client in achieving their goals:

- As markets change, so do the asset allocations of portfolios. Portfolios are reviewed regularly to look for allocations that have drifted to the extent that a process known as “rebalancing” is implemented to bring the portfolio back in line with acceptable tolerances and risk parameters.
- When multiple strategies are used across both taxable and tax-deferred accounts, the tax efficient nature of the asset is considered. When practical, tax inefficient investments that generate taxable income and dividends are in tax-sheltered accounts, and tax efficient investments that generate capital gains are located in taxable accounts. This strategy is known as “asset location.”
- Not all investments are profitable. Sometimes, investments go down in value. If these decreases are in a taxable account and captured by selling, they may be used to offset other taxable capital gains and income, with limitations, and potentially reduce income taxes. Actively looking for and taking tax losses is a strategy known as “tax loss harvesting.” In addition, when making sells, Viridian will attempt to manage tax lots, selling the highest cost basis lots first in a strategy known as “tax lot optimization” that may also provide income tax benefits. Please consult a tax professional for details.

Clients can impose reasonable restrictions on at least some of their accounts; for example, accounts holding securities the client has held for many years and is attached to may be set up in a “non-managed” account. Another example would include a portfolio of securities that needs to be transitioned to a Viridian strategy over time to effectively manage taxes or for other reasons. Assets that a client wants to sell only at certain prices, at a certain time, etc. will not be considered a reasonable restriction for active management. The client would need to keep such assets in a non-managed account and maintain responsibility for them.

### **Financial Planning Services for Individuals and Families**

Viridian provides personal financial planning services, which typically involve significant discussion of the client's goals, including those related to family, their work, their community, and other topics that are important to them. Viridian then works with the client to articulate these goals, quantify them, and determine an appropriate time horizon for each of them. A written or electronic plan is then developed incorporating different scenarios and may include elements of cash flow and debt management, insurance protection, investment planning and asset allocation, college savings, tax planning, retirement planning, and estate planning.

Viridian will rely on the client to provide current and accurate financial information and to communicate any significant information that might impact the ultimate realization of the projected results. Upon completion and presentation of the plan, the client is under no obligation to implement it with Viridian. The client may take the plan and implement it with whomever they choose.

The suggestions and recommendations included in the financial plan will be advisory in nature, and we cannot guarantee the performance of any investment or insurance product that may be purchased to implement recommendations in the plan. The plan will include financial projections based on assumptions about future events and we cannot ensure the achievability of such projections, as the assumptions about future events may prove to be inaccurate. The assumptions are made with the agreement that they are sound and reasonable.

All reports, financial statement projections and analyses are intended only for use in developing and implementing the financial plan. The client should not attempt to use these reports to obtain credit or for any purpose other than developing the personal financial plan. It is likely that there will be differences between projected and actual results because events and circumstances frequently do not occur as projected and these differences may be material to the client's planning needs.

**A Full Financial Plan** includes a plan incorporating different scenarios and may include elements of cash flow and debt management, insurance protection, investment planning and asset allocation, college savings, tax planning, retirement planning, and/or estate planning. A Full Financial Plan is included in the bundled service package, at no additional charge. Alternatively, it is also offered on a standalone basis for \$2500.

**A Modular Financial Plan** includes a plan incorporating up to two of the planning elements included in the Full Financial Plan. Clients not utilizing our bundled service package can utilize Modular Financial Planning on a standalone basis for \$1500.

### **Tax Planning and Return Preparation for Individuals and Families**

Tax advice and planning, including 1040 tax preparation, is included as part of our bundled services package. Alternatively, they can also be purchased on a standalone basis, under a separate agreement through Viridian Tax and Accounting, Corp.

### **Estate and Probate Services for Individuals and Families**

When a current client passes away, all prior agreements between that person and Viridian terminate. Also, upon death, the estate settlement process begins, where assets of the deceased are transferred to the beneficiaries and heirs. Our services in support of the estate settlement process includes the review of the will/trust documents, review of account titling and beneficiary designations, completing the necessary transfer paperwork and new account set-up, money/asset transfer, asset valuation reporting, research, and coordination with the CPA and attorney. Ongoing investment management during this settlement period is restricted until the asset transfer process is complete and new management agreements have been updated and executed with executors, trustees, beneficiaries or other appropriate parties. Because these services can require substantial time, and are separate from ongoing investment advisory services, additional charges may apply.

### **Investment Advisory Services for Non-Profit Organizations**

Viridian offers Investment Advisory Services for Non-Profit Organizations which includes:

- Providing discretionary investment advice to the client about asset classes and investment alternatives available for the investment portfolio in accordance with the organization's investment policies and objectives.
- Assisting the client with the selection of a broad range of investment options consistent with the organization's investment policies and objectives.
- Assisting the client in the development of an Investment Policy Statement (IPS). The IPS establishes the investment policies and objectives for the plan. The client shall have the ultimate responsibility and

authority to establish such policies and objectives and to adopt and amend the Investment Policy Statement.

- Assisting in monitoring investment options by preparing periodic investment reports that document investment performance, consistency of fund management and conformance to the guidelines set forth in the IPS and make recommendations to maintain, remove and/or replace investment options.
- Meeting with the client on a periodic basis to discuss the reports and the investment recommendations.
- Assisting in the education of the trustees about general investment principles and the investment alternatives available under the plan.

### **Investment Advisory Services for Company Retirement Plans**

Viridian offers services related to company retirement plans for plan sponsors, which includes:

- Providing non-discretionary investment advice to the client about asset classes and investment alternatives available for the plan in accordance with the plan's investment policies and objectives. In performing fiduciary services, it is acting as a "limited scope" fiduciary of the plan under section 3(21) of Employee Retirement Income Security Act (ERISA). The client shall have the final decision-making authority regarding the initial selection, retention, removal and addition of investment options.
- Assisting the client with the selection of a broad range of investment options consistent with ERISA section 404(c) and the regulations thereunder.
- Assisting the client in the development of an Investment Policy Statement (IPS). The IPS establishes the investment policies and objectives for the plan. The client shall have the ultimate responsibility and authority to establish such policies and objectives and to adopt and amend the Investment Policy Statement.
- Assisting in monitoring investment options by preparing periodic investment reports that document investment performance, consistency of fund management and conformance to the guidelines set forth in the IPS and make recommendations to maintain, remove and/or replace investment options.
- Meeting with the client on a periodic basis to discuss the reports and the investment recommendations.
- Providing non-discretionary investment advice to the client with respect to the selection of a Qualified Default Investment Alternative (QDIA) for participants who are automatically enrolled in the plan or who otherwise fail to make an investment election.
- Assisting in the education of the participants in the plan about general investment principles and the investment alternatives available under the plan.

The advisor may provide these services or, alternatively, may arrange for the Plan's other providers to offer these services, as agreed upon between the advisor and the client.

## 5. Fees and Compensation

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### **Bundled Services Fees for Individuals and Families**

The fees for ongoing personal financial planning, investment management, tax planning and return preparation are charged based on the amount of assets under management (AUM).

Fees for bundled services are charged based on the amount of assets under management (AUM) at the following annual % rates:

Assets Under Management (\$)	Bundled Services (%) Flat Fee at Asset Level
Under \$500,000	1.50
\$500,001 – \$1 Million	1.25
\$1 Million - \$2 Million	1.00
\$2 Million - \$3 Million	.90
\$3 Million - \$4 Million	.85
\$4 Million - \$5 Million	.75
Over \$5 Million	.65

**Note:** There is no dollar minimum annual fee and no minimum account size. Fees are calculated on a “flat” basis; for example, a client with \$1.2 million in assets under management would be charged 1.00% for all those assets. Fees are rounded to the nearest dollar. Multiple accounts may qualify for a lower “household” fee by aggregating all family accounts. Viridian may waive or negotiate lower fees for some clients. Regardless of the total assets under management, client accounts are subject to minimums for the specific Viridian strategies they choose. While clients are not required to use all the bundled services offered, there is no discount available for not using a bundled service.

Viridian charges fees quarterly in advance based on the account value at the end of the prior quarter. Investments billed by Seattle Funding Group, Ltd. are billed in arrears. Most clients authorize Viridian to deduct fees automatically from their brokerage accounts. As part of this process, the client is made aware of the following:

- The client's independent custodian sends statements at least quarterly showing the market values for each security included in the Assets and all account disbursements, including the amount of the advisory fees paid to our firm;
- Clients will provide authorization permitting our firm to be directly paid by these terms. Our firm will send an invoice directly to the custodian; and
- If our firm sends a copy of our invoice to the client, legend urging the comparison of information provided in our statement with those from the qualified custodian will be included.

Clients may also request that Viridian send quarterly invoices to be paid by check.

### **Participation in Wrap Fee Programs**

Viridian previously offered a Wrap Fee Program to legacy clients as further described in Part 2A, Appendix 1 (the “Wrap Fee Program Brochure”) of our Brochure. Viridian’s wrap fee and non-wrap fee accounts are managed on an individualized basis according to the client’s investment objectives, financial goals, risk tolerance, etc. Viridian does not manage wrap fee accounts in a different fashion than non-wrap fee accounts. As further described in our Wrap Fee Program Brochure, we receive a portion of the wrap fee for our services. **We no longer offer the Wrap Fee Program to new clients.**



### **Other Types of Fees & Expenses**

Also, most Viridian strategies employ a mixture of mutual funds and exchange traded funds; each fund has internal expenses, and some funds involve transaction charges by the executing brokerage firms. Those expenses are separate from and in addition to Viridian fees. If “outside management” is utilized, separate investment minimums and fees will apply (as specified in each outside management agreement) in addition to the Viridian fees shown above.

In addition to Viridian’s investment management fees, non-wrap clients incur trading costs and custodial fees. To the extent that clients’ accounts are invested in mutual funds, these funds entail a separate layer of management, trading, and administrative expenses, which the Client, as an investor in the mutual funds, will bear directly. The ratios of fund expenses to assets vary from fund to fund. Information on the specific expenses for each of the mutual funds is set forth in the fund’s prospectus and periodic reports provided to the client by the fund. Viridian generally uses “no-load” funds, or “load” funds for which Viridian can have the load waived. Nevertheless, custodians sometimes charge trading fees for purchase and/or sale of certain mutual funds (even “no-load” funds). Also, funds may have early redemption fees. Viridian considers these kinds of mutual fund expenses when deciding which funds to buy for client accounts.

### **Financial Planning Fees for Individuals and Families**

A **Full Financial Plan** is included in a bundled service package.

Financial plans may also be offered on a standalone basis as defined above for the following fees.

- A **Full Financial Plan** costs \$2500 and a **Modular Financial Plan** costs \$1500.
- These prices may be increased for particularly complex planning scenarios or for increased levels of service.
- In all cases, Viridian will not require a retainer exceeding \$1,200 when services cannot be rendered within 6 (six) months.

### **Tax and Accounting Fees for Individuals and Families**

Tax and accounting services as described above are included in the bundled services package. They are also provided as a separate standalone engagement through Viridian Tax and Accounting, Corp.

### **Estate and Probate Fees for Individuals and Families**

Estate and Probate Services are billed at the rate of \$85 per hour. Hourly fees will be charged at the minimum of ½ hour per occurrence and billed at the end of the month in which services are rendered. Time spent with outside parties, such as attorneys is billable.

### **Investment Advisory Fees for Non-Profit Organizations**

The fee for Non-Profit Organizations is:

- Annual fee of .50% subject to a minimum fee of \$5,000 per year and a maximum of \$25,000 per year. Fees are billed quarterly in advance.

Annual fees are based on the market value of the Included Assets. The initial fee will be the amount, prorated for the number of days remaining in the initial Fee Period from the Effective Date of this Agreement, based upon the market value of the portfolio assets on the first business day of the initial Fee Period and will be due on the first business day of the Fee Period. Thereafter, the fee will be based upon the market value of the portfolio assets on the last business day of the previous Fee Period (without adjustment for anticipated withdrawals or other anticipated or scheduled transfers or distributions of assets) and will be due the following business day. If this

Agreement is terminated prior to the end of a Fee Period, Advisor shall be entitled to a fee, prorated for the number of days in the Fee Period prior to the effective date of termination. Fees are rounded to the nearest dollar. Any unearned fee shall be returned by Advisor.

### **Investment Advisory Fees for Company Retirement Plans**

The fee for Company Retirement Plan Services is:

- Annual fee of .50% subject to a minimum fee of \$5,000 per year and a maximum of \$25,000 per year. Fees are billed quarterly in advance.

Annual fees are based on the market value of the Included Assets. The initial fee will be the amount, prorated for the number of days remaining in the initial Fee Period from the Effective Date of this Agreement, based upon the market value of the Plan assets on the first business day of the initial Fee Period and will be due on the first business day of the Fee Period. Thereafter, the fee will be based upon the market value of the Plan assets on the last business day of the previous Fee Period (without adjustment for anticipated withdrawals by Plan participants or other anticipated or scheduled transfers or distributions of assets) and will be due the following business day. If this Agreement is terminated prior to the end of a Fee Period, Advisor shall be entitled to a fee, prorated for the number of days in the Fee Period prior to the effective date of termination. Fees are rounded to the nearest dollar. Any unearned fee shall be returned by Advisor.

### **Hourly / Project Fees**

Viridian also may provide hourly services and advice, for which it charges hourly fees that vary depending on the services offered and person providing them. Viridian hourly rates are: \$150-\$500 per hour for advisors, \$85-\$100 per hour for estate and trust administration services, and \$50-75 per hour for staff. Hourly fees will be charged at the minimum of ½ hour per occurrence and billed at the end of the month in which services are rendered.

Project fees are based on the scope of the project. They will be quoted in advance. Project fees are due half on engagement and the remainder due on completion and presentation of the project to the client.

In all cases, Viridian will not require a retainer exceeding \$1,200 when services cannot be rendered within 6 (six) months.

### **Reporting Fees**

There is no charge for standard quarterly status reports for assets managed under Discretionary Investment Management & Non-Discretionary Investment Management. If Client wants Viridian to provide additional types of reports, and if Viridian agrees to provide such reporting, charges will be billed based on actual time required for their preparation.

### **Terminations & Refunds**

Either the client or Viridian may terminate the Advisory Agreement at any time without cause. In either case, the client will receive a refund of any management fee already paid for the current quarter, less the prorated portion of the management fee attributable to the part of the quarter prior to receipt of notification of termination. If the client terminates the Advisory Agreement within five business days after execution, he/she will receive a full refund of any initial discretionary management fees paid when signing it. Viridian reserves the right to refuse to implement an Advisory Agreement with any client or prospective client for, or without, any reason, and to maintain fee agreements with terms and conditions substantially different from those described in this brochure for clients with whom Viridian worked prior to instituting these terms and conditions.

### **Other Types of Compensation**

The vast majority of Viridian's revenue comes from fees it receives for the advice and asset management described above. Viridian does, however, also receive some compensation from two other sources: insurance products and certain non-marketable securities. It is important to note that Viridian has a strict policy against "double dipping." That means Viridian will not charge management fees for any assets for which Viridian or its advisors also receive commissions or other such compensation. Nevertheless, any time there are different levels or types of compensation for different investments or strategies, it creates conflicts of interest. Primary among these is the fact that an advisor or their supervisors might be tempted to recommend a product or strategy because of its higher compensation. To reduce that conflict of interest, most Viridian advisors are paid a salary, rather than being incentivized to generate any particular type of transaction. Furthermore, Viridian advisors are repeatedly reminded of their fiduciary duty to recommend only the investments and strategies that they consider in the best interest of each client, regardless of compensation to Viridian or themselves.

### **Insurance Compensation**

Some Viridian advisors are currently licensed as insurance agents with different insurance companies. In addition, Viridian has an insurance agency to help mitigate the compensation conflicts of interest inherent when its employees/advisors advise clients on insurance matters. The financial planning and estate planning process often raises issues that are traditionally addressed with the use of insurance products. However, the nature of the insurance business, especially its commission-based compensation system, makes it difficult to find insurance agents that meet Viridian's standards for fiduciary duty to the client. Most Viridian advisors receive no additional compensation (commissions) for advising on or selling insurance products through this agency; their commissions are assigned to the firm. We believe this structure helps align our advisors' interests with the clients' and better positions advisors to act as fiduciaries. Viridian advisors who use annuities and/or insurance products have a wide variety of products and companies from which to choose. The companies they use depend on which companies' products are most competitive and attractive for clients.

### **Non-Marketable Securities Compensation**

The other non-fee source of revenue for Viridian is from certain non-marketable securities, which are not traded daily the way stocks, bonds and mutual funds are. The non-marketable securities sometimes (when suitable) recommended by those advisors to clients are generally "direct-participation programs" (or "DPPs"), specifically non-traded REITs (real estate investment trusts), private-placement secured real estate notes. DPP investments all carry specific risks, including limited and/or no liquidity, that are disclosed in their individual offering memoranda and which Viridian advisors discuss with clients before recommending or facilitating their purchase.

Viridian does not set goals, provide incentives, or otherwise encourage its advisors to sell insurance products or non-traded assets (i.e. DPPs, REITs, Notes, etc.). Advice and sale of those vehicles are simply a supplemental service advisors provide during their fee-based work for clients. Furthermore, clients are under no obligation to implement recommendations for such products through companies represented by Viridian and its advisors. Clients are free to purchase investment products recommended by Viridian on their own through other brokers or agents if they so choose.

Anytime a person or firm receives different levels of compensation for one investment recommendation compared to another, or indeed receives any compensation at all, it naturally creates conflicts of interest. If Viridian will receive a higher rate of compensation by having clients' money in one strategy or security than another, advisors have reason to try to keep money invested in the one(s) for which Viridian will receive higher fees and/or other compensation. Indeed, Viridian's owners and principals indirectly benefit from money in DPPs because the income Viridian receives as a result helps cover Viridian expenses and liabilities that might otherwise have to be paid from other revenues or by them personally. This creates conflicts of interest for Viridian's owners and principals; they have a financial incentive to keep Viridian clients' money invested in strategies and securities that produce the most compensation for Viridian. While Viridian readily acknowledges this conflict of interest, Viridian advisors are ethically obligated to recommend investment vehicles or strategies not because they

produce higher compensation to Viridian (or the advisor), but because they are consistent with each client's risk tolerance, goals, and other circumstances. To assure investment suitability, each Viridian advisor is required to discuss with each client who is considering investment in any securities that would be transacted as a registered representative, the special characteristics and risks involved, as well as the fact that such investments fall outside the regular fee activities of Viridian. In general, no more than 10% of a client's investments are to be invested in these types of securities. Clients wishing to invest higher amounts are warned of the potential lack of diversification that could result.

## 6. Performance Based Fees and Side-by-Side Management

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Viridian does not receive performance-based fees or participate in side-by-side management. Performance based fees are fees based on a share of capital gains or capital appreciation of a client's account. 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.

## 7. Types of Clients

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Viridian provides financial planning and investment advisory services to high-net-worth individuals, families (and associated trusts, estates, pension & profit sharing plans, and other legal entities) pension plan sponsors and Not-For-Profit organizations.

## 8. Methods of Analysis, Investment Strategies and Risk of Loss

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### **Methods of Analysis**

Viridian uses both fundamental and technical analysis to make investment decisions. Fundamental analysis includes factors such as valuations, Fed (government) policy backdrop and economic conditions. Technical Analysis includes factors such as trend, breadth, sentiment, momentum, relative strength, inter-market analysis, and cycles & seasonality. Modern Portfolio Theory and Behavioral Finance principles are also considered.

### **Types of Investments**

Viridian generally invests most client assets in domestic and international stocks, bonds, mutual funds, exchange traded funds (ETFs) and exchange traded notes (ETNs).

An ETF, or exchange traded fund, is a marketable security that tracks an index, a commodity, bonds, or a basket of assets like an index fund. Unlike mutual funds, an ETF trades like a common stock on a stock exchange. ETFs experience price changes throughout the day as they are bought and sold. ETFs typically have higher daily liquidity and lower fees than mutual fund shares.

An ETN, or Exchange Traded Note is an unsecured, unsubordinated debt security which differs from other types of bonds and notes because ETN returns are based upon the performance of a market index minus applicable fees, no period coupon payments are distributed, and no principal protections exists.

### **Investment Strategies**

Viridian practices Goals-Based Wealth Management as described earlier in Item 4. Advisory Business. Investment strategies have been developed around a core and satellite portfolio construction approach.

Core investments attempt to deliver a return in line with market performance and to provide broad, diversified exposure at a lower cost. Building a strong core investment portfolio, based on asset allocation, is essential since

it provides the central foundation for the client's overall investments. Viridian seeks relatively low cost and tax-efficient core investments for your portfolio.

Satellite investments are typically more specialized investments that potentially will generate additional returns or reduce risk.

Viridian offers several goals-based strategies. Allocations to these strategies are determined by the client's goals, objectives, risk tolerance and time horizon. Allocations within the strategies are also adjusted from time to time based on market conditions.

### **Risk of Loss**

All investing involves a risk of loss, and clients need to be prepared to bear those losses. Viridian strives to help our clients understand the investment risks they choose to take and help them select investment strategies that are appropriate for their individual circumstances. Different types of investments involve varying degrees of risk, and clients should not assume that future performance of any specific investment or investment strategy will be profitable or equal to any specific performance level(s). This includes the investments and/or investment strategies recommended or undertaken by Viridian. Clients should review any prospectus, offering memoranda or other document provided by any mutual fund or other investment manager for a more detailed discussion of risks specifically associated with that investment. Our services are not designed to discover fraud, irregularities or misrepresentations in materials provided to us concerning potential investments.

### **Equity-Specific Risks:**

**Stock market risk** is the chance that stock prices overall will decline. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices.

**Non-diversification risk** is the chance that a fund's performance may be hurt disproportionately by the poor performance of relatively few securities. A fund is considered non-diversified if it may invest a greater percentage of its assets in the securities of particular issuers as compared with other mutual funds.

**Industry concentration risk** is the chance that there will be overall problems affecting a particular industry.

**Manager risk** is the chance that poor security selection or focus on securities in a particular sector, category, or group of companies will cause a fund to underperform relevant benchmarks or other funds with a similar investment objective.

**Sector risk** is the chance that significant problems will affect a particular sector or that returns from that sector will trail returns from the overall stock market. Daily fluctuations in specific market sectors are often more extreme than fluctuations in the overall market. Because a fund invests all, or substantially all, of its assets in a particular sector, the fund's performance largely depends—for better or for worse—on the general condition of that sector.

**Funds of funds are also subject to manager risk**, which is the chance that poor security selection or focus on securities in a particular sector, category, or group of companies will cause one or more of the fund's underlying funds—and, thus, the fund itself—to underperform relevant benchmarks or other funds with a similar investment objective.

**Index sampling risk** is the chance that the securities selected for a fund, in the aggregate, won't provide investment performance matching that of the fund's target index.

**Investment style risk** is the chance that:

- Returns from large-capitalization stocks will trail returns from the overall stock market.

- Large-cap stocks tend to go through cycles of doing better—or worse—than other segments of the stock market or the stock market in general.
- Returns from small- and mid-capitalization stocks will trail returns from the overall stock market. Historically, small- and mid-cap stocks have been more volatile in price than the large-cap stocks that dominate the overall market, and they often perform quite differently.

**Options risk** is when the option on a security is subject to greater fluctuations in value than investing in the underlying security. Purchasing and writing put or call option are highly specialized activities and involve greater investment risk.

**International risk or country/regional risk** is the chance that world events—such as political upheaval, financial troubles, or natural disasters—will adversely affect the value of securities issued by companies in foreign countries or regions. Because a fund may invest a large portion of its assets in securities of companies located in any one country or region, including emerging markets, its performance may be hurt disproportionately by the poor performance of its investments in that area. Country/regional risk is especially high in emerging markets.

**Emerging markets risk** is the chance that the stocks of companies located in emerging markets will be substantially more volatile, and substantially less liquid, than the stocks of companies located in more developed foreign markets.

**Currency risk** is the chance that the value of a foreign investment, measured in U.S. dollars, will decrease because of unfavorable changes in currency exchange rates. Currency risk is especially high in emerging markets.

#### **Bond-Specific Risks:**

**Call risk** is the chance that during periods of falling interest rates, issuers of callable bonds may call (redeem) securities with higher coupons or interest rates before their maturity dates. The fund would then lose any potential price appreciation above the bond's call price and would be forced to reinvest the unanticipated proceeds at lower interest rates, resulting in a decline in the fund's income. Call risk is generally low for short-term bond funds, moderate for intermediate-term bond funds, high for long-term bond funds, and high for high-yield bond funds.

**Prepayment risk** is the chance that during periods of falling interest rates, homeowners will refinance their mortgages before their maturity dates, resulting in prepayment of mortgage-backed securities held by the fund. The fund would then lose any price appreciation above the mortgage's principal and would be forced to reinvest the unanticipated proceeds at lower interest rates, resulting in a decline in the fund's income.

**Manager risk** is the chance that poor security selection will cause a fund to underperform relevant benchmarks or other funds with a similar investment objective.

**Credit risk** is the chance that the issuer of a convertible security will fail to pay interest or dividends and principal in a timely manner or that negative perceptions of the issuer's ability to make such payments will cause the price of that security to decline.

**Income risk** is the chance that the fund's income will decline because of falling interest rates. Income risk is generally high for short-term bond funds, low for long-term bond funds, and high for limited-term bond funds.

**Interest rate risk** is the chance that bond and loan prices overall will decline because of rising interest rates.

**State-specific risk** is the chance that developments in specific states will adversely affect the securities held by the fund. Because the fund invests primarily in securities issued by the state and its municipalities, it's more vulnerable to unfavorable developments in the state than are funds that invest in municipal securities of many states. Unfavorable developments in any economic sector may have far-reaching ramifications on the overall state municipal market.

**Liquidity risk** is the chance that the fund may not be able to sell a security in a timely manner at a desired price. Liquidity risk is generally low for short-term bond funds, moderate for intermediate-term bond funds, and high for long-term bond funds.

**Currency hedging risk** is the risk that the currency hedging transactions entered by a fund may not perfectly offset the fund's foreign currency exposure.

## 9. Disciplinary Information

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Viridian is required to disclose all material facts regarding any legal or disciplinary events that would materially impact the evaluation of Viridian or the integrity of Viridian management. Viridian and its employees have not been the subject of any legal or disciplinary events that would be material to a client's evaluation of the company or its personnel.

## 10. Other Financial Industry Activities and Affiliations

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### **Appropriate Balance Holdings, Inc.**

Appropriate Balance Holdings, Inc. owns 100% of Viridian Investment Corp. and Viridian Tax and Accounting, Corp. Viridian Investment Corp. owns 100% of Viridian RIA, LLC which is an SEC registered investment advisor and provides investment advisory and financial planning services. Viridian Tax and Accounting, Corp. provides tax advice, income tax return preparation and ancillary accounting services. Viridian advisors do not receive direct compensation for referring these companies and services. Clients are under no obligation to accept these referrals or use these companies in any way.

### **Viridian Tax and Accounting Corp.**

Viridian Tax and Accounting, Corp. responsibilities include tax preparation, accounting, bookkeeping, and other CPA related activities. These services are bundled with financial planning and investment management services as describe earlier. They may also be offered independent of our financial planning and investment advisory services and governed under a separate engagement agreement.

### **Appropriate Balance Financial Services, Inc. – Registered Investment Advisor**

Appropriate Balance Holdings also owns 100% of Appropriate Balance Financial Services, Inc. which was an SEC registered investment advisor. That registration has been retired.

### **Appropriate Balance Financial Services, Inc. - Insurance Agency**

Viridian owns an insurance agency to mitigate the compensation conflicts of interest inherent when its employee/advisors advise clients on insurance matters. The financial planning and estate planning processes often raise issues that are traditionally addressed with the use of insurance products; however, the nature of the insurance business, especially its commission-based compensation system, makes it difficult to find insurance agents that meet Viridian' standards for technical knowledge and fiduciary duty to the client. Viridian formed its own insurance agency, which enables the firm to help mitigate the compensation conflicts inherent in advising on insurance. A critical element in that mitigation is the fact that Viridian employees receive no additional compensation (commissions) for advising on or selling insurance products through this agency; all commissions from the sale of insurance products by Viridian employees are assigned to the firm. We believe this structure helps align our advisor's interests with the client's and better positions advisors to act as fiduciaries. While Viridian believes advising on insurance is an important supplementary service to our clients, it is important to note that it is not considered a profit center for the firm. Viridian anticipates insurance commissions to account

for no more than 10% of firm revenue in any given year. Viridian does not set goals, provide incentives, or otherwise encourage its advisors to sell insurance products. Insurance advice and sales are simply a supplemental service advisors provide in the course their fee-based work for clients. Clients are under no obligation to implement recommendations through any insurance companies represented by Viridian advisors, and insurance recommendations are made in sufficiently general fashion for clients to implement them on their own through other sources.

Viridian advisors who use annuities and/or insurance products have a wide variety of products and companies from which to choose. As "independent" agents, they can potentially become licensed with any of literally hundreds of insurance companies. Doing so depends on which companies' products are most competitive and attractive for the client. It is expected that this list will change frequently as companies with more or less attractive products are added or dropped.

### **Outside Sub-Advisors**

Viridian may make available "Outside Management," which utilizes the specialized management of outside sub-advisors. When utilized separate management agreements are signed by each client utilizing such services and additional fees may be charged. Viridian may enter these arrangements with firms it believes will benefit its clients.

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

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Pursuant to Section 206 of the Advisers Act, both Viridian and its employees are prohibited from engaging in fraudulent, deceptive or manipulative conduct. Compliance with this section involves more than acting with honesty and good faith alone. It means that Viridian has an affirmative duty of utmost good faith to act solely in the best interest of its clients.

Viridian has adopted a written code of ethics that is applicable to all employees. Among other things, the code requires Viridian and its employees to act in clients' best interest, abide by all applicable regulations, avoid even the appearance of insider trading, and pre-clear and report on many types of personal securities transactions. Viridian's restrictions on personal securities trading apply to employees, as well as employees' family members living in the same household. A copy of Viridian's code of ethics is available upon request.

Viridian's employees are generally permitted to trade alongside client accounts provided they receive the average price that is applicable to clients and pay their share of any transaction costs, or trade after all client transactions for the day are completed. However, no employees are allowed to participate in partially filled orders until all clients' orders have been filled first. The Chief Compliance Officer monitors employee trading relative to client trading, to ensure that employees do not engage in improper transactions.

All Viridian advisors and employees are required to report all transactions in any "reportable securities" in which they have a direct or indirect beneficial interest. Employees are not required to report transactions in open-end mutual funds, U.S. Treasury securities, certificates-of-deposit, and commercial paper or other money market type instruments. Viridian has adopted policies and procedures designed to detect and prevent conflicts of interest and, when they do arise, to ensure that it effects transactions for clients in a manner that is consistent with its fiduciary duty to its clients and in accordance with applicable law. All transactions in securities (other than the ones noted above) are required to be pre-cleared and in compliance with Viridian's Code of Ethics for Personal Trading to ensure that there is no conflict of interest or insider trading. Employees are required to report personal securities transactions to Viridian on a quarterly basis.

Viridian maintains a watch list of securities that are being considered for client accounts, as well as securities already held in client accounts. Any proposed employee transaction involving securities on the watch list—or



any other publicly traded stocks or bonds—requires pre-clearance from one of the portfolio managers who can assure that no trades are pending in that security that day. Transactions in illiquid or private placement securities also require pre-clearance, generally by the Chief Compliance Officer. Neither the Chief Compliance Officer nor portfolio managers grant pre-clearance where it would appear that an employee's trading could foreseeably disadvantage Viridian's clients.

### **Compliance with Department of Labor Fiduciary Rule**

Viridian provides investment advice to assets affected by the Department of Labor ("DOL") Fiduciary Rule for a level fee. As such, we abide by the Impartial Conduct Standards as defined by the DOL. To comply with these standards, Viridian and our advisors give advice that is in our clients' best interest, charge no more than reasonable compensation (within the meaning of ERISA Section 408(b)(2) and Internal Revenue Code Section 4975(d)(2)), and make no misleading statements about investment transactions, compensation, conflicts of interest, and any other matters related to investment decisions.

As a level-fee fiduciary, Viridian maintains a non-variable compensation structure that is provided on the basis of a fixed percentage of the value of assets or a set fee that does not vary with the particular investment recommended, as opposed to a commission or other transaction-based fee.

## 12. Brokerage Practices

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Viridian seeks to recommend a custodian/broker who will hold client assets and execute transactions on terms that are overall most advantageous when compared to other available providers and their services. Viridian considers a wide range of factors, including, among others, these:

- Ability to maintain the confidentiality of trading intentions
- Timeliness of execution
- Timeliness and accuracy of trade confirmations
- Liquidity of the securities traded
- Willingness to commit capital
- Ability to place trades in difficult market environments
- Research services provided
- Ability to provide investment ideas
- Execution facilitation services provided
- Record keeping services provided
- Custody services provided
- Frequency and correction of trading errors
- Ability to access a variety of market venues
- Expertise as it relates to specific securities
- Financial condition
- Business reputation

With this in consideration, Viridian has arrangements with LPL Financial, TD Ameritrade Institutional, a division of TD Ameritrade, Inc. Member FINRA/SIPC ("TD Ameritrade"), Charles Schwab & Co. ("Schwab") Fidelity Investments, and Jefferson National Life (collectively, "Our Custodians"), qualified custodians from whom Viridian is independently owned and operated. Our Custodians offer services to independent investment advisers which includes custody of securities, trade execution, clearance and settlement of transactions. Our Custodians enable us to obtain many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges. Our Custodians do not charge client accounts separately for custodial services. Client accounts will be charged transaction fees, commissions or other fees on trades that are executed or settle into the client's custodial account. Transaction fees are negotiated with our Custodians and are generally discounted

from customary retail commission rates. This benefits clients because the overall fee paid is often lower than would be otherwise.

Our Custodians may make certain research and brokerage services available at no additional cost to our firm. Research products and services provided by Our Custodians may include: research reports on recommendations or other information about particular companies or industries; economic surveys, data and analyses; financial publications; portfolio evaluation services; financial database software and services; computerized news and pricing services; quotation equipment for use in running software used in investment decision-making; and other products or services that provide lawful and appropriate assistance by Our Custodians to Viridian in the performance of our investment decision-making responsibilities. The research and brokerage services qualify for the safe harbor exemption defined in Section 28(e) of the Securities Exchange Act of 1934.

Our Custodians do not make client brokerage commissions generated by client transactions available for Viridian's use. The research and brokerage services are used by Viridian to manage accounts for which we have investment discretion. Without this arrangement, Viridian might be compelled to purchase the same or similar services at our own expense.

As part of our fiduciary duty to clients, Viridian will endeavor at all times to put the interests of clients first. Clients should be aware, however, that the receipt of economic benefits by Viridian or our related persons creates a potential conflict of interest and may indirectly influence Viridian's choice of Our Custodians as a custodial recommendation. Viridian examined this potential conflict of interest when we chose to recommend our Custodians and have determined that the recommendation is in the best interest of clients and satisfies our fiduciary obligations, including our duty to seek best execution.

Our non-wrap fee clients may pay a transaction fee or commission to Our Custodians that is higher than another qualified broker dealer might charge to effect the same transaction where Viridian determines in good faith that the commission is reasonable in relation to the value of the brokerage and research services provided to the client as a whole.

In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Although Viridian will seek competitive rates, to the benefit of all clients, Viridian may not necessarily obtain the lowest possible commission rates for specific client account transactions.

### **Soft Dollar Arrangements**

Our Custodians make available to Viridian various products and services designed to assist us in managing and administering client accounts. Many of these products and services may be used to service all or a substantial number of Viridian's accounts, including accounts held at other custodians. These include software and other technology that provide access to client account data (such as trade confirmation and account statements); facilitate trade execution (and aggregation and allocation of trade orders for multiple client accounts); provide research, pricing information and other market data; facilitate payment of Viridian's fees from its clients' accounts; and assist with back-office functions; recordkeeping and client reporting.

Our Custodians also make available other services intended to help Viridian manage and further develop its business. Some of these services assist Viridian to better monitor and service program accounts, however, many of these services benefit only Viridian, for example, services that assist Viridian in growing its business. These support services and/or products may be provided without cost, at a discount, and/or at a negotiated rate, and include practice management-related publications; consulting services; attendance at conferences and seminars, meetings, and other educational and/or social events; marketing support; and other products and services used by Viridian in furtherance of the operation and development of its investment advisory business.

Where such services are provided by a third-party vendor, Our Custodians may either make a payment to Viridian to cover the cost of such services, reimburse Viridian for the cost associated with the services, or pay the third-party vendor directly on behalf of Viridian.

The products and services described above are provided to Viridian as part of its overall relationship with our custodians. While as a fiduciary, Viridian endeavors to act in its clients' best interests, the receipt of these benefits creates a conflict of interest because Viridian RIA, LLC's recommendation that clients' custody their assets at Our Custodians is based in part on the benefit to Viridian of the availability of the foregoing products and services and not solely on the nature, cost or quality of custody or brokerage services provided. Viridian's receipt of some of these benefits may be based on the amount of advisory assets custodied on the custodial platform.

### **Best Execution Reviews**

On a periodic basis, Viridian will evaluate the pricing and services offered by our custodians and any other trading counterparties with those offered by other reputable firms. Viridian has sought to make a good-faith determination that Our Custodians and other chosen trading counterparties provide clients with good services at competitive prices. However, clients should be aware that this determination could have been influenced by Viridian's receipt of products and services from Our Custodians. Historically, Viridian has concluded that Our Custodians are as good as, or better than, the other firms that offer these services. Viridian would notify its clients if it were to determine that another firm offered better pricing and services.

### **Aggregated Trades**

Viridian typically aggregates, or bunches, client trades in an effort to treat all clients fairly. Viridian calculates the total quantity it plans to purchase or sell, places "block" orders, and then instructs the custodian to allocate the executed orders into individual accounts. Viridian believes this benefits its clients by allowing it to negotiate block trades with lower transaction costs, better prices, and/or less disruption of trading in some securities.

Viridian attempts to allocate trades to not systematically favor certain clients over others (such as allocating better prices to clients who pay Viridian more fees). For example, all block trades in a certain security on a given day are combined to calculate an average price, which then applies to all clients involved in the block trade(s) for that security on that day. Clients participating in a block order receive the same average price and incur trading costs that are the same as would be paid if they were trading individually. Employees may be included side-by-side in bunched client trades. If an order is partially filled, clients will have their orders fully filled on a randomized basis; Viridian will seek to complete any unfilled client orders on the next trading day. Employees are excluded from block trades whenever client orders are only partially filled. Viridian recognizes its responsibility to seek best trade execution for clients, but clients should understand that on some transactions, aggregation may be less favorable for some clients than separately placed orders would have been, i.e., they might receive a higher or lower price if an individual order was placed only in their account rather than including them in an aggregate/block trades.

### **Trade Errors**

Viridian has internal controls in place to prevent trade errors from occurring. On those occasions when such an error nonetheless occurs, Viridian will use reasonable efforts to correct the error as soon as possible. The goal of error correction is to make the client "whole," regardless of the cost to Viridian. If Viridian reallocates or corrects an error from one client's account to another, any loss from the error must be absorbed by Viridian. Soft dollar arrangements cannot be used to correct errors made by Viridian when placing a trade for a client's account. Viridian will endeavor to maintain a record of each trade error, including information about the trade and how such error was corrected.

### **Special Considerations for ERISA Clients**

A retirement or ERISA plan client may direct all or part of portfolio transactions for its account through a specific broker or dealer to obtain goods or services on behalf of the plan. Such direction is permitted provided that the goods and services provided are reasonable expenses of the plan incurred in the ordinary course of its business for which it otherwise would be obligated and empowered to pay. ERISA prohibits directed brokerage arrangements when the goods or services purchased are not for the exclusive benefit of the plan. Consequently, Viridian will request that plan sponsors who direct plan brokerage provide us with a letter documenting that this arrangement will be for the exclusive benefit of the plan.

### **Brokerage for Client Referrals**

*Viridian does not pay for or share fees for new client referrals.*

### **Client Transactions in Return for Soft Dollars**

Viridian does not direct client transactions to a particular broker-dealer in return for soft dollar benefits.

### **Directed Brokerage**

Viridian does not permit directed brokerage. Viridian recommends the use of Our Custodians. Each client will be required to establish their account(s) with Our Custodians if not already done.

## 13. Review of Accounts

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Accounts under Viridian's management are monitored on an ongoing basis by a portfolio manager. Each advisor reviews his/her clients' holdings at least annually, as well as in connection with each client meeting which typically is based on client desire. Reviews of client accounts will also be triggered if a client changes his or her investment objectives. In addition, a cross-referenced list of all securities owned by all advisory clients is readily available in the Viridian computer database. When situations arise and come to the attention of Viridian which involve a certain security or group of securities, a special review of all affected managed accounts is triggered at that time to determine the action warranted in each case. Managed assets may be monitored more frequently than quarterly (and by additional Viridian advisors) if volatile conditions so warrant and/or numerous Viridian clients own the same securities. In such cases, monthly or even weekly reviews may (but will not necessarily) occur.

Clients receive account statements directly from their chosen custodian on at least a quarterly basis. Viridian supplements these custodial statements with quarterly reports, and typically during client meetings or as requested.

Standalone Financial Planning clients do not receive reviews of their written plans unless they act to schedule a financial consultation with us. Viridian does not provide ongoing services to financial planning clients, but are willing to meet with such clients upon their request to discuss updates to their plans, changes in their circumstances, etc. Stand Alone Financial Planning clients do not receive written or verbal updated reports regarding their financial plans unless they separately contract with us for a post-financial plan meeting or update to their initial written financial plan.

Non-Profit investment portfolios are reviewed with trustees at least annually for the duration of the service to determine changing needs of the organization and appropriate portfolio adjustments needed.

Company Retirement Plan consulting clients receive reviews of their retirement plans for the duration of the service. Viridian also provides ongoing services where clients are met with upon their request to discuss updates to their plans, changes in their circumstances, etc. Company Retirement Plan consulting clients do not receive

written or verbal updated reports regarding their plans unless they choose to engage our firm for ongoing services.

## 14. Client Referrals and Other Compensation

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### **Charles Schwab & Co.**

We receive an economic benefit from Schwab in the form of the support products and services it makes available to us and other independent investment advisors that have their clients maintain accounts at Schwab. These products and services, how they benefit us, and the related conflicts of interest are described above (see Item 12 – Brokerage Practices). The availability to us of Schwab's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

**Services That Benefit You.** Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab's services described in this paragraph generally benefit you and your account.

**Services That May Not Directly Benefit You.** Schwab also makes available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts. They include investment research, both Schwab's own and that of third parties. We may use this research to service all or a substantial number of our clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- Provide access to client account data (such as duplicate trade confirmations and account statements)
- Facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- Provide pricing and other market data
- Facilitate payment of our fees from our clients' accounts
- Assist with back-office functions, recordkeeping, and client reporting

**Services That Generally Benefit Only Us.** Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:

- Educational conferences and events
- Consulting on technology, compliance, legal, and business needs
- Publications and conferences on practice management and business succession
- Access to employee benefits providers, human capital consultants, and insurance providers

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

### **TD Ameritrade**

As disclosed under Brokerage Practices above, Viridian participates in TDA's institutional customer program and Viridian may recommend TDA to clients for custody and brokerage services. There is no direct link between Viridian's participation in the program and the investment advice it gives to its clients, although Viridian receives economic benefits through its participation in the program that are typically not available to TDA retail investors.

These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate client statements and confirmations; research related products and tools; consulting services; access

to a trading desk serving Advisor participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to Viridian by third party vendors. TDA may also have paid for business consulting and professional services received by Viridian's related persons. Some of the products and services made available by TDA through the program may benefit Viridian but may not directly benefit its client accounts. These products or services may assist Viridian in managing and administering client accounts, including accounts not maintained at TDA. Other services made available by TDA are intended to help Viridian manage and further develop its business enterprise. The benefits received by Viridian or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TDA. As part of its fiduciary duties to clients, Viridian endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by Viridian or its related persons in and of itself creates a potential conflict of interest and may indirectly influence Viridian's choice of TDA for custody and brokerage services.

### **Fidelity Investments**

Viridian has an arrangement with National Financial Services LLC, and Fidelity Brokerage Services LLC (together with all affiliates, "Fidelity") through which Fidelity provides Viridian with Fidelity's "platform" services. The platform services include, among others, brokerage, custodial, administrative support, record keeping and related services that are intended to support intermediaries like Viridian in conducting business and in serving the best interests of their clients but that may benefit Viridian. Fidelity charges brokerage commissions and transaction fees for effecting certain securities transactions (i.e., transactions fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions).

Fidelity enables Viridian to obtain many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges. Fidelity's commission rates are generally considered discounted from customary retail commission rates. However, the commissions and transaction fees charged by Fidelity may be higher or lower than those charged by other custodians and broker-dealers.

As part of the arrangement, Fidelity also makes available to Viridian, at no additional charge to Viridian, certain research and brokerage services, including research services obtained by Fidelity directly from independent research companies, as selected by Viridian (within specified parameters). These research and brokerage services are used by Viridian to manage accounts for which Viridian has investment discretion.

Viridian may also receive additional services. Without this arrangement, Viridian might be compelled to purchase the same or similar services at its own expense. As a result of receiving such services for no additional cost, Viridian may have an incentive to continue to use or expand the use of Fidelity's services. Viridian examined this potential conflict of interest when it chose to enter into the relationship with Fidelity and has determined that the relationship is in the best interests of Viridian's clients and satisfies its client obligations, including its duty to seek best execution. A client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where the Viridian determines in good faith that the commission is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although Viridian will seek competitive rates, to the benefit of all clients, it may not necessarily obtain the lowest possible commission rates for specific client account transactions. Although the investment research products and services that may be obtained by Viridian will generally be used to service all of Viridian's clients, a brokerage commission paid by a specific client may be used to pay for research that is not used in managing that specific client's account. Viridian and Fidelity are not affiliates, and no broker-dealer affiliated with Viridian is involved in the relationship between Viridian and Fidelity.

### **LPL Financial**

Viridian may receive from LPL, without cost and/or at a discount support services and/or products, to assist us to better monitor and service client accounts maintained at such institutions. Included within the support services we may receive 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, computer hardware and/or software and/or other products used by us to assist us in our investment advisory business operations.

Clients do not pay more for investment transactions effected and/or assets maintained at LPL as result of this arrangement. There is no commitment made by Viridian to LPL or any other institution as a result of the above arrangement.

The receipt of any such compensation creates a financial incentive for your representative to recommend LPL Financial as custodian for the assets in your advisory account. Viridian encourages you to discuss any such conflicts of interest with your representative before making a decision to custody your assets at LPL Financial.

### **Jefferson National Life**

Viridian has entered into a custodial agreement with Jefferson National Life (JN). Under this relationship, Viridian uses JN as a custodian and manages client variable annuity assets there, but (for clients in most states) neither Viridian nor its advisors act as agent or receive commission compensation for those accounts. Instead, JN has established a “flat fee” platform specifically for fee investment advisors, under which JN charges a flat dollar amount for all trading and custody charges. In such accounts, Viridian simply charges a regular management fee as it would at other custodians (Schwab, TD Ameritrade, etc.).

### **Other Compensation**

Occasionally, sponsors of products Viridian uses (e.g., mutual fund companies) send gifts to Viridian, the most common being food baskets during the holidays. Viridian personnel are also occasionally taken to lunch or dinner by such companies, at which meals the sponsor and Viridian employees discuss the status and merits of that company’s products. Viridian advisors are reminded of their fiduciary duty to recommend investments only based on their appropriateness for each client, not to qualify for such benefits.

## **15. Custody**

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Viridian will not have custody of any assets in a client’s account, but Viridian can access many clients’ accounts through its ability to debit advisory fees. For this reason, Viridian is considered to have custody of client assets. As a result, all assets will be held at a “qualified custodian.” A “qualified custodian” includes unaffiliated broker/dealers, banks and insurance companies. “Qualified custodians” must deliver account statements directly to clients, not through Viridian, on at least a quarterly basis. These statements must include account positions, values, and all transactions within the statement period. Clients should carefully review these statements, and should compare these statements to any account statements, billing invoices and any other information provided by Viridian and notify Viridian immediately of any discrepancies.

The SEC issued a no-action letter (“Letter”) with respect to the Rule 206(4)-2 (“Custody Rule”) under the Investment Advisers Act of 1940 (“Advisers Act”). The letter provided guidance on the Custody Rule as well as clarified that an adviser who has the power to disburse client funds to a third party under a standing letter of instruction (“SLOA”) is deemed to have custody. As such, our firm has adopted the following safeguards in conjunction with our Custodians:

- The client provides an instruction to the qualified custodian, in writing, that includes the client's signature, the third party's name, and either the third party's address or the third party's account number at a custodian to which the transfer should be directed.
- The client authorizes the investment adviser, in writing, either on the qualified custodian's form or separately, to direct transfers to the third party either on a specified schedule or from time to time.
- The client's qualified custodian performs appropriate verification of the instruction, such as a signature review or other method to verify the client's authorization, and provides a transfer of funds notice to the client promptly after each transfer.
- The client can terminate or change the instruction to the client's qualified custodian.
- The investment adviser has no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party contained in the client's instruction.
- The investment adviser maintains records showing that the third party is not a related party of the investment adviser or located at the same address as the investment adviser.
- The client's qualified custodian sends the client, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.

## 16. Investment Discretion

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Viridian has investment discretion over all clients' Viridian "Managed" accounts. Clients grant Viridian trading discretion through the execution of their custodian's limited power of attorney form, which clients sign in conjunction with Viridian's management agreements.

Clients can place reasonable restrictions on Viridian's investment discretion. For example, in "Non-Managed" accounts, where clients sometimes instruct Viridian to buy or sell certain securities, some clients may ask Viridian not to buy securities issued by companies in certain industries, or not to sell certain securities where the client has a particularly low tax basis. Meeting these restrictions generally requires that Viridian segregate the securities in question where such restrictions can readily be honored.

## 17. Voting Client Securities

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Typically, Viridian does not vote proxies, but can do so by request of the client. If the client chooses to have Viridian manage this process, our general approach follows.

### **Proxies**

Viridian has developed Proxy Voting Guidelines to ensure that proxies for which Viridian has been delegated voting authority are voted consistently and in the best interest of Viridian clients. Delegation of proxy voting to Viridian is at the sole discretion of the client and is applicable to all securities held in the account (supervised and unsupervised). The client must contact their custodian to instruct re-direction of proxy materials and notify Viridian of any such proxy voting assignments. Viridian considers receipt of proxy materials as authorization by the client to vote proxies on their behalf. If clients wish to rescind this delegation of voting authority, they must contact their custodian as well as notify Viridian of this change. Clients should note that events causing the custodian to require new paperwork for an existing account may cause the coding for the proxy voting materials to default back to the client.

Viridian will not be responsible or liable for failing to vote any proxies where Viridian did not receive the proxies or related shareholder communications in a timely manner. Viridian may change these guidelines in response to general corporate governance practices, without providing prior notice of the changes to clients.



Viridian's guidelines are not rigid policy positions nor are they intended to address all potential voting issues. Each matter is considered on a case-by-case basis and may be voted in a manner different from the guidelines. Viridian may elect to abstain from voting if it is determined that such action is in clients' best interest.

In general, Viridian votes in favor of routine corporate matters, such as the re-approval of an auditor or director or a change of a legal entity's name. Viridian also generally votes in favor of compensation practices and other measures that allow companies to attract and retain key employees and directors, and that align the interests of management and shareholders. Viridian generally abstains on issues that are brought by independent shareholders that may be opposed by management.

Because we are normally voting proxies for many clients at once, we do not generally allow individual clients to choose how to vote any particular proxy. However, upon written request, clients can at any time take responsibility for voting their own proxies.

The Chief Compliance Officer (CCO) is generally responsible for determining the vote on all proxies received into the office in a timely manner and in the best interest of Viridian clients collectively. Given the size and nature of Viridian's business it is rare when a conflict of interest arises. Furthermore, by consistently applying the guidelines across proxy proposals potential conflicts of interest are minimized. However, if a conflict of interest is identified, the CCO will immediately notify the Viridian Proxy Voting Committee (made up of the Viridian Board of Directors). The Committee will first apply the Viridian Proxy Voting Guidelines and in the event of a "case-by-case" recommendation, will consult with the firm's other Portfolio Managers to determine a vote. Viridian and Viridian employees may own positions in the companies for which ballots are to be cast. Generally, such ownership is immaterial versus the total shares outstanding for the company. However, in the event of significant ownership, the Committee will vote the ballots as stated above when a conflict of interest is identified.

A copy of Viridian's proxy voting policies and procedures, as well as specific information about how Viridian has voted in the past, is available upon written request.

### **Class Action Claims**

Although Viridian is authorized to provide investment supervisory services and vote client proxies, Viridian will not file proof of claims in class action settlements. Clients assume the sole responsibility of evaluating the merits and risks associated with any class action settlement; therefore, clients are responsible for filing proofs of claims. Viridian cannot provide legal advice, and clients are encouraged to consult with their legal advisor when filing claims in securities class actions suits. The client's response to a settlement notice will impact the client's legal rights. In no way, shall a client be precluded from contacting Viridian for information about a particular class action settlement, and Viridian will attempt to provide information (e.g., regarding quantities, purchase dates, etc.) the client may need to file proof of claims. Should Viridian inadvertently receive proof of claims for securities class action settlements on behalf of clients, Viridian will immediately forward such information on to clients and will generally not take any further action with respect to the claim.

## **18. Financial Information**

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Viridian is not required to provide financial information in this Brochure because:

- Viridian does not require the prepayment of more than \$1,200 in fees and six or more months in advance.
- Viridian does not take custody of client funds or securities.
- Viridian does not have a financial condition or commitment that impairs our ability to meet contractual and fiduciary obligations to clients.

Viridian has never been the subject of a bankruptcy proceeding.

# Business Continuity Plan

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Viridian has established a Business Continuity Plan (BCP) which outlines the immediate and long-term contingency planning and recovery process. The purpose of the BCP is to provide specific guidelines that the firm will follow in the event of a failure of any critical business capability.

The goal of the BCP is to provide uninterrupted service to our clients or to minimize the downtime should a system or vendor failure occur. The BCP has been developed to meet the following objectives:

- Provide for immediate, accurate and measured response to emergency situations;
- Minimize the impact upon the safety and well-being of firm personnel;
- Protect against loss or damage to organizational assets;
- Provide our clients with alternative site processing with a minimum of inconvenience.

Risk assessment, disaster prevention, and disaster avoidance are critical components of Viridian's contingency planning process. The implementation of this BCP should help to ensure all data processing systems, data communication facilities, information, data and business functions can be restored in a secure manner. Restoration must be accomplished in a time frame consistent with legal, regulatory and business requirements while maintaining information integrity.

# Privacy Policy

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At Viridian RIA, LLC (Viridian), we take your privacy very seriously. We understand keeping your personal information secure and confidential is critical to earning and keeping your trust.

We recognize that current and former Viridian clients, as well as others to whom we mail or otherwise provide information or services (such as our quarterly newsletter), have entrusted us with personal information. This notice describes how we handle information that we collect about you in the process of conducting our business, whether merely an address and phone number or very detailed financial information. We already safeguard this information, but law requires that we, as well as all other financial firms, formally notify you of how we do so. We will be sending out reminders of this policy on an annual basis.

We recognize our obligation to keep information about you secure and confidential. It is important for you to know that we do not sell your information to anyone. We restrict access to nonpublic personal information about you to the advisors and employees of Viridian RIA, LLC and its affiliated companies, who may need to know that information to provide products or services to you. We also maintain physical, electronic, and procedural safeguards to protect your nonpublic personal information. All Viridian employees are required to sign confidentiality agreements.

We may provide nonpublic personal information about you to nonaffiliated third parties when there is a reason and it is permitted or required by law. An example of this would be sharing information with persons or entities that have supervisory, regulatory or due diligence authority/responsibility for Viridian and/or its employees. This includes the Financial Industry Regulatory Authority (FINRA), the Securities and Exchange Commission (SEC), and other such entities. We may also need to pass on personal information to Charles Schwab & Co., Inc. (Schwab), TD Ameritrade, Fidelity Investments, or other companies with whom we process paperwork on your behalf during helping with your investment accounts. However, we never sell information to anyone, or provide it for the purpose of profiting in any way.

Viridian collects nonpublic personal information about you from applications and other forms that we receive from you, as well as from oral, written and email communications. Any personal information obtained by Viridian advisors or employees while working with you in any capacity will be accessible to Viridian and its employees as needed to provide you with the products and services you request. Unless you specifically authorize or instruct us otherwise, this access to your information is limited to Viridian employees; we provide outside companies (e.g., Schwab, TD Ameritrade, Fidelity Investments) only that information they need to specifically perform their duties in handling your accounts, or to the extent we are required to do so for legal and/or regulatory reasons.

If you have any questions about this privacy policy, please don't hesitate to call your financial advisor.

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