

VERITY CONCENTRATED ROTATION MODEL

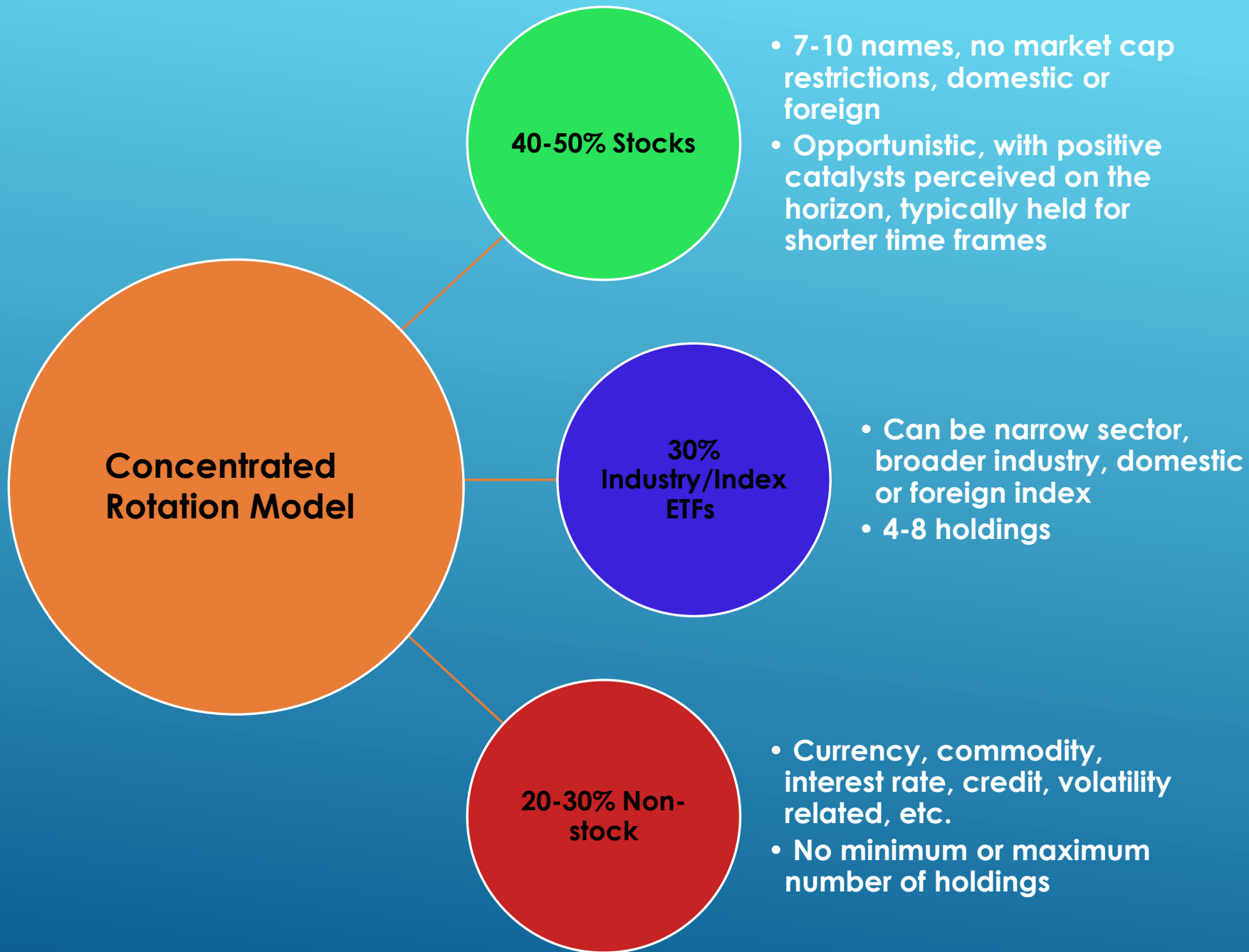
**A framework to manage a flexible approach to
maneuvering through quickly changing
modern day markets**

- ▶ **The guiding principles in the management of the Verity Concentrated Rotation Model are the dual beliefs that new opportunities constantly present themselves in modern, fast moving financial markets, but it is only possible to exploit those rapidly developing opportunities if one is adaptable to the ever-changing character of the markets themselves.**
- ▶ **While acknowledging the tendency for diversification to "smooth out" volatility, the model's underlying philosophy opts instead for more concentrated allocations and generally shorter holding periods in an effort to capture greater positive returns.**
- ▶ **Though flexible, the model imposes specific allocation constraints in three distinct categories of model holdings.**

OPPORTUNISTIC

ADAPTABLE





3 DISTINCT ENVELOPES OF HOLDINGS, EACH WITH MANDATED ALLOCATION PERCENTAGES

- ▶ Portfolio concentration poses a significant increase in portfolio risk, and there is potential for high volatility. Securities in this model are also subject to short-term trading, so this model may be expected to exhibit much greater turnover of securities than other models. Tax consequences of short-term trading should be considered if the model will be used in taxable accounts.
- ▶ The model may be invested at various times with exposure to U.S., foreign, and emerging markets equity securities, and, in the non-equity category, may be invested in various debt securities, commodities, real estate, and currencies. It may also in the non-equity category purchase securities that short selected equity or debt markets and thus increase in value when those markets decline. Specific securities may be selected from open and closed-end mutual funds, exchange-traded funds (ETFs), and individual stocks. Illustrated allocation percentages are targets; actual holdings of individual accounts will vary. Verity does not use leverage or debt but may strategically invest in funds that use leverage or derivatives of certain types.
- ▶ The model is not designed to correlate to any index. Given its flexible and dynamic nature using a broad array of asset classes, no benchmark can accurately reflect over time the changing mix of asset classes. The S&P 500 Index is provided merely as a frame of reference to which many investors look for a sense of the movement of the broad U.S. equity market. It is not possible to invest directly in an index. Index returns do not account for the deduction of management fees or transaction costs, all of which would reduce the returns of the index. Index data was compiled using MPI Stylus Pro Web, Markov Processes International LLC.
- ▶ This material is for informational purposes only and is not intended as a recommendation to buy or sell any investment or investment strategy. Please review Verity's Form ADV Part 2 for additional details before investing.
- ▶ All investing involves risk of loss. Portfolio values will fluctuate with changing market conditions, and there is no guarantee that strategies that have been successful in the past will be similarly successful in the future.
- ▶ Verity Asset Management (Verity) is an SEC registered investment advisor with its principal place of business in the State of North Carolina. Any reference to the terms "registered investment advisor" or "registered", do not imply that Verity Asset Management or any person associated with Verity Asset Management have achieved a certain level of skill or training.

Verity Asset Management | 280 South Mangum Street | 550 Diamond View II | Durham,
North Carolina 27701 | Phone: (800) 247.6717