



**V E R D I A**

## Form ADV Part 2A

**Verdia**

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January 1, 2023

### **Item 1 - Cover Page**

This Brochure provides information about the qualifications and business practices of Verdia. If you have any questions about the contents of this Brochure, please contact us at [contact@verdiainvesting.com](mailto:contact@verdiainvesting.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.

Verdia is a licensed investment adviser. Registration or licensure of an investment adviser does not imply any level of skill or training.

Additional information about Verdia also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. The CRD number for Verdia is 165667.

**Item 2 - Material Changes**

January 1, 2023 – Item 5 was updated to reflect current subscription fee arrangements.

*The material changes discussed above are only those changes that have been made to this brochure since the firm's last annual update of the brochure. The date of the last annual update of the brochure was March 23, 2021.*

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## Item 4 - Advisory Business

### Description

Verdia is an investment adviser firm licensed with the State of Maine and with a registration pending with the SEC as an internet investment adviser. Verdia was established in January 2008. Verdia's principal owner is Ryan Goan, Managing Member.

As a licensed investment advisor, Verdia's mission is to provide a high quality, professional investment advisory service to its Subscribers. Verdia accomplishes this mission by meeting and exceeding its subscribers' investment expectations through the use of our TradePro investment newsletters. Verdia believes the long-term success of the company and the success of its subscribers will hinge on Verdia's integrity, professionalism, and ability to consistently meet and exceed its subscribers' investment needs.

### Subscription Service

Verdia's primary investment advisory service is composed of providing buy/sell recommendations and investment research over the Internet. For a semi-annual or annual fee, Verdia's TradePro subscription provides Subscribers with a periodic newsletter detailing Verdia's research, and buy/sell recommendations of exchange-traded equities. Verdia focuses on the construction of a single investment strategy based on a limited portfolio containing non-diversified exchange-traded equities. This portfolio seeks short-term growth outpacing the returns of a broader market index. Through its software, Verdia provides analysis of its strategy and develops buy/sell recommendations. Buy/sell recommendations are sent via email to TradePro subscribers at least 15 minutes prior to Verdia's principals making trades in their own accounts or Verdia accounts. In addition, the TradePro newsletters detail Verdia's cumulative investment profit or loss, its investment research, investment strategies, and additional insights into Verdia's buy/sell recommendations. TradePro subscribers manage their own accounts held away from the Firm and the decision to act on the TradePro buy/sell recommendations is entirely their own.

TradePro's investment performance is based on a year-to-date calculation determined by calculating the percentage gain or loss using the year's beginning and current total dollar balance. The overall performance of TradePro is composed of each and every trade placed. Each equity's buy and sell price is recorded and commissions are factored in to determine the dollar and percentage gain or loss. TradePro's investment performance calculation does not engage in "cherry picking."

TradePro performance is measured against the S&P 500 Index. The S&P 500 Index is an unmanaged, capitalization weighted index representative of the broad equity market. The Index includes 500 leading companies and captures approximately 80% coverage of available market capitalization. TradePro performance is not representative of and will differ from that of the S&P 500 due to the fact that TradePro is an actively managed service investing in a limited number of equities per 12-month period.

Verdia does not provide portfolio management services to wrap fee programs.

Verdia does not manage client accounts and therefore has no assets under management.

## Item 5 - Fees and Compensation

Pursuant to an investment advisory agreement executed by each subscriber, Verdia will provide the choice of a semi-annual or annual fixed fee to the TradePro subscription service. The fee is \$149 for a six-month subscription or \$199 for a one-year subscription. Fees are non-negotiable and payable in advance on the first day of each billing cycle. Fees are paid by credit card kept on file with Verdia. Subscription service begins on the day the subscription is purchased. The semi-annual and annual fee is due based on the date the subscription was initiated. If the fee is not received, the subscription may be terminated by Verdia. Pre-payment of fees will not exceed \$500 per client, six months in advance.

The subscription service will be deactivated when the Subscriber terminates the agreement or the fee payment is not received. The subscription service may be terminated for any reason by either party effective upon receipt of written notice by the other party. Upon termination, any fees paid in advance will be prorated to the date of termination and any unearned fees will be refunded to client. Verdia reserves the right to terminate the subscription service for misuse.

At no time will Verdia accept or maintain custody of a client's funds or securities except for authorized fee deduction. Subscriber is responsible for all custodial and securities execution fees charged by the custodian and executing broker-dealer. Verdia's fee is separate and distinct from the custodian and execution fees.

Neither Verdia nor its supervised persons accept compensation for the sale of securities or other investment products.

## Item 6 - Performance-Based Fees and Side-By-Side Management

Verdia does not charge performance-based fees.

## Item 7 - Types of Clients

Verdia will offer its services to individuals, corporations, and charitable organizations.

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

### Method of Analysis

The Firm may utilize fundamental, valuation, and technical analysis techniques in formulating investment advice for clients. Verdia divides its method of analysis and investment approach into 3 main phases:

**1. Fundamental Analysis** Fundamental analysis of businesses involves analyzing its financial statements and health, its management and competitive advantages, and its competitors and markets. Fundamental analysis is performed on historical and present data but with the goal of making financial forecasts. Verdia looks for companies with strong historic growth. Specifically, Verdia looks for companies that have 10 years of 10% or better growth in these 5 areas:

**Sales Growth** Total dollars taken in from the sales of a company's products or services.

*Sales*

**Cash Flow Growth** Cash is what's left over after all obligations are paid.

*Cash Flow = Cash from Operations - Capital Expenditures*

**Earnings Per Share Growth** How much the company is profiting per share.

*EPS = Net Income / Number of Shares Outstanding*

**Equity Growth** The money remaining if the company is sold and all debt is paid off.

*Equity = Total Common Equity / Total Outstanding Shares*

**Return on Invested Capital Growth** Rate of return on the cash a company invests in itself.

*ROIC = NOPAT / Equity + Debt (Net Income / Total Equity + Total LT Debt)*

Additional Fundamental Analysis factors in our decision making process

**Debt** Company must be able to pay off long-term debt in 3 years or less using their Free Cash Flow.

*Free Cash Flow = Total LT Debt / Current Free Cash Flow*

**Volume** Company must trade at least 500k shares / day to ensure liquidity and reduce volatility.

**2. Valuation Analysis** Valuation analysis is a process that seeks to estimate the approximate value of an asset. Different approaches may be used, but the common thread underlying each approach is analyzing the asset's underlying fundamentals. Valuation analysis uses models populated with variables, such as sales growth, margins, capital expenditures, and tax rates. Once Verdia identifies companies with strong historic growth, the Firm uses a proprietary model to determine the price the equities should be selling for based on future growth estimates. In order to calculate this value, Verdia uses the following: Current EPS, EPS Growth Rate, Future EPS, and Future PE. Verdia compares this calculated value to the actual stock price to determine if the stock is undervalued or overvalued. Verdia selects companies with strong historic growth that are undervalued.

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

**3. Technical Analysis** Technical analysis is a method of evaluating securities by relying on the assumption that market data, such as charts of price, volume, and open interest can help predict future (usually short-term) market trends. Technical analysis assumes that market psychology influences trading in a way that enables predicting when a stock will rise or fall. Once Verdia has selected companies with strong historic growth that are undervalued, the Firm makes investment decisions. Verdia's software monitors three Technical Indicators that help the Firm determine when to buy and sell each stock:

**Moving Average** Tracks an average stock price during a specified time period, indicating stock price trends and market psychology.

**Moving Average Convergence Divergence** Tracks several stock price averages during a specified time periods, indicating stock market trends.

**Stochastic** Tracks the overbuying and overselling of a stock, indicating market momentum.

### **Investment Strategy**

Verdia seeks to discover fundamentally strong, undervalued companies with significant growth potential. The Firm makes buy and sell decisions for each company's stock based on technical indicators. Verdia's strategy is to buy when a stock price is starting to rise and sell when a stock price is starting to fall, maximizing gains and minimizing losses. The investment strategies Verdia will implement may include long-term purchases of securities held at least one year; short-term purchases of securities sold within a year; and trading of securities sold within 30 days. All investments involve some degree of risk. In finance, risk refers to the degree of uncertainty and/or potential financial loss inherent in an investment decision. In general, as investment risks rise, investors seek higher returns to compensate themselves for taking such risks. Subscribers need to be aware that investing in securities involves risk of loss that clients need to be prepared to bear.

### **Additional Considerations**

Verdia utilizes an investment approach that requires frequent buying and selling of stocks. This investment approach may result in the Subscriber incurring brokerage commissions for each buy and sell order. In addition, the investor may be responsible for taxes on any gains from the sale of stock.

Verdia utilizes economic, financial and market data from third-party sources it believes to be reliable, but the Firm generally does not seek to independently confirm the accuracy of such information. Similarly, Verdia relies on third-party financial applications to perform numerous financial calculations. Although Verdia reviews the quality of these services there can be no guarantee the calculations will be performed accurately.

The methods of analysis and investment strategies followed by the Firm are utilized across all of the Firm's subscribers, as applicable. One method of analysis or investment strategy is not more significant than the other as the Firm is considering the recommended portfolio, risk tolerance, time horizon, and overall goal of the investment strategy. However, the client should be aware that with any trading the Subscriber may make, the Subscriber will incur transaction and administrative costs.

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

Risks of fundamental analysis may include risks that market actions, natural disasters, government actions, world political events or other events not directly related to the price or valuation of a specific company's fundamental analysis can adversely impact the stock price causing a portfolio containing that security to lose value. Risks may also include that the historical data and projections on which the fundamental analysis is performed may not continue to be relevant to the operations of a company going forward, or that management changes or the business direction of management of the company may not permit the company to continue to produce metrics that are consistent with the prior company data utilized in the fundamental analysis, which may negatively affect the Firm's estimate of the valuation of the company.

The primary risk in valuation analysis is the selection of the valuation technique. Because of the myriad number of valuation techniques and data variables available, investment models may be affected in unintended ways. Unfortunately there is no one method that is best suited for every situation. Because each company is different, and each industry or sector has unique characteristics, there may be required multiple valuation methods. At the same time, different valuation methods will produce different values for the same underlying asset or company, which may lead analysts to selectively employ techniques that provide the most favorable output.

The primary risks in technical analysis are that the factors used to analyze the price, trends, and volatility of a security may not be replicated, or the outcomes of such analysis will not be the same in past periods where similar combinations existed. Because of the reliance on trends, technical analysis can signal buying at market peaks and selling at market troughs.

Verdia primarily recommends that clients invest in exchange traded equity securities. The material risks of this type of investment are:

- **Business Risk**

With a stock, the subscriber is purchasing a piece of ownership in a company. Returns from stocks require that the company stays in business. If a company goes bankrupt and its assets are liquidated, common stockholders are last in line to share in the proceeds. If there are assets, the company's bondholders will be paid first, then holders of preferred stock. Common stockholders get whatever is left, which may be nothing.

- **Volatility Risk**

Even when a company isn't in danger of failing, its stock price may fluctuate up or down. Large company stocks as a group, for example, have lost value on average about one out of every three years. Market fluctuations can be unnerving to some investors. A stock's price can be affected by factors inside the company, such as a faulty product, or by events the company has no control over, such as political or market events.

- **Liquidity Risk**

This refers to the risk that investors won't find a market for their securities, potentially preventing them from buying or selling when they want. This can be the case with the more complicated investment products, but generally does not affect large exchange traded equity companies.



## Item 9 - Disciplinary Information

Neither Verdia nor management persons have had any legal or disciplinary events, currently or in the past.

## Item 10 - Other Financial Industry Activities and Affiliations

Neither Verdia nor any of its management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

Neither Verdia nor any of its management persons are registered or have an application pending to register as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

Verdia does not currently have any relationships or arrangements that are material to its advisory business or clients with either a broker-dealer, municipal securities dealer, or government securities dealer or broker, investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund" and offshore fund), other investment advisor or financial planner, futures commission merchant, commodity pool operator, or commodity trading advisor, banking or thrift institution, accountant or accounting firm, lawyer or law firm, insurance company or agency, pension consultant, real estate broker or dealer, or sponsor or syndicator of limited partnerships.

Verdia does not recommend or select other investment advisers for clients.

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

Verdia is licensed as an investment adviser with the State of Maine securities regulators and with a registration pending with the SEC as an internet investment adviser. Verdia's paramount ethical, professional, and legal duty is to act at all times as a fiduciary to its subscribers. This means that Verdia puts the interests of its subscribers ahead of its own, and carefully manages for any perceived or actual conflict of interest that may arise in relation to its advisory services. Verdia maintains a Code of Ethics pursuant to SEC Rule 201A-1 that sets forth the basic policies of ethical conduct for all managers, officers, and employees of the adviser. The Code of Ethics is designed to ensure that we meet our fiduciary obligation to Subscribers, enhance our culture of compliance within the firm, and detect and prevent any violations of securities laws. Verdia will provide a copy of the Code of Ethics to any client or prospective client upon request.

Our Code of Ethics requires, among other things, that employees:

- Act with integrity, competence, diligence, respect, and in an ethical manner with the public, clients, prospective clients, employers, employees, and colleagues in the investment profession;
- Place the integrity of the investment profession, the interests of clients, and the interests of the firm above one's own personal interests;

- Adhere to the standard that you should not take inappropriate advantage of your position;
- Conduct all personal securities transactions in a manner consistent with this policy;
- Use reasonable care and exercise independent professional judgment when conducting investment analysis, making investment recommendations, taking investment actions, and engaging in other professional activities;
- Practice and encourage others to practice in a professional and ethical manner that will reflect credit on oneself and the profession;
- Promote the integrity of, and uphold the rules governing, capital markets;
- Maintain and improve one's professional competence and strive to maintain and improve the competence of other investment professionals; and
- Comply with applicable provisions of the federal and state securities laws.
- Establish, maintain and enforce policies and procedures designed to prevent the misuse of material non-public ("insider") information.

Verdia and/or its investment advisor representatives may from time to time purchase or sell securities that they may recommend to subscribers. This practice creates conflicts of interest in that personnel of Verdia can take advantage of the advance knowledge of subscriber securities trading and trade their personal accounts ahead of the subscribers or recommend trades that may affect the price of the securities owned by investment advisor representatives. To mitigate these conflicts, Verdia's Code of Ethics sets forth the basic policies of ethical conduct for all managers, officers, and employees of the advisor. In addition, the Code of Ethics governs personal trading by each employee of Verdia deemed to be an Access Person and is intended to ensure that securities transactions effected by Access Persons of Verdia are conducted in a manner that avoids any actual or potential conflict of interest between such persons and clients of the advisor or its affiliates. Verdia collects and maintains records of securities holdings and securities transactions effected by Access Persons. These records are reviewed quarterly by the Chief Compliance Officer to identify and resolve potential conflicts of interest. Supervised persons of registered investment advisers are fiduciaries by law and are required to put the client's interest before those of the firm and themselves.

Verdia requires that its investment advisor representatives follow its basic policies and ethical standards as set forth in the Code of Ethics.

Investment advisor representatives of Verdia may trade for their own account securities that are being traded in subscriber accounts at or about the same time. To mitigate the conflict of interest in such circumstances, Verdia's policy is to require the trading of all investment advisor representative accounts occur at least 15 minutes after providing clients with an investment recommendation. The Chief Compliance Officer examines personal trading activities of Verdia personnel to verify compliance with this policy.

## **Item 12 - Brokerage Practices**

Verdia does not select or recommend broker-dealers for subscriber transactions. Verdia's subscribers select their own broker-dealer or custodian. Further, Verdia does not have the discretionary authority to negotiate commissions on behalf of subscribers.

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

Verdia does not manage subscriber assets so it does not provide subscribers with a review of their brokerage accounts and/or investment performance. Verdia does provide all subscribers continuous access to its website with up to date information from the latest newsletters. Subscribers may also receive periodic communications describing TradePro portfolio performance, their profile information, and company news.

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

Verdia does not receive any economic benefit from any third party providing investment advice and/or other advisory services to our subscribers. Verdia does not directly or indirectly compensate any third party for subscriber referrals.

## **Item 15 - Custody**

Verdia does not have custody of Subscriber funds or securities and has no access to Subscriber account statements.

## **Item 16 - Investment Discretion**

Verdia does not accept discretionary authority to manage securities or accounts on behalf of its subscribers.

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

Verdia will not vote, nor advise subscribers how to vote, proxies for securities held in subscriber accounts. The subscriber clearly keeps the authority and responsibility for voting of these proxies. Also, Verdia cannot give any advice or take any action with respect to the voting of these proxies. The subscriber and Verdia agree to this by contract. Subscribers will receive proxy solicitations from their custodian and/or transfer agent.

## **Item 18 - Financial Information**

Verdia does not require or solicit prepayment of more than \$500 in fees per subscriber, six months or more in advance, and is not required to file a balance sheet. Verdia has never been subject to a bankruptcy petition.



**V E R D I A**

## Form ADV Part 2B

Brochure Supplement

**Verdia, LLC**

PO Box 542  
Standish, ME 04084  
207.415.4796  
VerdialInvesting.com

January 1, 2023

### Item 1 - Cover Page

This brochure supplement provides information about the advisory personnel on whom our Subscribers will rely on for investment advice. This brochure shall supplement the Verdia Form ADV Part 2A. Please contact Verdia at [www.VerdialInvesting.com](http://www.VerdialInvesting.com) if you have any questions about the Form ADV brochure or this supplement, if you would like to request additional or updated copies of either document, or if you did not receive a copy of either document.

Additional information about Verdia is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. The CRD number for Verdia is 165667. If you have any questions about the contents of this Brochure, please contact our Chief Compliance Officer, Ryan Goan, at 207.415.4796 or [contact@VerdialInvesting.com](mailto:contact@VerdialInvesting.com).

## Item 2 - Educational Background and Business Experience

Mr. Ryan M. Goan  
Year of Birth: 1969

### **Educational Background**

University of Southern Maine - 1995 - B.A. Business; Minor in Marketing

### **Business Background**

President Verdia - 2008 to Present

## Item 3 - Disciplinary Information

Licensed investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of each supervised person providing investment advice. Mr. Goan has not been subject to any disciplinary action as of the date of this Brochure.

## Item 4 - Other Business Activities

Mr. Goan is not engaged in any investment-related business or occupation outside of Verdia.

## Item 5 - Additional Compensation

Mr. Goan does not receive additional compensation for advisory services outside of Verdia.

**Item 6 - Supervision**

Mr. Goan is a sole practitioner at Verdia LLC and thus there is no supervision of investment adviser activities. Mr. Goan is a fiduciary and must place all Subscribers interests first. For Verdia's Code of Ethics please see Form ADV Part 2A Item 11.

**Item 7 - Requirements for State-Registered Advisors**

Mr. Goan has never been found liable in an arbitration claim, nor found liable in a civil, self-regulatory organization or administrative proceeding, nor been the subject of a bankruptcy petition.