



## **Part 2A of Form ADV Firm Brochure**

August 12, 2025,

### **Virtue Capital Management LLC**

SEC File No. 801-79938

6 Cadillac Drive, Suite 310  
Brentwood, TN 37027

Phone: 615-340-0801

Email: [scervantes@virtuecm.com](mailto:scervantes@virtuecm.com)

Website: [www.virtuecapitalmanagement.com](http://www.virtuecapitalmanagement.com)

This brochure provides information about the qualifications and business practices of Virtue Capital Management, LLC. If you have any questions about the contents of this brochure, please contact us at 615- 340-0801 or via email to [scervantes@virtuecm.com](mailto:scervantes@virtuecm.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority. Registration with the SEC or state regulatory authority does not imply a certain level of skill or expertise.

Additional information about Virtue Capital Management, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Please use the firm's SEC File No. 801-79938 in the applicable search field.

## Item 2: Material Changes

As of August 12, 2025, the following material changes have been made:

### Item 5:

**Expanded Billing Authority on Discretionary Assets:** VCM now permits advisory fees to be billed on all assets under an adviser's discretionary authority, regardless of trading frequency or turnover, including legacy or tax-sensitive positions.

**Updated Technology and Operational Fees:** Effective October 1, 2025, the \$12 per-household monthly technology fee will transition to \$8 per account. A new \$5 monthly operational support fee will apply to accounts not invested in VCM-approved strategies.

**Elimination of Breakpoint Pricing:** VCM has discontinued fee breakpoints based on household asset levels. Fees will align with the platform rate selected by the Investment Adviser Representative, up to a maximum of 1.95%.

**Separate Billing for Financial Planning Services:** Financial planning services may be offered separately and billed under a distinct agreement. These services are not included in the standard investment advisory fee.

### Item 4:

**Termination and Electronic Notice Procedures:** Advisory agreements may now be terminated via electronic delivery (e.g., email). Final billing will be calculated through the effective date of termination.

### Item 10:

**Outside Business Activities (OBAs):** Expanded language clarifies that insurance-related OBAs are outside the scope of VCM's advisory services. VCM disclaims responsibility for outcomes arising from such engagements.

For a complete list of current disclosures, please refer to the full Form ADV Part 2A or visit [www.VirtueADV.com](http://www.VirtueADV.com).

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## **Item 4: Advisory Business**

### **A. Virtue Capital Management, LLC**

Virtue Capital Management, LLC ("VCM") is a limited liability company organized in the state of Tennessee. Virtue Financial Holdings, LLC ("VFH"), which owns 100% of Virtue Capital Management, LLC, is owned by Jeremy Rettich, Matthew Rettich, and James Webb. Jeremy Rettich and Matthew Rettich are the control persons of VFH. VCM has been offering investment advisory services since October 2013.

### **Advisory Services Offered**

Virtue Capital Management, LLC ("VCM") is a federally registered investment adviser providing asset management and financial planning services to individuals, high-net-worth individuals, trusts, estates, charitable organizations, corporations, and other institutional clients. VCM also partners with independent investment adviser representatives (IARs) and affiliated firms to deliver customized portfolio management, financial planning, investment oversight, and third-party manager due diligence.

VCM offers discretionary and non-discretionary investment management services across a range of strategies and investment platforms. In addition to managing assets in actively traded strategies, VCM supports the ongoing oversight of discretionary assets that may be retained by clients for strategic, tax, or personal reasons. These may include securities held for tax-efficiency, legacy cost basis preservation, sentimental value, or low-turnover investment goals. Where the IAR maintains discretionary authority and provides ongoing monitoring and advice, such positions may be included within the advisory relationship and billed accordingly.

VCM's investment advisory services are tailored to each client's individual goals, risk tolerance, and investment objectives. IARs may also offer financial planning or consulting services under a separate agreement, with associated flat, hourly, or subscription-based fees.

#### **A.1. Investment Advisory and Portfolio Management Services**

VCM generally provides continuous and regular supervisory or management services. VCM gives continuous advice to its clients through its investment adviser representatives based on the individual needs of each client. VCM manages client accounts on a discretionary basis. VCM has discretionary authority regarding the securities to be bought or sold, the number of securities to be bought or sold as well as the authority to hire and terminate third-party money managers. Account supervision is generally guided by the stated objectives of the client (e.g., capital appreciation, growth, income, or growth and income). Consideration is also generally given to the allocation of assets among securities-based investment strategies and managers and recommendations and selections are generally tailored to the client's overall investment objectives and risk profiles. VCM's investment committee also seeks to perform due diligence on

third-party money managers and investment solutions prior to these being offered through the VCM platform and then strives to perform ongoing due diligence as to such managers and solutions.

#### **A.2. Selection of Other Advisers**

VCM may utilize or recommend sub-advisers or third-party money managers ("TPMMs") to clients. VCM will generally be compensated via a fee share with the TPMMs to which it directs those clients. The fees shared will not exceed any limit imposed by any regulatory agency. Before recommending TPMMs to clients, VCM performs due diligence and research on such TPMMs.

#### **A.3. Consulting and Financial Planning Services**

Consulting and financial planning services may include, but are not limited to: investment planning, life insurance; tax concerns; retirement planning; college planning; and debt/credit planning. The services and fees for such services are negotiated in advance and documented in

an exhibit to the Financial Planning Agreement. VCM does not, however, provide tax or legal advice.

In offering financial planning, a conflict exists between the interests of the investment adviser and the interests of the client since the investment adviser will benefit from the fees earned from managing the client's assets in the event the client chooses to invest through the VCM platform. However, the client is under no obligation to act upon the investment adviser's recommendation, and, if the client elects to act on any of the recommendations, the client is under no obligation to affect the transaction through the investment adviser. This statement is required by California Code of Regulations, 10 CCR Section 260.235.2.

Clients will usually receive a written or oral report (depending on the client's preference) providing a basic financial plan designed to help achieve the client's stated financial goals and objectives. Based on the client's needs, financial planning services may include (but are not limited to) the following:

- Preparation of a recommended asset allocation that serves to diversify the client's portfolio among different categories of investments, such as domestic and international small, medium, and large capitalization securities; corporate and government fixed income (short-, intermediate-, and long-term maturities); emerging market securities (i.e., foreign issuers); real estate investment trusts; and such other alternative asset categories including those offered through exchange traded funds that are suitable in light of the client's investment goals, objectives, and risk tolerance.
- Preparation of a retirement plan that serves to identify whether the client is saving enough and investing in a way that meets retirement objectives in light of the client's financial circumstances and risk tolerance.
- Preparation of cash flow projections to ensure that the client can meet daily living expenses and obligations.
- Insurance planning to meet the needs of the client, taking into account family, business, and other financial objectives of the client.
- General family office and business consulting:
  - Retirement objectives
  - Philanthropy
  - Estate planning
  - Wealth transition
  - Business succession and related issues
  - Recommendation of third-party managers for use by the client

VCM usually gathers client information through, among other things, in-depth personal interviews and questionnaires. Information gathered includes a client's current financial status, investment objectives, future goals, and attitudes toward risk. Related documents supplied by the client are carefully reviewed, and a report may be prepared, subject to mutual agreement with the client and VCM, covering one or more of the above-mentioned topics as directed by the client.

#### **A.4. Retirement Answers 101 Financial Education Course**

We may offer this course to provide pre-retirees and retirees with a better understanding of the many financial planning areas that should often be considered as they enter into or maintain the lifestyle to which they have become accustomed during their retirement years. The materials covered in this course will revolve around addressing some of the greatest retirement fears including changes to investing as you near or enter retirement, social security election strategies, generating income, investment advice "suitability standard versus fiduciary responsibility," and passive/strategic investing vs. active/tactical investing among many other topics. The information covered is general in nature and not intended to give specific investment advice to attendees.

#### **A.5. ERISA & Qualified Plan Services**

VCM offers to ERISA and other Qualified Plans consulting services that involve one or more of the following services, either onsite or through an electronic medium, as requested by the Plan:

- Enrollment meetings to Plan participants
- Education as to the Plan's options and features
- Education for employees on financial topics such as compound interest, debt, benefits of financial planning as examples
- Discuss with HR payroll and related matters pertaining to Plan services and enrollment issues that may arise
- Individual discussions with employees regarding Plan features and operations
- Discuss investment changes with the Plan's trustees that the 3(38) Plan fiduciary makes from time to time
- Periodically benchmark the plan as to costs and benefits to other plan providers to assess the Plan's competitiveness for industry, size, and features

### **B. Client-Tailored Services and Client-Imposed Restrictions**

Each client's account will usually be managed on the basis of the client's financial situation and investment objectives. The client is required to notify the firm in writing of any reasonable instructions to be imposed on the management of the portfolio.

### **C. Wrap Fee Programs**

VCM does not participate in wrap fee programs, where brokerage commissions and transaction costs are included in the asset-based fee charged to the client.

### **D. Client Assets Under Management**

As of December 31, 2024, VCM managed \$1,208,391,728 in discretionary assets and \$0 in non-discretionary assets.

## **Item 5: Fees and Compensation**

### **A. Methods of Compensation and Fee Schedule**

#### **A.1. Investment Management Services Fees**

VCM's fee for investment management services is an asset-based fee calculated as a percentage of the value of the managed assets, pursuant to an asset management agreement and negotiated fee that is fully disclosed at the time a client contracts with VCM or a client contracts with an independent investment adviser that in turn contracts with VCM to act as a subadvisor. Such asset-based management fees generally range from 1.00% to 1.95% per year. Please note that the client may be able to obtain comparable services elsewhere at more favorable pricing.

Asset-based fees are generally subject to an investment advisory agreement between the client and VCM or the client and their independent registered investment adviser that in turn contracts with VCM as a subadvisor. Such fees are payable monthly in arrears and are based on the average daily balance of the account during the month. Related accounts may be combined for fee paying purposes. VCM may combine the account valuations to assist a client in meeting fee breakpoints and therefore lowering the overall fee level. This option is generally extended to accounts residing in the same household and certain members of the same family. The fees are usually prorated if the investment advisory relationship commences other than at the beginning of a calendar month. In the event a client should withdraw from a strategy mid-month the prorated advisory fee will be charged at that time.

The client authorizes the qualified custodian to automatically deduct the fee and all other charges payable hereunder from the assets in the account when due with such payments to be reflected on the next account statement sent to the client. If insufficient cash is available to pay such fees, securities in an amount equal to the balance of unpaid fees will be liquidated to pay for the unpaid balance. VCM may modify the fee at any time upon 30 days' written notice to the client. In the event the client has an ERISA-governed plan, fee modifications must be approved in writing by the client.

A client investment advisory agreement may be canceled at any time by the client, or by VCM with 30 days' prior written notice to the client. Upon termination, any earned, unpaid fees will be due and payable. The client has the right to terminate an agreement without penalty within five business days after entering into the agreement.

#### **A.2. Selection of Other Advisers and Fees**

VCM may use third-party money managers as sub-advisers or direct clients to third-party money managers. VCM will be compensated via a fee share from these advisers and this relationship will be memorialized in each contract between VCM and each third-party adviser. The fees shared will not exceed any limit imposed by any regulatory agency. The payment of fees for third-party investment advisers will depend on the specific sub-adviser/third-party adviser selected. Clients may terminate the contract with VCM without penalty, for a full refund, within five business days of signing the contract. Thereafter, clients may terminate the contract at anytime. If a client invests



with a few days left in the month, they would be billed for the actual days in which they are invested in the models.

### **A.3. Hourly and Fixed Fee Arrangements**

#### **Fixed Fees**

Depending upon the complexity of the situation and the needs of the client, the fixed fee for creating client financial plans typically ranges between \$1,000 and \$15,000. The variation of fees would depend on the complexity of the client's particular situation. Fixed fees are computed based upon a good faith estimate of hours required to perform services. VCM attempts to maintain parity with hourly and fixed charges while allowing some flexibility in estimation, taking into account case complexity and client-specific circumstances. Fees are paid by check in advance, but never more than six months in advance, with the remainder due upon presentation of the plan. A client investment advisory agreement may be canceled at any time by the client, or by VCM with 30 days' prior written notice to the client. Fees that are charged in advance will usually be refunded based on the prorated amount of work completed at the point of termination. The fees are negotiable, and the final fee schedule will be attached as an exhibit to the Financial Planning Agreement. Clients may terminate their contracts without penalty within five business days of signing the advisory contract.

#### **Hourly Fees**

Depending upon the complexity of the situation and the needs of the client, the hourly fee for these services is generally between \$100 and \$300. The fees are negotiable, and the final fee schedule will be attached as an exhibit to the Financial Planning Agreement. Clients may terminate a financial planning agreement at any time with written notice to the firm. The fee refunded will be the balance of the fees collected in advance minus the hourly rate times the number of hours of work that has been completed up to and including the day of termination. Clients may terminate their contracts without penalty within five business days of signing the contract.

### **A.4. Retirement Answers 101 Financial Education Course Fee**

A fee may be charged on a per attendee basis for the course. Clients generally pay the course fee directly to their investment adviser representative hosting the Retirement Answers 101 course.

### **A.5. ERISA & Qualified Plan Service Fees**

Fees for ERISA and Qualified Plan services are negotiated on an engagement-by-engagement basis prior to services commencing and generally involve an annualized percentage based upon the assets under management of the Plan. Such fees may be paid by the Plan directly or as part of the fees charged to the Plan by the investment fiduciary.

## **B. Client Payment of Fees**

VCM requires clients to authorize the direct debit of fees from their accounts. Exceptions may be granted subject to the firm's consent for clients to be billed directly for VCM's fees. For directly

debited fees, the custodian's periodic statements will show each fee deduction from the account. Clients may withdraw this authorization for direct billing of these fees at any time by notifying VCM or their custodian in writing.

VCM will deduct advisory fees directly from the client's account provided that (i) the client provides written authorization to the qualified custodian, and (ii) the qualified custodian sends the client a statement, at least quarterly, indicating all amounts disbursed from the account.

The client is responsible for verifying the accuracy of the fee calculation and we recommend they do this, as the client's custodian will not verify the calculation.

### **C. Additional Client Fees Charged**

All fees paid to Virtue Capital Management, LLC ("VCM") for investment advisory services are separate and distinct from fees and expenses charged by mutual funds, exchange-traded funds (ETFs), variable annuities, structured products, and other third-party investment managers, broker-dealers, or custodians retained by clients. These product- or custodian-level fees may include management fees, fund operating expenses, administrative costs, sales loads, redemption fees, and other related expenses. Clients should refer to each fund's prospectus or issuer's disclosure document, and to the custodian's fee schedule, for a detailed description of applicable charges.

Clients may also incur brokerage commissions, transaction fees, or execution costs in connection with the purchase or sale of securities within their accounts. For example, certain custodians may charge transaction fees for trades in structured products or non-standard assets (NSAs).

Effective October 1, 2025, the following fee policies apply:

#### **Advisory Fees on Discretionary Assets:**

Advisory fees may be billed on all assets for which your Investment Adviser Representative maintains discretionary authority, regardless of trading activity or turnover. This includes assets held for tax-efficiency, legacy cost basis, or strategic considerations. Such positions are still subject to monitoring, oversight, and portfolio advice and are considered part of the advisory relationship.

#### **Financial Planning Fees:**

Some advisers may offer separate financial planning services (e.g., retirement planning, estate analysis, or budgeting) billed on a flat-fee, hourly, or subscription basis. These fees are distinct from investment advisory fees and are governed by a separate Financial Planning Agreement, which clients must review and sign prior to being billed.

#### **Technology Fee:**

Beginning October 1, 2025, each account will be assessed a monthly \$8 technology fee. This fee supports consolidated model management, household and account-level rebalancing, secure document vault access, digital onboarding, real-time reporting, and external account aggregation. This replaces the former \$12 per-household fee.

#### **Operational Support Fee for Non-VCM Strategies:**

Accounts that are not invested in VCM-approved investment strategies will be subject to a monthly \$5 operational support fee to cover ongoing platform support, access to reporting tools,

and administrative servicing.

#### Breakpoint Elimination:

VCM has discontinued the use of breakpoint pricing based on household asset levels. All fees will reflect the platform rate selected by your Investment Adviser Representative, up to the maximum allowable fee of 1.95% annually. Fee discounts or negotiated terms remain at the advisor's discretion.

Clients are encouraged to carefully review all layers of fees—including VCM fees, custodian charges, and product-level expenses—to fully understand the total cost of engaging in the advisory relationship. See also Item 5 – Fees and Compensation and Item 12 – Brokerage Practices for additional details.

#### Regulatory Fees

To facilitate the execution of trades, regulatory Trading Activity Fees (TAF) may be added to certain applicable sales transactions. The Securities and Exchange Commission (SEC) regulatory fee is assessed on client accounts for sell transactions, and a FINRA fee is assessed on client accounts for sell transactions, for certain covered securities. Charles Schwab and Fidelity Investments are the custodian's that VCM primarily uses. Charles Schwab and Fidelity Investments are SEC-registered, FINRA member firm, and SIPC member. These fees recover the costs incurred by the SEC and FINRA, for supervising and regulating the securities markets and securities professionals.

The fee rates vary depending on the type of transaction and the size of that transaction. Trading Activity Fees rates, though subject to change, are: \$0.000119 per share for each sale of a covered equity security, with a maximum of \$5.95 per trade, \$0.002 per contract for each sale of an option, \$0.00075 per bond for each sale of a covered bond with a maximum charge of \$0.75 per trade. All charged fees will be rounded to the nearest penny using natural rounding logic. For a rounding example, \$0.004 rounds to \$0.00 and \$0.016 rounds to \$0.02.

As an example of an equity TAF, if 100 shares of a covered equity were sold, the fee would be  $\$0.000119 \times 100$  which equals \$0.0119, which would be rounded to \$0.01. For more information on the SEC and FINRA fees, please visit their websites:

[www.sec.gov/fast-answers/answerssec31htm.html](http://www.sec.gov/fast-answers/answerssec31htm.html)

[www.finra.org/industry/trading-activity-fee](http://www.finra.org/industry/trading-activity-fee)

#### **D. Prepayment of Client Fees**

VCM does not require the prepayment of its investment advisory fees. VCM's fees will either be paid directly by the client or disbursed to VCM by the qualified custodian of the client's investment accounts, subject to prior written consent of the client. The custodian will deliver directly to the client an account statement, at least quarterly, showing all investment and transaction activity for

the period, including fee disbursements from the account. A client investment advisory agreement may be canceled at any time by the client, or by VCM with 30 days' prior written notice to the client. Upon termination, any earned, unpaid fees will be immediately due and payable. The client has the right to terminate an agreement without penalty within five business days after entering into the agreement.

Financial planning fees are usually paid by a client via check, sometimes in advance, but never more than \$1,200 in fees more than 6 months in advance, with the remainder sometimes due upon presentation of the plan. Clients may terminate a financial planning agreement at any time with written notice to the firm. For hourly fee financial planning, the fee refunded will be the balance of the fees collected in advance minus the hourly rate times the number of hours of work that has been completed up to and including the day of termination. For fixed fee financial planning, fees that are charged in advance will be refunded based on the prorated amount of work completed at the point of termination.

## **E. External Compensation for the Sale of Securities to Clients**

VCM's advisory professionals are compensated primarily by VCM in the form of a percentage of fees collected from clients for the assets the licensed advisory professionals attract to VCM's available investment models.

VCM advisory professionals that are dually registered as a registered representative of a FINRA member broker-dealer may be paid sales, service or administrative fees for the sale of mutual funds or other investment products. Such dually registered advisory professionals may receive commission-based compensation for the sale of securities and will be paid for the transaction exclusively by the broker-dealer. Investment adviser representatives, in their capacity as a broker-dealer registered representative, are prohibited from earning an advisory fee on the securities value transferred from an advisory client's brokerage account unless commissions earned on such securities transactions occurred at least a 12–18 months prior to the transfer. VCM advisory professionals that are insurance licensed may also receive commission-based compensation for the sale of insurance products. Please see Item 10.C. of this brochure for additional information on conflicts associated with the receipt of commission-based compensation.

In addition, from time to time, VCM may initiate incentive programs for investment adviser representatives. These programs may compensate them for attracting new assets and promoting investment advisory services. VCM may also initiate programs that reward investment adviser representatives who meet certain production criteria, participate in advanced training and/or improve client service. Investment adviser representatives who participate in these incentive programs may be rewarded with cash and/or non-cash compensation, such as deferred compensation, bonuses, training symposiums, marketing assistance and recognition trips. These incentive programs are paid for by VCM and do not affect fees paid by the client.

VCM may pay bonuses to prospective investment adviser representatives to entice them to join VCM and transition their current clients. Prospective clients should be aware this practice may constitute a conflict of interest in that the recommendation to transition their advisory relationship to VCM may be viewed as being in the best interest of VCM and its investment adviser

representative as opposed to the client's. However, as a form of risk mitigation, both the investment adviser representatives and VCM are subject to the duty to put their client's interests first.

## **F. Important Disclosure – Custodian Investment Programs**

Please be advised that certain of the firm's investment adviser representatives are registered with a broker-dealer and/or the firm is a broker-dealer or affiliated with a broker-dealer. Under these arrangements, we can access certain investment programs offered through the broker-dealer that offer certain compensation and fee structures that create conflicts of interest of which clients need to be aware. As such, the investment adviser representative and/or the firm may have an economic incentive to recommend the purchase of 12b-1 or revenue share class mutual funds offered through the broker-dealer platform rather than from the investment adviser platform. Please note the following:

***Limitation on Mutual Fund Universe for Custodian Investment Programs:*** Please note that as a matter of policy we prohibit the receipt of revenue share fees from any mutual funds utilized for our advisory clients' portfolios. There are certain programs in which we participate where a client's investment options may be limited in certain of these programs to those mutual funds and/or mutual fund share classes that pay 12b-1 fees and other revenue sharing fee payments, and the client should be aware that the firm is not selecting from among all mutual funds available in the marketplace when recommending mutual funds to the client.

***Conflict Between Revenue Share Class (12b-1) and Non-Revenue Share Class Mutual Funds:*** Revenue share class/12b-1 fees are deducted from the net asset value of the mutual fund and generally, all things being equal, cause the fund to earn lower rates of return than those mutual funds that do not pay revenue sharing fees. The client is under no obligation to utilize such programs or mutual funds. Although many factors will influence the type of fund to be used, the client should discuss with their investment adviser representative whether a share class from a comparable mutual fund with a more favorable return to investors is available that does not include the payment of any 12b-1 or revenue sharing fees given the client's individual needs and priorities and anticipated transaction costs. In addition, the receipt of such fees can create conflicts of interest in instances (i) where our adviser representative is also licensed as a registered representative of a broker-dealer and receives a portion of 12b-1 and or revenue sharing fees as compensation – such compensation creates an incentive for the investment adviser representative to use programs which utilize funds that pay such additional compensation; and (ii) where the custodian receives the entirety of the 12b-1 and/or revenue sharing fees and takes the receipt of such fees into consideration in terms of benefits it may elect to provide to the firm, even though such benefits may or may not benefit some or all of the firm's clients.

VCM periodically evaluates mutual fund share classes and other investment products for cost efficiency, including 12b-1 fees, embedded expenses, and trading costs. Where appropriate, VCM will initiate share class conversions to reduce client expenses, even if the original position was suitable at the time of purchase. VCM does not receive any revenue sharing, 12b-1 fees, or other compensation from fund companies.



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

VCM does not charge performance-based fees and therefore has no economic incentive to manage clients' portfolios in any way other than what is in their best interests.

## Item 7: Types of Clients

VCM along with its investment adviser representatives may provide investment advice and/or management supervisory services to any of the following types of clients:

- Individuals
- Pensions and/or profit-sharing plans
- High-net-worth individuals
- Trusts, estates, or charitable organizations
- Corporations and other business entities
- Other investment advisers or their clients

VCM requires a minimum of \$1,000 to open and maintain an advisory account or in certain circumstances an account can be established with less than \$1,000. VCM may, at its discretion, accept accounts below the minimum required amount. Prior to engaging VCM to provide any of the investment advisory services described in this Brochure, the client will be required to enter into a written agreement setting forth the terms and conditions under which the firm shall render its services. Certain third-party money managers have higher minimum investment amounts than \$1,000 to open and maintain an advisory account.



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

### A. Methods of Analysis and Investment Strategies

VCM may offer clients the following, general categories of strategies, which are subject to change at any time by the third-party manager or at VCM's discretion:

- Tactical - A strategy that generally seeks to shift the percentage of assets held in various categories to take advantage of market pricing anomalies or stronger market sectors. This strategy aims to allow portfolio managers to create extra value by taking advantage of certain situations in the marketplace. It is usually a moderately active strategy since managers usually return to the portfolio's original strategic asset mix once reaching the desired short-term profits.
- Strategic - Strategic investments may involve a wide variety of transactions. The portfolio managers of such transactions usually seek to decide on a strategic investment when they believe that the investment is not merely directed towards financial goals, but also broader business or strategic goals.
- Dynamic - Dynamic investment strategies are generally those that seek to make longer-term investments in certain asset classes or securities and periodically buy and sell those securities as markets rise and fall, and as the economy strengthens and weakens. With this strategy, portfolio managers may sell assets that decline and purchase assets that increase.

VCM or third-party money managers or subadvisors may use a variety of sources of data to conduct economic, investment and market analysis, such as financial newspapers and magazines, economic and market research materials prepared by others, conference calls hosted by mutual funds, corporate rating services, annual reports, prospectuses, and company press releases. It is important to keep in mind that there is no specific approach to investing that guarantees success or positive returns; investing in securities involves risk of loss that clients should be prepared to bear.

VCM and its investment adviser representatives are responsible for identifying and implementing the methods of analysis used in formulating investment recommendations to clients. The methods of analysis may include quantitative methods for optimizing client portfolios, computer-based risk/return analysis, technical analysis, and statistical and/or computer models utilizing long-term economic criteria.

- Optimization involves the use of mathematical algorithms to determine the appropriate mix of assets given the firm's current capital market rate assessment and a particular client's risk tolerance.
- Quantitative methods include analysis of historical data such as price and volume statistics, performance data, standard deviation and related risk metrics, how the security performs relative to the overall stock market, earnings data, price to earnings ratios, and related data.

- Technical analysis involves charting price and volume data as reported by the exchange where the security is traded to look for price trends.
- Computer models may be used to derive the future value of a security based on assumptions of various data categories such as earnings, cash flow, profit margins, sales, and a variety of other company specific metrics.

In addition, VCM may review research material prepared by others, as well as corporate filings, corporate rating services, and a variety of financial publications. VCM may employ outside vendors or utilize third-party software to assist in formulating investment recommendations to clients.

### **A.1. Mutual Funds and Third-Party Money Managers**

VCM may recommend no-load and load-waived mutual funds and individual securities (including fixed income instruments). VCM may also assist the client in selecting one or more appropriate third-party money manager(s) and/or sub-advisers for all or a portion of the client's portfolio. Such managers will typically manage assets for clients who commit to the manager a minimum amount of assets established by that manager—a factor that VCM will take into account when recommending managers to clients.

VCM has formed relationships with third-party vendors that

- provide a technological platform for separate account management
- prepare performance reports
- perform trading
- perform or distribute research of individual securities
- perform billing and certain other administrative tasks

VCM may utilize additional independent third parties to assist it in recommending and monitoring individual securities, mutual funds, and managers to clients as appropriate under the circumstances.

VCM may review certain quantitative and qualitative criteria related to mutual funds and managers to formulate investment recommendations to its clients. Qualitative criteria used in selecting/recommending mutual funds or managers may include, among other things, the investment objectives and/or management style and philosophy of a mutual fund or manager; a mutual fund or manager's consistency of investment style; and employee turnover and efficiency and capacity.

Quantitative and qualitative criteria related to mutual funds and managers may be reviewed by VCM on a quarterly basis or such other interval as appropriate under the circumstances. In addition, mutual funds or managers may be reviewed to determine the extent to which their investments reflect efforts to time the market, or evidence style drift such that their portfolios no longer accurately reflect the particular asset category attributed to the mutual fund or manager by VCM (both of which are negative factors in implementing an asset allocation structure).

VCM seeks to regularly review the activities of managers utilized for the client. Clients that engage managers should first review and understand the disclosure documents of those managers, which

contain information relevant to such retention or investment, including information on the methodology used to analyze securities, investment strategies, fees and conflicts of interest.

## **A.2. Material Risks of Investment Instruments**

VCM typically invests in open-end mutual funds and exchange-traded funds for the vast majority of its clients.

- *Mutual Fund Securities* - Investing in mutual funds carries inherent risk. The major risks of investing in a mutual fund include the quality and experience of the portfolio management team and its ability to create fund value by investing in securities that have positive growth, the amount of individual company diversification, the type and amount of industry diversification, and the type and amount of sector diversification within specific industries. In addition, mutual funds tend to be tax inefficient and therefore investors may pay capital gains taxes on fund investments while not having yet sold the fund.
- *Exchange-Traded Funds ("ETFs")* - ETFs are investment companies whose shares are bought and sold on a securities exchange. An ETF holds a portfolio of securities designed to track a particular market segment or index. Some examples of ETFs are SPDRs<sup>®</sup>, streetTRACKS<sup>®</sup>, DIAMONDS<sup>SM</sup>, NASDAQ 100 Index Tracking Stock<sup>SM</sup> ("QQQs<sup>SM</sup>") iShares<sup>®</sup> and VIPERs<sup>®</sup>. The funds could purchase an ETF to gain exposure to a portion of the U.S. or foreign market. The funds, as a shareholder of another investment company, will bear their pro-rata portion of the other investment company's advisory fee and other expenses, in addition to their own expenses.

Investing in ETFs involves risk. Specifically, ETFs, depending on the underlying portfolio and its size, can have wide price (bid and ask) spreads, thus diluting or negating any upward price movement of the ETF or enhancing any downward price movement. Also, ETFs require more frequent portfolio reporting by regulators and are thereby more susceptible to actions by hedge funds that could have a negative impact on the price of the ETF. Certain ETFs may employ leverage, which creates additional volatility and price risk depending on the amount of leverage utilized, the collateral and the liquidity of the supporting collateral.

Further, the use of leverage (i.e., employing the use of margin) within ETFs generally results in additional interest costs to the ETF. Certain ETFs are highly leveraged and therefore have additional volatility and liquidity risk. Volatility and liquidity risk can severely and negatively impact the price of the ETF's underlying portfolio securities, thereby causing significant price fluctuations of the ETF.

VCM can purchase ETFs or the strategies it offers may gain exposure to the markets through ETFs with exposure to equities, fixed income, commodities, currencies, developed/emerging international markets, real estate, and specific sectors. The underlying investments of these ETFs will have different risks.

- *Equity Risk*: Equity prices can fluctuate for a variety of reasons including market sentiment and economic conditions.

- *Small Company Risk:* The prices of smaller market capitalization companies tend to be more volatile than those of larger, more established companies.
- *Fixed Income Risk:* It is important to note bond prices generally move inversely with interest rates and fixed income ETFs can experience negative performance in a period of rising interest rates. High yield bonds are subject to higher risk of principal loss due to an increased chance of default.
- *Commodity Risk:* Commodity ETFs generally gain exposure through the use of futures which can have a substantial risk of loss due, in part, to leverage.
- *Currency Risk:* Currencies can fluctuate with changing monetary policies, economic conditions, and other factors.
- *International Market Risk:* International markets have risks due to currency valuations and political or economic events. Emerging markets typically have more risk than developed markets.
- *Real Estate Risk:* Real estate investments can experience losses due to lower property prices, changes in interest rates, and other factors.
- *Sector Risk:* Investments in specific sectors can experience greater levels of volatility than broad-based investments due to their narrower focus.
- *Inverse ETFs:* Inverse ETFs attempt to profit from the decline of an asset or asset class by seeking to track the opposite performance of the underlying benchmark or index. Inverse products attempt to achieve their stated objectives on a daily basis and can face additional risks due to this fact. The effect of compounding over a long period can cause a large dispersion in performance between the ETF and the underlying benchmark or index. Inverse ETFs can lose money even when the benchmark or index performs as desired. Inverse ETFs have potential for significant loss and are not suitable for all investors.
- *Credit Risk:* In certain cases, VCM will purchase Exchanged-Traded Notes ("ETN") in client accounts. ETNs are subject to different risks than ETFs. ETNs are unsecured debt obligations of the issuer and will subject investors to credit risk. The objective of an ETN is to replicate the performance of an underlying index (similar to an ETF), however, ETNs do not buy or hold assets. The closing indicative value of an ETN is calculated by the issuer and can vary from the price of the ETN in the secondary market. The issuer of an ETN can engage in trading activities at odds with clients who hold the ETN.
- *Liquidity Risk:* Although ETFs and ETNs are Exchange-Traded Products ("ETPs"), a lack of demand can prevent daily pricing and liquidity from being available.

## **B. Other Material Risks**

*Investment Philosophy:* VCM's investment philosophy is based on the belief that economic data can provide valuable information for portfolio construction. VCM's strategies are managed according to this belief and thus, there is a risk the environment will change, and the data no longer produces the same or similar results in future periods as in the past. As the proprietary

models and research rely on available data from various sources, there is a risk the necessary pieces of information are no longer made available or the data collection changes. Our methods rely on the assumption the provided data is unbiased and accurate. There is a risk our analysis is compromised by inaccurate or misleading information.

*Valuation Forecasts:* Our judgment about the attractiveness, value and potential appreciation of a particular asset class or individual security may be incorrect, and there is no guarantee that the securities we select will perform as anticipated. The value of an individual security can be more volatile than the market as a whole, or our approach may fail to produce the intended results. Our estimate of a security's intrinsic value may be wrong or, even if our estimate of intrinsic value is correct, it may take a long time before the market price and intrinsic value converge. As a result, there is a risk of loss on the assets we manage. We seek to reduce your risk through diversification. Although we will do our best in managing your assets, we cannot guarantee any level of performance or that you will not experience a loss in the value of your assets.

*Economic & Market Conditions:* VCM's models are sensitive to economic and market environments. If economic data diverges from market sentiment, VCM's strategies can experience difficulty. The decision to invest or not invest in certain securities can lead to higher levels of risk than desired and/or the strategies can experience underperformance relative to their respective benchmarks.

### **C. Risk of Loss and Frequent Trading**

Although VCM makes every effort to preserve capital and achieve capital appreciation, you should be aware investing in financial instruments involves the risk of loss. As a client, you should be prepared to bear losses. We do not represent or guarantee our services or methods of analysis can or will predict future results or insulate clients from losses due to market corrections or declines. You should be aware past performance is in no way an indication of future performance. VCM's strategies include frequent trades as positions and asset class exposures are adjusted. Unlike a passive investment approach which has static targets throughout all periods and seeks to match an index or benchmark with minimal adjustments, VCM's active approach is flexible and can have significant change throughout periods. Frequent trading can impact a client's overall performance due to transaction charges, taxes, and other costs associated with trading.

## **Item 9: Disciplinary Information**

### **A. Criminal or Civil Actions**

There is nothing to report on this item.

### **B. Administrative Enforcement Proceedings**

There is nothing to report on this item.

### **C. Self-Regulatory Organization Enforcement Proceedings**

There is nothing to report on this item.

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

### **A. Broker-Dealer or Representative Registration**

Investment adviser representatives of VCM may also be registered representatives of a nonaffiliated firm such as a broker-dealer.

VCM has a referral agreement with an unaffiliated, independent FINRA broker-dealer, LifeMark Securities Corp., through which some of VCM's investment adviser representatives may be dually registered.

Clients should be aware that Investment Adviser Representatives ("IARs") of VCM may engage in Outside Business Activities ("OBAs") such as the sale of insurance products, including life insurance and fixed annuities. These activities are conducted outside of VCM's advisory scope and may create potential conflicts of interest. Clients are advised to carefully review all insurance-related recommendations and understand that such products are not part of VCM's supervised investment platform. VCM disclaims responsibility and liability for any outcomes arising from these outside engagements. See the representative's ADV Part 2B for more detail.

### **B. Futures or Commodity Registration**

Neither VCM nor its affiliates are registered as a commodity firm, futures commission merchant, commodity pool operator or commodity trading advisor and do not have an application to register pending.

### **C. Material Relationships Maintained by this Advisory Business and Conflicts of Interest**

The following outside activities and affiliations create an additional conflict of interest in that VCM's owners', executives' or investment adviser representatives' obligations to these outside interests may either conflict with the advice provided by VCM or take up a substantial amount of their time and therefore the time spent on providing the services described herein may be limited by virtue of their obligations to these outside interests. Although VCM's owners, executives and investment adviser representatives will devote as much time to the business and affairs of VCM as is reasonably necessary to deliver the services described herein, they may devote a significant portion of their time to the affairs of these other activities and affiliations.

VCM has sought to adopt policies and procedures to address the conflicts presented by these relationships. For example, as part of the firm's fiduciary duty to its clients, VCM and its investment adviser representatives will endeavor at all times to put the interest of its investment advisory clients first. Additionally, the conflicts presented by this practice are disclosed to clients at the time of entering into an advisory agreement. Please refer to Item 11 of this brochure titled Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.

#### **C.1. Cornerstone Retirement Group LLC**

Matthew Rettich is a licensed insurance agent and CEO of Cornerstone Retirement Group LLC, a

financial planning firm. From time to time he may offer clients advice or recommend insurance products through Cornerstone Retirement Group LLC and receive a commission for doing so. Please be advised there is a potential conflict of interest in that there is an economic incentive to recommend insurance and other investment products. Please also be advised that VCM strives to put its clients' interests first and foremost. Clients are in no way required to implement a plan through any representative of VCM in their capacity as a registered investment adviser with another firm. Other than for insurance products that require a securities license, such as variable



insurance products, clients may utilize any insurance carrier or insurance agency they desire. For products requiring a securities and insurance license, clients may be limited to those insurance carriers that have a selling agreement with VCM's employing broker-dealer.

## **C.2. Virtue Advisors**

Jeremy Rettich is a licensed insurance agent, and the President and indirect owner of Virtue Advisors LLC, an insurance marketing firm. James Webb and Matthew Rettick are also licensed insurance agents and indirect owners of Virtue Advisors. They may recommend insurance products offered through Virtue Advisors and receive a commission or indirect compensation for doing so.

Virtue Advisors receives compensation under an agreement with Great American Life (GA) for VCM investment adviser representatives to provide a fee-based fixed-indexed annuity and optional guaranteed income rider. Virtue Advisors will receive a one-time 1.50% override payment that is not made by, reimbursed by, or deducted from either the Client or the investment adviser representative for each GA fee-based fixed indexed annuity purchased by a Client. Please be advised there is a potential conflict of interest in that there is an economic incentive to recommend insurance and other investment products. Please also be advised that VCM strives to put its clients' interests first and foremost. Other than for insurance products that require a securities license, such as variable insurance products, clients may utilize any insurance carrier or insurance agency they desire. For products requiring a securities and insurance license, clients may be limited to those insurance carriers that have a selling agreement with VCM's employing broker-dealer.

Most VCM investment adviser representatives also sell insurance products or annuities to their clients when appropriate. Insurance activities of investment adviser representatives might include engaging in the business of selling life, health, long-term care, and disability policies. Although some of these insurance related services or products may be provided through Virtue Advisors, many are not. Insurance products, including regular fixed index annuities, are not offered through VCM but are sold by insurance licensed agents using various insurance companies. The issuing insurance companies are not affiliated with VCM. Sometimes the fixed insurance product could be used as a replacement or alternative to the VCM fixed income portion of a portfolio. However, annuity products present their own differences from traditional fixed income securities, such as bonds, including, but not limited to liquidity, tax implications, surrender charges, and underlying fees. Unlike bonds, there is no secondary market for annuity products. Annuities also may be subject to caps, restrictions, fees and surrender charges as described in the annuity contract. Any annuity guarantees are backed by the financial strength and claims paying ability of the issuer. VCM does not charge management fees on commission based fixed index annuities. However, the representative may receive commissions from the recommendation of any insurance product, like a fixed index annuity, and this may present a conflict of interest. Full and fair disclosure will be made to clients if such a conflict exists that could impact the impartiality of their advice.

If a VCM investment adviser representative is licensed as an insurance agent and/or registered representative and makes a recommendation for transacting in a fixed annuity and/or life insurance product, this gives rise to conflicts of interest due to the fact that such VCM investment adviser representative is receiving remuneration in the form of commission and in some cases,

other compensation (such as a percentage of an organizations' profits for selling fixed annuities and/or life insurance) which incentivizes such investment adviser representatives to sell that product. VCM investment adviser representatives mitigate this conflict by making recommendations that are in the client's best interest and which are suitable for them based on their investment objectives and needs.

### **C.3. Virtue Financial Advisors**

VCM is affiliated with Virtue Financial Advisors ("VFA"), a financial planning firm. VFA is equally owned by Jeremy Rettich and Nomi Rettich. Jeremy Rettich is President of Virtue Financial Advisors. Clients of VCM may be offered advice or products by VFA. VCM acts in the best interest of the client, and clients are in no way required to implement a plan through any representative of VCM. Please be advised there is a conflict of interest in that there is an economic incentive to recommend insurance and other investment products to clients or prospective clients. Please also be advised that VCM strives to put its clients' interests first and foremost. Other than for certain insurance products that require a securities license, such as variable insurance products, clients may utilize any insurance carrier or insurance agency they desire. For products requiring a securities and insurance license, clients may be limited to those insurance carriers that have a selling agreement with VCM's employing broker-dealer.

### **C.4. Virtue Financial Holdings, LLC**

VFH is the parent company of VCM. VCM has a conflict of interest in that any recommendations by its affiliates may, depending on the fee structures of VCM, be in the best interest of VCM's affiliate VFH. Jeremy Rettich, the President of VCM, and Matthew Rettich are both substantial direct owners of VFH, and James Webb, Vice President of VCM, is a direct owner of VFH. Therefore, all direct owners of VFH are also indirect owners of VCM and Virtue Advisors.

### **C.5. Summit Capital Solutions, LLC**

Summit Capital Solutions (SCS) is an SEC Registered Investment Advisor ("RIA") that provides investment portfolio strategies ("Strategies") and concepts to RIAs. SCS and/or their third-party intellectual property partners deliver trade signals on SCS strategies to the RIAs. SCS does not have any clients. Jeremy Rettich and James Webb receive compensation from the strategies that are offered through SCS.

### **C.6. RIA Compliance Firm, LLC**

VCM is affiliated with RIA Compliance Firm, LLC ("RIACF"), a Tennessee limited liability company. Jeremy Rettich and James Webb have an ownership interest in and are officers of RIACF. RIACF offers investment advisers, including VCM and Summit, assistance with their compliance needs and VCM may pay RIACF for services it provides to these and other investment advisers that utilize the sub-advisory services of VCM, its managers, its affiliates, or insurance services of Virtue Advisors. This creates a conflict of interest since the principals, employees or independent contractors of VCM, RIACF or Virtue Advisors may have a financial incentive to promote RIACF, and to have investment advisers use the services of RIACF. This also creates a conflict for third-party investment advisers that wish to use the services of RIACF and that receive a discount on

the cost for such services or discounts on other related services and technology due to their doing business with VCM or its affiliates and since a client may pay different fees as a result of the investment adviser choosing to do business with VCM as a result. Investment advisers are under no obligation to obtain services from VCM, its affiliates, or RIACF and clients are under no obligation to do business with an investment adviser, VCM or any of its affiliates that may be doing business with RIACF. This conflict is mitigated by the shared desire to provide the best possible compliance services in the most efficient manner to investment advisers to strengthen their ability to comply with applicable securities laws and industry best practices, which can serve to better protect clients. This conflict is also mitigated by an adviser's duty to serve the best interests of its clients regardless of what firm is providing that adviser with compliance services. This conflict is further mitigated by RIACF's use of independent contractors and/or employees as consultants that have no interests in VCM, Virtue Advisors or other VCM affiliates.

#### **D. Recommendation or Selection of Other Investment Advisers and Conflicts of Interest**

VCM may from time to time participate as a sub-advisor under other firms' advisory programs. A client of the other firm selects a registered investment adviser, such as VCM, from a list of approved advisers to provide investment management services. VCM receives a fee for account management services provided to clients of an outside firm as outlined in a sub-advisory agreement. This agreement may also outline items such as the advisory services to be provided, the responsibilities of VCM and the other firm, and the terms of engagement including fees and termination. Responsibilities such as collecting the client's investment objectives, determining the strategy best suited for the client, and communication with the client will be the responsibility of the outside firm. VCM has no responsibility to assess the value of services provided by the outside firm, therefore the client should evaluate whether such a program is suitable for their needs and objectives, and whether comparable or similar services are available at a lower cost elsewhere.

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

### **A. Code of Ethics Description**

In accordance with the Advisers Act, VCM has adopted policies and procedures designed to detect and prevent insider trading and other violations of the federal securities laws. In addition, VCM has adopted a Code of Ethics (the "Code"). Among other things, the Code includes written procedures governing the conduct of VCM's advisory and access persons. The Code also imposes certain reporting obligations on persons subject to the Code. The Code and applicable securities transactions are monitored by the chief compliance officer of VCM. VCM will send clients a copy of its Code of Ethics upon written request.

VCM has policies and procedures that are designed to promote the interests of its clients such that they are given preference over those of VCM, its affiliates and its employees. For example, there are policies in place to prevent the misappropriation of material non-public information, and such other policies and procedures reasonably designed to comply with federal and state securities laws.

### **B. Investment Recommendations Involving a Material Financial Interest and Conflicts of Interest**

VCM does not engage in principal trading (i.e., the practice of selling stock to advisory clients from a firm's inventory or buying stocks from advisory clients into a firm's inventory). In addition, VCM does not recommend any securities to advisory clients in which it has some proprietary or ownership interest.

### **C. Advisory Firm Purchase of Same Securities Recommended to Clients and Conflicts of Interest**

VCM, its affiliates, employees and their families, trusts, estates, charitable organizations and retirement plans established by it may purchase the same securities or different securities as are purchased for or recommended to clients in accordance with its Code of Ethics policies and procedures. The personal securities transactions by advisory representatives and employees may raise potential conflicts of interest when they trade in a security that is:

- owned by the client, or
- considered for purchase or sale for the client.

Such conflict generally refers to the practice of front-running (trading ahead of the client), which VCM specifically prohibits. VCM has adopted policies and procedures that are intended to address these conflicts of interest. These policies and procedures:

- require our advisory representatives and employees to act in the client's best interest
- prohibit fraudulent conduct in connection with the trading of securities in a client account

- prohibit employees from personally benefitting by causing a client to act, or fail to act in making investment decisions
- prohibit the firm or its employees from profiting or causing others to profit on knowledge of completed or contemplated client transactions
- allocate investment opportunities in a fair and equitable manner
- provide for the review of transactions to discover and correct any trades that result in an advisory representative or employee benefitting at the expense of a client.

Advisory representatives and employees must follow VCM's procedures when purchasing or selling the same securities purchased or sold for the client.

#### **D. Client Securities Recommendations or Trades and Concurrent Advisory Firm Securities Transactions and Conflicts of Interest**

VCM, its affiliates, employees and their families, trusts, estates, charitable organizations, and retirement plans established by it may affect securities transactions for their own accounts that differ from those recommended or affected for other VCM clients. VCM will make a reasonable attempt to trade securities in client accounts at or prior to trading the securities in its affiliate, corporate, employee or employee-related accounts. Trades executed the same day will likely be subject to an average pricing calculation (please refer to Item 12.B.3 Order Aggregation). It is the policy of VCM to place the clients' interests above those of VCM and its employees.

## Item 12: Brokerage Practices

### A. Factors Used to Select Broker-Dealers for Client Transactions

#### A.1. Custodian Recommendations

VCM may recommend that clients establish brokerage accounts with Charles Schwab & Co, Inc. or Fidelity Investments ("custodian"), a FINRA-registered broker-dealer, member SIPC to maintain custody of clients' assets and to effect trades for their accounts. Although VCM may recommend that clients establish accounts at the custodian, it is the client's decision to custody assets with the custodian. VCM is independently owned and operated and not affiliated with custodian. For VCM-managed advisory accounts, the custodian generally does not charge separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through the custodian or that settle into custodian accounts. VCM considers the financial strength, reputation, operational efficiency, cost, execution capability, level of customer service, and related factors in recommending broker-dealers or custodians to advisory clients.

VCM may provide investment advice to clients as to the proper allocation and selection of investments made available through a 529 plan. Please be advised that our advice is limited to those funds available within any such 529 plan. VCM may provide investment advice to clients as to the proper allocation and selection of investments made available through a fee-based variable annuity product. Please be advised that our advice is limited to those funds available within any such 529 plan.

In certain instances, and subject to approval by VCM, VCM will recommend to clients certain other broker-dealers and/or custodians based on the needs of the individual client, and taking into consideration the nature of the services required, the experience of the broker-dealer or custodian, the cost and quality of the services, and the reputation of the broker-dealer or custodian. The final determination to engage a broker-dealer or custodian recommended by VCM will be made by and in the sole discretion of the client. The client recognizes that broker-dealers and/or custodians have different cost and fee structures and trade execution capabilities. As a result, there may be disparities with respect to the cost of services and/or the transaction prices for securities transactions executed on behalf of the client. Clients are responsible for assessing the commissions and other costs charged by broker-dealers and/or custodians.

##### A.1.a. How We Select Brokers/Custodians to Recommend

VCM 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. We consider a wide range of factors, including, among others, the following:

- combination of transaction execution services along with asset custody services (generally without a separate fee for custody)
- capability to execute, clear, and settle trades (buy and sell securities for client accounts)

- capabilities to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- breadth of investment products made available (stocks, bonds, mutual funds, exchange-traded funds (ETFs), etc.)
- availability of investment research and tools that assist us in making investment decisions
- quality of services
- competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate them
- reputation, financial strength, and stability of the provider
- their prior service to us and our other clients
- availability of other products and services that benefit us, as discussed below

#### **A.1.b. Client's Custody and Brokerage Costs**

For client accounts that the firm maintains, the custodian generally does not charge clients separately for custody services but is compensated by charging transaction fees on trades that it executes or that settle into the custodian's accounts. The custodian's commission rates applicable to the firm's client accounts were negotiated based on the firm's commitment to maintain a certain minimum amount of client assets at the custodian. This commitment benefits the client because the overall commission rates paid are lower than they would be if the firm had not made the commitment. In addition to commissions, the custodian charges a flat dollar amount as a "prime broker" or "trade away" fee for each trade that the firm has executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into the client's custodian account. These fees are in addition to the commissions or other compensation the client pays the executing broker-dealer. Because of this, in order to minimize the client's trading costs, the firm has the custodian execute most trades for the account.

#### **A.1.c. Soft Dollar Arrangements**

VCM does not utilize soft dollar arrangements. VCM does not direct brokerage transactions to executing brokers for research and brokerage services.

#### **A.1.d. Institutional Trading and Custody Services**

The custodian provides VCM with access to their institutional trading and custody services, which are typically not available to the custodian's retail investors. These services generally are available to independent investment advisers on an unsolicited basis, at no charge to them so long as a certain minimum amount of the adviser's clients' assets are maintained in accounts at a particular custodian. The custodian's brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or may require a higher minimum initial investment.

#### **A.1.e. Other Products and Services**

The custodian also makes available to VCM other products and services that benefit VCM but may not directly benefit its clients' accounts. Many of these products and services may be used to service all or some substantial number of VCM's accounts, including accounts not maintained at the custodian. The custodian may also make available to VCM software and other technology that:

- provide access to client account data (such as trade confirmations and account statements)
- facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- provide research, pricing, and other market data
- facilitate payment of VCM's fees from its clients' accounts
- assist with back-office functions, recordkeeping, and client reporting

The custodian may also offer other services intended to help VCM manage and further develop its business enterprise. These services may include

- compliance, legal and business consulting
- publications and conferences on practice management and business succession
- access to employee benefits providers, human capital consultants and insurance providers

The custodian may also provide other benefits such as educational events or occasional business entertainment of VCM personnel. In evaluating whether to recommend that client's custody their assets at the custodian, VCM may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors it considers, and not solely the nature, cost or quality of custody and brokerage services provided by the custodian, which creates a conflict of interest. VCM mitigates this conflict by making custodian recommendations in conformity with the client's personal and financial circumstances and in the best interests of the client.

#### **A.1.f. Independent Third Parties**

The custodian may make available, arrange, and/or pay third-party vendors for the types of services rendered to VCM. The custodian may discount or waive fees it would otherwise charge for some of these services or all or a part of the fees of a third party providing these services to VCM.

#### **A.1.g. Additional Compensation Received from Custodians**

VCM may participate in institutional customer programs sponsored by broker-dealers or custodians. VCM may recommend these broker-dealers or custodians to clients for custody and brokerage services. There is no direct link between VCM's participation in such programs and the investment advice it gives to its clients, although VCM receives economic benefits through its participation in the programs that are typically not available to retail investors. These benefits may 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 VCM 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
- Discounts on compliance, marketing, research, technology, and practice management products or services provided to VCM by third-party vendors

The custodian may also pay for business consulting and professional services received by VCM's related persons and may pay or reimburse expenses (including client transition expenses, travel, lodging, meals and entertainment expenses for VCM's personnel to attend conferences). Some of the products and services made available by such custodian through its institutional customer programs may benefit VCM but may not benefit its client accounts. These products or services may assist VCM in managing and administering client accounts, including accounts not maintained at the custodian as applicable. Other services made available through the programs are intended to help VCM manage and further develop its business enterprise. The benefits received by VCM or its personnel through participation in these programs do not depend on the amount of brokerage transactions directed to the broker-dealer.

VCM may also participate in similar institutional advisor programs offered by other independent broker-dealers or trust companies, and its continued participation may require VCM to maintain a predetermined level of assets at such firms. In connection with its participation in such programs, VCM will typically receive benefits similar to those listed above, including research, payments for business consulting and professional services received by VCM's related persons, and reimbursement of expenses (including travel, lodging, meals and entertainment expenses for VCM's personnel to attend conferences sponsored by the broker-dealer or trust company).

As part of its fiduciary duties to clients, VCM endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by VCM or its related persons in and of itself creates a conflict of interest and indirectly influences VCM's recommendation of broker-dealers for custody and brokerage services. VCM mitigates this conflict by disclosing the conflict and managing the account in conformity with the client's personal and financial circumstances and in the best interests of the client.

#### **A.1.h. The Firm's Interest in Custodian's Services**

The availability of these services from the custodian benefits the firm because the firm does not have to produce or purchase them. The firm does not have to pay for the custodian's services

so long as a certain minimum of client assets is kept in accounts at the custodian. Custodian's services give the firm an incentive to recommend that clients maintain their accounts with the custodian based on the firm's interest in receiving the custodian's services that benefit the firm's business rather than based on the client's interest in receiving the best value in custody services and the most favorable execution of client transactions. This is a conflict of interest. The firm believes, however, that the selection of the custodian as custodian and broker is in the best interest of clients. It is primarily supported by the scope, quality, and price of the custodian's services and not the custodian's services that benefit only the firm.

## **A.2. Brokerage for Client Referrals**

VCM does not engage in the practice of directing brokerage commissions in exchange for the referral of advisory clients.

## **A.3. Directed Brokerage**

### **A.3.a. VCM Recommendations**

VCM typically recommends Charles Schwab or Fidelity Investments as custodians for clients' funds and securities and to execute securities transactions on its clients' behalf.

### **A.3.b. Client-Directed Brokerage**

Occasionally, clients may direct VCM to use a particular broker-dealer to execute portfolio transactions. Clients who designate the use of a particular broker-dealer should be aware that they will lose any possible advantage VCM derives from aggregating transactions. Such client trades are typically affected after the trades of clients who have not directed the use of a particular broker-dealer. VCM loses the ability to aggregate trades with other VCM advisory clients, potentially subjecting the client to inferior trade execution prices as well as higher commissions.

## **B. Aggregating Securities Transactions for Client Accounts**

### **B.1. Best Execution**

VCM, pursuant to the terms of its investment advisory agreement with clients, has discretionary authority to determine which securities are to be bought and sold, and the amount of such securities. VCM recognizes that the analysis of execution quality involves a number of factors, both qualitative and quantitative. VCM will follow a process in an attempt to ensure that it is seeking to obtain the most favorable execution under the prevailing circumstances when placing client orders.

Consistent with its fiduciary responsibilities, VCM seeks to ensure that clients receive best execution with respect to clients' transactions by blocking client trades to reduce commissions and transaction costs. To the best of VCM's knowledge, these custodians provide high-quality execution, and VCM's clients do not pay higher transaction costs in return for such execution.

Commission rates and securities transaction fees charged to affect such transactions are established by the client's independent custodian and/or broker-dealer. Based upon its own knowledge of the securities industry, VCM believes that such commission rates are competitive within the securities industry. Lower commissions or better execution may be able to be achieved elsewhere.

## **B.2. Security Allocation**

Since VCM may be managing accounts with similar investment objectives, VCM may aggregate orders for securities for such accounts. In such event, allocation of the securities so purchased or sold, as well as expenses incurred in the transaction, is made by VCM in the manner it considers to be the most equitable and consistent with its fiduciary obligations to such accounts.

VCM's allocation procedures seek to allocate investment opportunities among clients in the fairest possible way, taking into account the clients' best interests. VCM will follow procedures to ensure that allocations do not involve a practice of favoring or discriminating against any client or group of clients. Account performance is never a factor in trade allocations.

VCM's advice to certain clients and entities and the action of VCM for those and other clients are frequently premised not only on the merits of a particular investment, but also on the suitability of that investment for the particular client in light of his or her applicable investment objective, guidelines and circumstances. Thus, any action of VCM with respect to a particular investment may, for a particular client, differ or be opposed to the recommendation, advice, or actions of VCM to or on behalf of other clients.

## **B.3. Order Aggregation**

Orders for the same security entered on behalf of more than one client on the same day may generally be aggregated (i.e., blocked or bunched) subject to the aggregation being in the best interests of all participating clients. Subsequent orders for the same security entered during the same trading day may be aggregated with any previously unfilled orders. Subsequent orders may also be aggregated with filled orders if the market price for the security has not materially changed and the aggregation does not cause any unintended duration exposure. All clients participating in each aggregated order will usually receive the average price and, subject to minimum ticket charges and possible step outs, pay a pro rata portion of commissions.

To minimize performance dispersion, "strategy" trades should be aggregated and average priced. However, when a trade is to be executed for an individual account and the trade is not in the best interests of other accounts, then the trade will only be performed for that account. This is true even if VCM believes that a larger size block trade would lead to best overall price for the security being transacted.

## **B.4. Allocation of Trades**

Allocations will usually be made prior to the close of business on the trade date. In the event an order is "partially filled," the allocation will be made in the best interests of all the clients in the order, taking into account all relevant factors including, but not limited to, the size of each client's

allocation, clients' liquidity needs and previous allocations. In most cases, accounts will get a pro forma allocation based on the initial allocation. This policy also applies if an order is "over-filled."

VCM acts in accordance with its duty to seek best price and execution and will not continue any arrangements if VCM determines that such arrangements are no longer in the best interest of its clients.

### **B.5. Trade Error Policy**

The firm maintains policies and procedures for the disposition of trade errors. The firm's policy is as follows:

Subject to VCM's discretionary authority to make trades, all trade errors must be reviewed and approved by a VCM Manager or the Chief Compliance Officer ("CCO") before a correction can be affected. It is the responsibility of the Manager and/or CCO, once the correcting trade has been affected, to memorialize the details of the error and correction, and if necessary, to work with the applicable service provider (most likely the custodian or third-party money manager) to determine fault and how the corrected trade is to be reflected or corrected in the client's account. Errors resulting in losses of \$100 or less, irrespective of fault, will usually be absorbed either by the custodian or VCM. VCM firm policy is that any gains or losses resulting from error correction will be placed in VCM's error correction account. If the error results in a gain, VCM may use the gain to offset trade error losses, allow the client to keep the gain, or donate the gain to charity. If the error results in a loss, VCM will make the client whole by reversing or otherwise as appropriate fixing the error, or by crediting the client account for any loss.

## **Item 13: Review of Accounts**

### **A. Schedule for Periodic Review of Client Accounts or Financial Plans and Advisory Persons Involved**

Accounts are reviewed by the investment adviser representatives and random accounts are reviewed by VCM's Chief Compliance Officer or designees. Adviser reviews are generally conducted no less frequently than annually. More frequent reviews may also be triggered by a change in the client's investment objectives, tax considerations, large deposits or withdrawals, large purchases or sales, loss of confidence in the underlying investment, changes in macro-economic climate or other variables.

The client will receive written statements no less than quarterly from the custodian. In addition, the client may receive other supporting reports from mutual funds, asset managers, trust companies or custodians, insurance companies, broker-dealers and others who are involved with client accounts.

VCM has the ability to prepare written quarterly reports through a third-party performance reporting software which also reflects current positions and valuations which may be provided to all clients for managed accounts. Third party custodians also provide monthly statements. Financial planning clients receive their financial plans and recommendations at the time service is completed. Financial planning agreements are reviewed by the Chief Compliance Officer or his designee prior to such agreements being executed. There are no post-plan reviews unless engaged to do so by the client.

### **B. Review of Client Accounts on Non-Periodic Basis**

VCM may perform ad hoc reviews on an as-needed basis if there have been material changes in the client's investment objectives or risk tolerance, or a material change in how VCM formulates investment advice.

### **C. Content of Client-Provided Reports and Frequency**

Please be advised that the firm, based upon the specific services engaged for in the investment advisory and or financial planning agreement, will prepare written financial planning reports or other reports as specifically engaged by the client to perform in accordance with the terms of such agreement.

Clients may receive a quarterly performance evaluation, a monthly activity summary statement, confirmation of all transactions as they occur, and a year-end tax summary supplemental to their account statements. All reports are provided in writing. Additional reports may be provided depending on the program and at the request of the client. All account statements are sent to the client directly from the custodian. The custodian's statement is the official record of the client's securities account and supersedes any Orion Advisor Technology, LLC statements or reports created on behalf of the client by VCM.

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

### **A. Economic Benefits Provided to the Advisory Firm from External Sources and Conflicts of Interest**

We receive an economic benefit from Charles Schwab and Fidelity Investments in the form of the support products and services it makes available to us. These products and services, how they benefit us, and the related conflicts of interest are described above under 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.

### **B. Advisory Firm Payments for Client Referrals**

Please be advised that the firm may employ internal and external recruiters ("Recruiters") whose primary responsibility is to recruit and employ qualified investment adviser representative candidates or investment advisers. In this regard the Recruiters are paid a percentage of the aggregate revenue generated by the recruit's advisory clients, provided such recruit (i) joins VCM as an investment adviser representative or contracts VCM in a sub-advisory capacity and (ii) the recruit's advisory clients establish an investment advisory or sub-advisory relationship with VCM, as applicable. Please note that recommendations by the Recruiters to qualified investment adviser representative candidates may entail the offer of economic benefits to entice the candidate to join VCM. This practice creates a conflict of interest in that any recommendations they might receive to establish an investment advisory relationship with VCM may be motivated by the investment adviser representative's economic self-interest rather than what may be in the best interest of the advisory client. Please note there is no additional fee paid by the client as a result of any fee paid to the Recruiters by VCM. VCM manages these conflicts by disclosing such conflict to its prospective clients and ensuring that all advice to clients is formulated with the clients' best interests in mind.

### **C. Expense Reimbursements**

VCM may from time to time receive expense reimbursement for travel and/or marketing expenses from distributors of investment and/or insurance products. Travel expense reimbursements are typically a result of attendance at due diligence and/or investment training events hosted by product sponsors or issuers. Marketing expense reimbursements are typically the result of informal expense sharing arrangements in which product sponsors or issuers may underwrite costs incurred for marketing, such as advertising, publishing, and seminar expenses. Although receipt of these travel and marketing expense reimbursements are not predicated upon specific sales quotas, the product sponsor reimbursements are typically made by those sponsors for whom sales have been made or it is anticipated sales will be made. This creates a conflict of interest in that there is an incentive to recommend certain products and investments based on the receipt of this compensation or reimbursements instead of what is in the best interest of our clients. We attempt to control for this conflict by always basing investment decisions on the individual needs of our

clients.

## **D. Other Compensation**

VCM receives compensation under an agreement with Great American Life (GA) to provide a fee-based fixed-indexed annuity and optional guaranteed income rider as part of the advisory products it offers. VCM will receive a one-time .25% override payment that is not made by, reimbursed by, or deducted from either the client or the investment adviser representative. It is paid directly from GA to VCM. GA will charge the client an annual 1.00% fee that will be billed monthly for each GA fee-based fixed indexed annuity purchased by a Client.

Receiving compensation can be considered a conflict of interest because the investment adviser representative can have a financial incentive to recommend that a client invest in the GA fee-based fixed indexed annuity. However, if you engage VCM and wish to invest in a GA fee-based fixed indexed annuity investment, your representative should obtain all the necessary financial and personal data necessary to assist the representative in confirming the suitability of this product and help the representative in determining if this is an appropriate investment product for you. Your representative should then be able to provide an accurate recommendation based on your investment objectives without regard for financial incentive. We encourage you to review this ADV closely and discuss any potential conflicts of interest with your representative.



## Item 15: Custody

VCM may be considered by the SEC depending upon the SEC's interpretations and guidance at the time to have custody of client assets for purposes of the Advisers Act for the following reasons:

- The client authorizes VCM to instruct the custodian to deduct VCM's advisory fees directly from the client's account. The custodian maintains actual custody of clients' assets in these instances. Clients should not communicate trade instructions or allocation requests directly to the Custodian. All such instructions should be directed to VCM or the client's assigned Investment Adviser Representative. VCM disclaims liability for any losses resulting from instructions provided directly to the Custodian or executed outside of VCM's established communication protocols.
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- Additionally, clients may be required to indemnify VCM for any costs, expenses, or losses arising from improper communications or direct custodial instructions that result in operational or financial harm.
- A client may provide VCM authority to direct client requests, utilizing standing instructions, for wire transfer of funds for first-party money movement and third-party money movement (checks and/or journals, ACH, Fed-wires). In such instances, the firm has elected to meet the SEC's seven conditions to avoid the surprise custody exam, as outlined below:
  1. 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.
  2. 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.
  3. 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.
  4. The client has the ability to terminate or change the instruction to the client's qualified custodian.
  5. 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.
  6. 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.
  7. The client's qualified custodian sends the client, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.

Individual advisory clients will receive at least quarterly account statements directly from their custodian containing a description of all activity, cash balances, and portfolio holdings in their

accounts. Clients are urged to compare the account balance(s) shown on their account statements to the quarter-end balance(s) on their custodian's monthly statement. The custodian's statement is the official record of the account. Private fund investors will receive fund level statements of all activity, cash balances, and portfolio holdings on a quarterly basis from their qualified custodian.

## Item 16: Investment Discretion

Clients under an asset management agreement (AMA) with VCM and/or a Client Sub-Advisory Agreement (SAA) with another investment adviser that has contracted with VCM to serve as a sub-adviser authorize VCM to perform the services described in the AMA and/or SAA and give authority to VCM for the discretionary investment and reinvestment of assets designated by the client in the executed AMA and/or SAA (the "Assets") in an account established with VCM (the "Account"). Therefore, VCM is authorized, with full discretion and without prior consultation with such clients, to buy, sell, and trade in stocks, bonds, exchange traded funds ("ETFs"), options, mutual funds and other public and private securities or investments. The authority granted to VCM under the AMA will continue in force until revoked by the client in writing. Such revocation will be effective upon VCM's receipt. Under the AMA and/or SAA the client authorizes VCM to delegate the performance of any of its duties to third parties or affiliates. VCM utilizes the services of a third party (a "Coordinator") to coordinate the services of VCM and various third-party investment managers (the "Managers"). VCM is authorized to allocate client's Assets among different portfolios/programs managed by the Managers. VCM is also authorized to terminate any relationships with a third-party money manager.

Clients may also grant a limited power of attorney to VCM with respect to trading activity in their accounts by signing the appropriate custodian limited power of attorney form. In those cases, VCM may exercise full discretion as to the nature and type of securities to be purchased and sold, and the amount of securities for such transactions. Investment limitations may be designated by the client as outlined in the asset management agreement.

## Item 17: Voting Client Securities

VCM does not take discretion with respect to voting proxies on behalf of its clients. VCM will endeavor to make recommendations to clients on voting proxies regarding shareholder vote, consent, election or similar actions solicited by, or with respect to, issuers of securities beneficially held as part of VCM supervised and/or managed assets. In no event will VCM take discretion with respect to voting proxies on behalf of its clients.

Except as required by applicable law, VCM will not be obligated to render advice or take any action on behalf of clients with respect to assets presently or formerly held in their accounts that become the subject of any legal proceedings, including bankruptcies.

From time to time, securities held in the accounts of clients will be the subject of class action lawsuits. VCM has no obligation to determine if securities held by the client are subject to a pending or resolved class action lawsuit. VCM also has no duty to evaluate a client's eligibility or to submit a claim to participate in the proceeds of a securities class action settlement or verdict. Furthermore, VCM has no obligation or responsibility to initiate litigation to recover damages on behalf of clients who may have been injured as a result of actions, misconduct, or negligence by corporate management of issuers whose securities are held by clients.

Where VCM receives written or electronic notice of a class action lawsuit, settlement, or verdict affecting securities owned by a client, it will attempt to forward all notices, proof of claim forms, and other materials to the client. Electronic mail is acceptable where appropriate and where the client has authorized contact in this manner.

### **Electronic Delivery & Termination by Email**

Advisory agreements with VCM may be terminated at any time by written notice, including via electronic communication (e.g., email). Upon receipt or delivery of such notice, billing will be processed on a pro-rata basis through the effective date of termination. After termination, VCM disclaims any further fiduciary responsibility over the account unless otherwise agreed.

## **Item 18: Financial Information**

### **Balance Sheet**

VCM does not require the prepayment of advisory fees of more than \$1,200, six months or more in advance and as such is not required to file a balance sheet.

### **Financial Conditions Reasonably Likely to Impair Advisory Firm's Ability to Meet Commitments to Clients**

VCM does not have any financial issues that would impair its ability to provide services to clients.

### **Bankruptcy Petitions During the Past Ten Years**

There is nothing to report on this item.