
Verus Advisory Inc – Private Equity Consulting Services

Organization and Structure

Verus (formerly Wurts and Associates) was founded in 1986 to provide independent investment consulting services to institutional investors such as public pension plans, corporate DB and DC plans, endowments, foundations, Taft-Hartley trusts, and sovereign wealth funds. Verus has been providing pension consulting services to tax exempt organizations for 33 years.

Verus is 100% owned by its active employees. Seventeen employees are current shareholders of the company. CEO Jeffrey MacLean is the majority shareholder. Employee ownership increased from 7 in 2006 to 17 today. Verus is a sub-chapter S corporation incorporated in Washington State, and has no parent, business partners, affiliations or joint ventures.

In June 2017, Verus sold its Strategic Partnership Program (SPP) to Goldman Sachs Asset Management. The SPP was a segment of their discretionary line of business involving two large clients for whom they provided portfolio management services and had no impact on traditional investment consulting services. Verus does not anticipate significant changes in the next twelve months, except for the possibility of modest changes to ownership as they add new employee shareholders or increase the shareholdings of current owners.

The three areas that have received the most attention in the past few years are Capital Markets Research, Manager Research, and Risk Management. Verus anticipates these areas will continue to be the focus for future growth.

Verus is registered as an Investment Advisor with the SEC. Verus is an ERISA Section 3(21) fiduciary. Verus does not have relationships with asset managers and does not sell products to or receive any form of payments from asset managers.

Verus's line of business and contribution to their organization's total revenue for the past three years is as follows:

Lines of Business	2016	2017	2018	2019 est.
General Pension Consulting	44%	68%	65%	61%
Other Consulting Services ¹	19%	27%	25%	24%
Other ²	37%	5%	10%	15%

Experience and Depth

Verus consultants average 21 years of experience. Consulting to public funds for over 30 years, Verus has broad experience as an independent fiduciary in producing written opinions to Boards and Investment Committees. Verus advises on over \$391³ billion in client assets, through non-discretionary consulting and discretionary OCIO services, for a wide range of clients including educational and charitable organizations, corporate, multi-employer and public defined benefit plans, hospitals and insurance providers.

¹ Includes consulting services for non-pension asset pools, such as endowments, foundations, operating assets, health & welfare plans, private wealth trusts, and sovereign wealth funds.

² Includes OCIO and Discretionary Services.

³ Total assets under advisement; preliminary as of 4/1/2019 (verusinvestments.com)

Finalist Profile Summary

Verus' Private Market team regularly attends client board meetings and provides background and in-depth investment analysis to clients, including public plans with greater than \$1 billion in private investments. Verus' Private Market team also views private equity, private credit and real assets investments as a component of a client's overall investment portfolio and integrates asset class-specific risk, yield, capital appreciation and liquidity considerations into advice. Verus regularly identifies funds and strategies that pose performance, concentration, duration and reputational issues for clients and proposes appropriate actions to address the situation.

Verus currently provides general consulting services, including investment due diligence and recommendation of investment options, to 46 clients that sponsor different types of defined contribution plans including both 401(k) and 401(a) as well as 403(b), and 457 plans. Additional DC plans include Profit-Sharing, MPP, 409(a) and SIP. Verus currently advises on approximately \$27.6 billion DC assets with a median DC client size of \$191 million. Among Verus' defined contribution clients are two state-level retirement systems that sponsor a variety of DC plans whose combined total assets are approximately \$5 billion.

Conflicts and Disclosures

Verus is registered with the SEC. Verus is an ERISA Section 3(21) fiduciary. Verus does not foresee any conflicts of interest.

Environment, Social and Governance

Verus employs ESG professionals.

Services

Verus provides boards with innovative direct, primary market, co-investment and secondary market strategies that provide access to new products, increase certainty, minimize costs, and match funding needs. Verus also provides clients portfolio performance reviews, asset class overviews and presentations on topics of interest to properly frame their portfolios against broader market themes.

Verus provides a wide range of consulting services that include Investment Policy Statement design and maintenance (Benchmark selection, fund manager guidelines, and governance structure), Plan design consultation (Investment menu design, Qualified Default Investment Alternative ("QDIA") election), investment fund search and selection (Comprehensive screening and diligence), recordkeeper oversight, fiduciary monitoring (Quarterly investment review reports including quantitative return and risk analysis of options relative to benchmarks and peers, as well as qualitative monitoring), semi-annual or quarterly meetings with plan fiduciaries, Annual QDIA Review, Annual Plan Fee Benchmarking Review and Fiduciary education and regulatory updates.

Fees

Flat Fees - A summary of Verus's fee proposal is included in the table below.

	Annual Fee
Year 1	\$ 500,000
Year 2	\$ 510,000
Year 3	\$ 520,200
Total Fees	\$ 1,530,200
Average Annual Fee	\$ 510,067

