

FIRM BROCHURE
(Part 2A of Form ADV)
CRD# 285052

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Part 2A of Form ADV (the “Brochure”) provides information about the qualifications and business practices of Vanguard Capital Wealth Advisors, LLC (“Vanguard Capital”). If you have any questions about the contents of this Brochure, please contact us at (949) 474-0490. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Vanguard Capital is registered as an investment adviser with the Securities and Exchange Commission; however, such registration does not imply a certain level of skill or training and no inference to the contrary should be made.

Additional information about Vanguard Capital is also available on the SEC’s website at WWW.ADVISERINFO.SEC.GOV.

ITEM 2: MATERIAL CHANGES

In this section, we only discuss material changes to our Brochure. Vanguard Capital filed its initial Brochure on September 9, 2016 as a succession adviser following the purchase of our investment advisory practice from the previous Vanguard Capital. Since that date, we have reached \$100mm of asset under management and filed an amended ADV Part 1 to register as a large investment adviser with the SEC.

In addition, John Blakezuniga sold his interest in the firm to Julia Youngblood, so is no longer an owner in the firm. See Item 9 for a discussion of Mr. Blakezuniga's disciplinary actions with FINRA.

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Item 4: Advisory Business

Description of Firm

Vanguard Capital (“VC”) is an independent investment management and advisory firm based in Evergreen, Colorado with a significant branch office in Irvine, California. VC provides customized independent and objective advice regarding portfolio and asset management for a wide variety of customers including individuals, corporations and private businesses, endowments, non-profit entities, pension and profit sharing plans, IRA plans, and 401-K plans.

VC is currently registered with the Securities and Exchange Commission as an investment adviser. The Firm conducts business in Colorado, California, Arizona, Florida, Maryland, New York, Puerto Rico, and Utah. VC is owned by John Borcich, Vincent Polivka, and Julia Youngblood.

In August of 2016, the firm purchased the investment advisory business, including the company name, “Vanguard Capital” from Vanguard Capital, Inc. Vanguard Capital Inc. may continue its broker dealer business as a broker-dealer unaffiliated with the firm.

Types of Advisory Services Offered

VC seeks to add value through judicious selection and allocation of publicly traded investments. VC provides portfolio management advisory services, pension and retirement consulting, personal financial consulting, and may recommend the services of independent third-party advisers or co-advisers to manage all or a portion of a client’s discretionary account(s).

VC provides investment advice on equity securities, warrants, corporate bonds, mutual funds, exchange traded funds (“ETFs”), fixed income instruments, cash and cash equivalent securities, real estate investment trusts (“REITS”), master limited partnerships (“MLPS”), precious metal investments, and publicly traded option contracts. Clients should be aware that due to the volatile nature of these types of securities, the client’s account value will fluctuate, and at any point in time may be worth more or less than the amount originally invested. We tailor our advisory services to the investment objectives and risk tolerance of each client.

Advisory Agreements

Prior to engaging VC to provide the investment management services described in this brochure, each new client will be required to enter into a written investment management agreement with VC setting forth the terms and conditions under which VC shall render its services, including the type and amount of fees payable to VC. In accordance with Rule 204-3 under the Investment Advisers Act of 1940, as amended (“Advisers Act”), VC will provide a brochure and one or more brochure supplements to each client or prospective client prior to or contemporaneously with the execution of an investment management agreement.

The advisory relationship will continue in effect until terminated by either party pursuant to the terms of the agreement between VC and the client. The Firm's annual fee shall be prorated through the date of termination and any remaining balance shall be charged to the client, as appropriate, in a timely manner. Neither VC nor the client may assign the agreement without the written consent of the other party. Transactions that do not result in a change of actual control or management shall not be considered an assignment.

Clients may terminate their agreement with VC within five business days of the date of execution of the agreement without penalty or charge of fees. After five business days, clients may terminate their agreement in accordance with the terms of the written agreement with VC.

Assets Under Management as of March 30, 2017

Type of Account	Assets Under Management ("AUM")
Discretionary	\$116,158,000
Non-Discretionary	\$0.00
Total:	\$116,158,000

ITEM 5: FEES AND COMPENSATION

Advisory fees are negotiable, and arrangements with any particular client may differ. VC may in its sole discretion reduce or waive management fees for friends and family members, or to compete in acquiring prospective customer's business. VC may amend its standard fee schedule at any time. In the event VC contracts other registered third party investment advisers to assist the customer in attaining their investment objectives, VC may share a portion of its advisory fees with such third parties. The annual advisory fees shall be paid at the end of each calendar quarter, computed on the value of the last day of the previous quarter. The advisory fee for the initial quarter shall be calculated on a pro rata basis commencing on the day a client's assets are initially designated to VC for management by execution of a written client agreement. We typically have authority to deduct advisory fees directly from client account at the custodian.

VC's annualized standard asset based fee for discretionary accounts is as follows:

- 1.5 % of assets managed up to \$500,000
- 1.25 % for \$500,000.00 to \$2,000,000
- 1.0 % for \$2,000,000.00 to \$5,000,000
- .75 % for \$5,000,000.00 to \$10,000,000
- .50 % on balances in excess of \$10 million

VC's annualized standard asset based fee for discretionary 401(k) and other employer based retirement accounts is as follows:

1.0% of assets managed up to \$1,000,000
.75% for the next \$ 2,500,000
.50% for the next \$ 5,000,000
.35% on balances in excess of \$8,500,000

VC's standard hourly billing rate for non-portfolio management clients seeking independent financial consultation, on a per project basis, is as follows:

\$ 200.00 per hour for the first 5 hours
\$ 150.00 per hour for the next 10 hours
\$ 125.00 per hour in excess of 15 hours

Fees are negotiable. For portfolio management clients, upon termination of an account, all advisory fees due will be prorated to date of termination.

All fees paid to VC for advisory services provided to clients are separate and distinct from the fees and expenses charged by third parties. These separate fees and expenses include, but are not limited to, custodial fees, execution costs, and mutual fund fees and expenses. Client assets also may be subject to transaction fees, brokerage fees and commissions, retirement plan administration fees (if applicable), trustee fees, deferred sales charges on mutual funds initially deposited in the account, 12b-1 fees, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, overnight courier or postage fees, and other fees and taxes on brokerage accounts and securities transactions. For mutual funds and exchange traded funds, a client may be charged internal management fees, distribution fees, redemption fees and other expenses, which are fully described in the applicable fund's prospectus. Notably, VC will not receive any portion of these other fees and expenses.

Clients should review the fees charged to their account(s) to fully understand the total amount of all fees charged. While VC intends to maintain competitive pricing, clients should understand that lower fees for comparable services may be available from other investment advisory or financial planning firms.

Important Considerations

In accordance with Rule 204-3 under the Investment Advisers Act, VC will provide a current copy of Form ADV Part 2A and relevant brochure supplements to each client or prospective client prior to or as the same time as the execution of a written agreement with VC. Clients are to receive a copy of VC's Form ADV Part 2A prior to or at the time of executing an agreement with VC. Neither VC nor the client may assign the written agreement without the consent of the other party. Transactions that do not result in a change of actual control or management of VC shall not be considered an assignment.

Conflicts of Interest

Clients should be aware that the receipt of additional compensation itself creates an inherent conflict of interest, and may affect the judgment of these individuals when making recommendations.

VC has also adopted certain procedures designed to mitigate the effects of these conflicts. For example, as part of VC's fiduciary duty to clients, VC and its representatives will endeavor at all times to put the interests of the clients first, and recommendations will only be made to the extent that they are reasonably believed to be in the best interests of the client. Additionally, the conflicts presented by these practices are disclosed to clients at the time of entering into an advisory agreement.

ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

VC does not charge performance-based fees (*i.e.*, fees calculated are based on a share of capital gains on or capital appreciation of the client's assets or any portion of the client's assets). Consequently, VC does not engage in side-by-side management of accounts that are charged a performance-based fee with accounts that are charged another type of fee (such as assets under management). As described above, VC provides its services based upon a percentage of assets under management, in accordance with SEC Rule 205(a)(1). Notably, accounts that are managed in the same style (*e.g.*, moderately aggressive) may not be managed the same way due to the client's overall investment objective, discretion of the investment professional assigned to the account, asset size and account restrictions.

ITEM 7: TYPES OF CLIENTS

VC provides independent, objective advice regarding asset management, retirement planning and pension consulting for individuals, including high net-worth individuals, endowments, pension plans, not for profit entities, qualified pension and profit sharing plans, and corporate entities.

Generally, a minimum of \$50,000 is required to open and maintain a discretionary portfolio management account. This requirement may be waived at VC's sole discretion.

There may be times when certain restrictions are placed by a client, which prevents VC from accepting or continuing to manage the portfolio management account. VC reserves the right to not accept and/or terminate management of a client's account if it feels the client imposed restrictions which would limit or prevent it from meeting and/or maintaining its overall investment strategy.

Services to 401(k) Plans

VC may provide non-discretionary advisory services to 401(k) Plans, which may include, depending on the needs of the 401(k) Plan client, recommending selection and removal of investment options for plans to offer to participants, ongoing monitoring of a plan's investment options, assisting plan fiduciaries in creating, monitoring and updating the plan's written

investment policy statements, working with plan service providers, providing quarterly reports to plan fiduciaries, and providing general investment education and asset allocation assistance to plan participants.

ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Methods of Analysis

Discretionary Accounts

For our discretionary clients, Vanguard Capital advisors generally evaluate four (4) factors:

1) The customer's objectives, time horizon, and their willingness to accept risk; 2) economic, market and security specific risk as determined by past and implied volatility; 3) Cash flows associated with dividends, interest, and/or stock buy backs; 4) Estimated future pricing or value of securities based on earnings growth. We try to answer the question on behalf of our clients as to "Which stocks or investment funds do we wish our clients to own over the next 2 to 5 years?" We attempt to identify those attributes a company, or an industry must possess to survive and thrive in an uncertain financial future.

We strive to identify companies and specific industry sectors which have ample cash on hand, and have reasonable access to capital markets. We attempt to identify companies with superior management teams positioned well to effectively compete in global markets, and also which maintain technological and product or service leadership, in their respective industries. We ascertain whether they have been innovative in the past, and expedient in refocusing their efforts and product offerings. Simply put: "Do they adapt?"

In addition, we continuously monitor and attempt to "winnow out" or screen investments that from time to time are underperforming, or have failed to achieve our projected targets. We believe that eliminating poor performing investments quickly and efficiently is as important as selecting good long term performers. We will not hesitate in selling or eliminating investments which we identify as not contributing to a superior overall portfolio result.

401K Plans

Vanguard Capital utilizes a specialized approach to manage fiduciary risk of client retirement 401K programs. We analyze our client's current plan to gather information needed to measure the competitiveness from an administrative, investment and fee perspective. This analysis becomes the foundation for establishing a prudently documented, due-diligence process plan fiduciaries can follow to assure compliance with ERISA regulations. Vanguard Capital representatives will assist in benchmarking our clients plan against peers to identify strengths and weaknesses of the current retirement plan. Retirement plans are measured for results and the ability of employees to retire successfully.

Retirement Plan Services Include:

- Investment Fiduciary Risk Management
- Investment Policy Statement
- Participant Education and Communication Policy Statements
- Plan Administration, Compliance and Legislative Support

Investment Strategies

Discretionary Accounts

For our discretionary clients, Vanguard Capital uses a top-down approach to investing as we attempt to accurately assess general economic, market, and interest rate conditions before focusing on specific industry sectors or individual securities. Based on many factors including strength or weakness in the general economy, the trend of interest rates, commodity price fluctuations, and industry trends or cycles, we endeavor to select securities or industry sector funds which capitalize on the specific environment we believe exists. We focus on selecting individual stocks based on the attributes and strengths of the particular company. Simply speaking, we seek strong companies with superior management, and good intermediate to long term prospects. Based on our client's investment objective, we seek companies and industries with strong future earnings and potential for dividend growth. We endeavor to diversify among 15-30 individual securities or funds with no individual stock representing more than 10% of a client's portfolio, and no industry specific sector exceeding 25% of the portfolio. However, we may, from time to time, invest in broad based stock or bond indices which could comprise up to 75% of a customer's portfolio. Such broad-based indices may include, but are not limited to, the S&P 500, Dow Jones Industrial Index, S&P Mid-cap Index, Russell 1000 or 2000 Index, and various U.S. Government securities indices, or corporate bond indices. We will overweight a particular industrial sector if we feel the industry will experience unusual growth and conversely underweight those industries and sectors we feel will experience contractions. This strategy is implemented while adhering to the varied investment objectives and risk tolerance of our clients. We may also from time to time engage in various risk mitigation strategies including the use of automated stop loss orders, and defensive hedge or option strategies, when appropriate and approved in advance by the customer. Additionally, for accounts under \$100,000 we may allocate a larger percentage of the customer's portfolio to diversified funds with fewer individual securities.

For those clients who are income oriented, or to reduce risk in volatile equity markets, Vanguard Capital will employ higher yielding common and preferred stocks, government and corporate bonds, fixed income exchange traded funds, certificates of deposit, real estate investment trusts, and master limited partnerships. For those clients who qualify, we will write covered calls on securities positions.

Research & Market Experience

Vanguard Capital's management and investment team has combined experience of over 160 years in investing and trading in public securities markets. Our advisors and managers have broad and direct experience in managing customer accounts through numerous major bull and bear markets, market disruptions and crises, and many economic expansions and contractions. In addition, our team of professionals regularly consult, deliberate and work with teams of experienced analysts and third party advisors who are associated with our asset custodians, and unaffiliated mutual funds and exchange traded funds.

Long-Term Growth

We endeavor to position our clients for intermediate to long-term growth opportunities with individual holdings typically being held from 1 to 5 years. However, when a customer's tax status is tax sheltered or deferred, such as exists in a qualified retirement plan, we may from time to time reduce our holding periods to capture or lock in profits. Maintaining steady growth while avoiding excessive risk is our primary objective. Our professionals would prefer to deliver consistent "risk adjusted returns", rather than attempt to achieve higher returns with little or no risk control.

Fundamental Value

We strive to determine which investments will provide opportunities in which the fundamental value outweighs the current market assessment. These opportunities frequently emerge when a company is transitioning or reinventing itself with new product or service introductions, or in reaction to market turbulence, or extreme stress in a particular industry or sector. We often will identify a solid investment opportunity, when others are fearful due to their miscalculation of the risk and reward factors associated with a particular company.

Multiple Perspectives

As we function in a global marketplace today, we believe in the value of multiple perspectives. Typically, our clients' portfolios are advised and diversified amongst a number of portfolio managers including our own internal portfolio managers, and the third-party advisors who manage mutual funds or exchange traded funds on our behalf. These managers make independent investment decisions, and they allocate or reallocate funds, according to their own methodology. This helps to reduce risk by minimizing the likelihood that all fund managers will excessively concentrate or overweight a particular stock or industry in the portfolio.

Risk of Loss

VC's investment recommendations are subject to various markets, currency, economic, political and business risks, and such investment decisions may not always be profitable. Clients should be aware that there may be a loss or depreciation to the value of the client's account, which clients should be prepared to bear. There can be no assurance that a client's investment objectives will be obtained and no inference to the contrary is being made.

The primary risks involved in the securities recommended by VC may include, among others:

- *Stock market risk*, is the chance that stock prices overall, will decline. The market value of equity securities will generally fluctuate with market conditions. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices. Prices of equity securities tend to fluctuate over the short term as a result of factors affecting the individual companies, industries or the securities market as a whole. Equity securities generally have greater price volatility than fixed income securities.
- *Industry Sector risk*, is the chance that significant problems will affect a particular sector, or that returns from that sector will trail returns from the overall stock market. Daily fluctuations in specific market sectors are often more extreme than fluctuations in the overall market.
- *Issuer risk*, which is the risk that the value of a security may decline for reasons directly related to the issuer, such as management performance, financial leverage, and reduced demand for the issuer's goods or services.
- *Non-diversification risk*, is the risk of concentrating investments in a small number of issuers, industries or foreign currencies, including being more susceptible to risks associated with a single economic, political or regulatory occurrence than a more diversified portfolio might be.
- *Value investing risk*, is the risk that value stocks may not increase in price, may not issue the anticipated stock dividends, or may decline in price, either because the market fails to recognize the stock's intrinsic value, or because the expected value was misgauged. If the market does not recognize that the securities are undervalued, the prices of those securities might not appreciate as anticipated. They also may decline in price even though in theory they are already undervalued. Value stocks are typically less volatile than growth stocks, but may lag behind growth stocks in an up market.
- *Smaller company risk*, is the risk that the value of securities issued by a smaller company may go up or down, sometimes rapidly and unpredictably as compared to more widely held securities. Investments in smaller companies are subject to greater levels of credit, market and issuer risk.
- *Foreign (non-U.S.) investment risk*, is the risk that investing in foreign securities may result in the portfolio experiencing more rapid and extreme changes in value than a portfolio that invests exclusively in securities of U.S. companies. Investments in emerging markets are generally more volatile than investments in developed foreign markets.
- *Interest rate risk*, is the chance that bond prices overall will decline because of rising interest rates. Similarly, the income from bonds or other debt instruments may decline because of falling interest rates.
- *Credit risk*, is the chance that a bond issuer will fail to pay interest and principal in a timely manner, or that negative perceptions of the issuer's ability to make such payments will cause the price of that bond to decline.

- *Exchange Traded Fund (ETF) risk*, is the risk of an investment in an ETF, including the possible loss of principal. ETFs typically trade on a securities exchange and the prices of their shares fluctuate throughout the day based on supply and demand, which may not correlate to their net asset values. Although ETF shares will be listed on an exchange, there can be no guarantee that an active trading market will develop or continue. Owning an ETF generally reflects the risks of owning the underlying securities it is designed to track. ETFs are also subject to secondary market trading risks. In addition, an ETF may not replicate exactly the performance of the index it seeks to track for a number of reasons, including transaction costs incurred by the ETF, the temporary unavailability of certain securities in the secondary market, or discrepancies between the ETF and the index with respect to weighting of securities or number of securities held.
- *Short sale risk*, is the risk of entering into short sales, including the potential loss of more money than the actual cost of the investment, and the risk that the third party to the short sale may fail to honor its contract terms, resulting in a loss.
- *Options risk*, is the risk that options may be subject to greater fluctuations in value than an investment in the underlying securities. Options and other derivatives may be subject to counter-party risk and may also be illiquid and more difficult to value. Purchasing and writing put and call options are highly specialized activities and entail greater than ordinary investment risks.
- *Leverage/Margin risk*, is the risk that the use of borrowed capital, such as margin, to increase the potential return of an investment may increase the risk of an investment and can magnify the effect of any losses. The use of leverage is a speculative technique and may not be suitable for all investors. Using borrowed money (whether through trading on margin or any other method of borrowing) to finance the purchase of securities involves interest charges and entails greater risk than using cash resources only.
- *Management risk*, is the risk that the investment techniques and risk analyses applied by VC may not produce the desired results and that legislative, regulatory, or tax developments, may affect the investment techniques available to VC. There is no guarantee that a client's investment objectives will be achieved.
- *REITs risk*, is the risk that may be associated with the direct ownership of real property, including declines in the value of real estate, risks related to general and local economic conditions, overbuilding and increased competition, increase in property taxes and operating expenses and variations in rental income. REITs are also subject to interest rate risks. When interest rates decline, the value of a REIT's investment in fixed-rate obligations can be expected to rise. Conversely, when interest rates rise, the value of a REIT's investment in fixed-rate obligations can be expected to decline.

Clients are advised that they should only commit assets for management that can be invested for the long term, that volatility can and will occur, and that all investing is subject to risk. Consequently, the value of an account may at anytime be worth more or less than the amount initially invested. VC typically invests for the long-term and does not engage in high frequency trading. Such frequent trading may result in increased taxes, brokerage and other transaction costs.

VC does not represent, guarantee or imply that the services or methods of analysis employed by us can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines.

ITEM 9: DISCIPLINARY INFORMATION

Registered investment advisers such as VC are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's or prospective client's evaluation of VC or the integrity of its management.

In 2010, FINRA fined John Blakezuniga \$5,000 and suspended him for thirty (30 days), while employed with his prior employer, for failing to properly update his outside business activity disclosures. In 2017, FINRA again fined John Blakezuniga \$25,000 (upon any attempted reassociation with a FINRA member firm) and suspended him for twenty-two months from being registered as a registered representative with a FINRA member, for improper recommendation and management of leveraged and/or inverse ETF products in client accounts and failing to disclose loans taken from clients in violation of previous firm's policies.

ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Recommendations of Other Advisers

Dependent upon a client's needs or objectives, VC may recommend the services of an independent Third-Party Adviser ("TPA") to manage all or a portion of a client's discretionary account.

The TPA shall have limited power-of-attorney and trading authority over the assets we direct to them for management and they shall be authorized to buy, sell, and trade in securities in accordance with the client's investment objectives as communicated by VC.

VC conducts due diligence on a TPA prior to selection or recommendation to a discretionary client. Among other things, VC or its asset custodians review the TPA's corporate management team, portfolio strategies and historic performance track record to help ensure that the TPA's style of management is aligned with the client's overall investment objectives and long-term goals. Generally, VC or the client may terminate the investment management arrangement with the TPA at any time. Clients are encouraged to review the TPA's Form ADV Part 2 upon delivery for important information relating to the TPA's professionals, services and associated advisory fees.

ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Description of Code of Ethics

The Investment Advisers Act of 1940 imposes a fiduciary duty on all investment advisers to act in the best interest of its clients. VC's clients therefore entrust us to use the highest standards of integrity when dealing with their assets and making investments that impact their financial future. Our fiduciary duty compels all associates to act with integrity in all of our dealings. This fiduciary duty is the core principle underlying the Code of Ethics and represents the expected basis of all our dealings with our clients.

Because VC's investment professionals may transact in the same securities for their personal accounts as they may buy or sell for client accounts, it is important to mitigate potential conflicts of interest. To that end, VC has adopted personal securities transaction policies in the form of a Code of Ethics ("Code"), which all VC associated persons must follow. This Code provides such personnel with guidance in their ethical obligations regarding their personal securities transactions and fiduciary duties formulating the basis of all of our client dealings. Specifically, the Code requires certain personnel to report personal trades and holdings and prohibits or requires pre-clearance for certain trades in certain circumstances. The Code also requires supervised persons to report any violations of the Code promptly to the Firm's Chief Compliance Officer ("CCO"). Each supervised person receives a copy of the Code and any amendments to it and must acknowledge in writing having received the materials. Annually, each supervised person must certify that he or she complied with the Code during that year. VC will provide a copy of the Code to any client or prospective client upon written request.

VC obtains information from a wide variety of publicly available resources. VC and its personnel do not have, nor claim to have, insider or private knowledge. To ensure insider trading does not take place and to address the conflict of interest regarding obtaining confidential information, VC has adopted a firm wide policy statement outlining insider-trading compliance by VC and its associated persons. This statement has been distributed to all associated persons of VC and has been signed and dated by each such person. Personal securities transactions must be conducted consistent with the Code and the Firm's Insider Trading Policies and Procedures in a manner that avoids any actual or potential conflicts of interest.

ITEM 12: BROKERAGE PRACTICES

Selection Criteria

For accounts where VC has discretion to place buy and sell orders with or through such brokers or dealers as it may deem appropriate, it is the policy and practice of VC to strive for the best price and execution that are competitive in relation to the value of the transaction ("best execution"). In selecting a broker, dealer or other intermediary, VC will consider such factors that in good faith and judgment it deems reasonable under the circumstances.

VC typically recommends that our clients utilize Charles Schwab as custodian and broker-dealer broker for clients' accounts. Custodians serve an important role in holding customer assets and providing significant asset insurance coverage including Securities Investor Protection Corporation (SIPC), and excess SIPC type coverage. Customers are advised to consult with their VC advisor to discuss the amounts and type of asset coverage provided by the custodian of record.

Factors considered by VC in recommending a broker-dealer or a custodian are based upon, but not limited to, the reasonableness of fees and/or commissions, product and securities availability, research capabilities, quality of online and telephonic services, retail branch access, other services we identify as beneficial to our customers.

Soft Dollars

VC may receive indirect benefits from the custodian broker, which we believe to comply with the safe harbor of Section 28(e) of the Exchange Act ("Section 28(e)"). VC's general policy is to comply with the provisions of Section 28(e) when entering into soft dollar arrangements. Section 28(e) generally allows investment advisers to use client commissions to pay for certain brokerage and research services under certain circumstances without breaching their fiduciary duties to clients (known as "soft dollars"). Brokerage and research services may include, among other things, effecting securities transactions and performing services incidental thereto (such as clearance, settlement and custody) and providing information regarding the economy, industries, sectors of securities, individual companies, statistical information, taxation; political developments, legal developments, technical market action, pricing and appraisal services, credit analysis; risk measurement analysis and performance analysis. Such research services can be received in the form of written reports, telephone conversations, personal meetings with security analysts and/or individual company management, and attending conferences. The research services provided by a broker may be proprietary and/or provided by a third party (*i.e.*, originates from a party independent from the broker provided the execution services).

Subject to Section 28(e), brokerage commissions may be paid in excess of that which another broker might have charged for effecting the same transaction, so long as an adviser makes a good faith determination that the amount of commission charged is reasonable in relation to the value of the brokerage and research services received, viewed in terms of either the specific transactions or an advisers' overall responsibility to the accounts for which it exercised investment discretion.

Research services provided by brokers may be used by advisers in servicing any or all of the adviser's clients, and may be used in connection with clients other than those making the payment of commissions, as permitted by Section 28(e). In addition, the receipt of research services may be deemed to be the receipt of an economic benefit to an adviser, and although customary, may be deemed to create a conflict of interest between an adviser and its clients.

Currently, VC does not have any soft dollar arrangements in place. VC will amend this Form ADV Part 2 should it enter into any such arrangements.

Order Aggregation

A purchase or sale may be affected in particular securities on behalf of more than one client on the same day or at the same time. It is VC's intent that each account in an aggregated order will participate at the average share price with all transaction costs shared on a pro-rata basis.

Handling Trade Errors

Errors created in a managed account must be corrected so as not to harm any client. The goal of error correction is to make the client "whole", regardless of the cost to VC. Soft dollar arrangements or the promise of future trade commissions cannot be used to correct errors when placing a trade for a client's account and VC can not correct a trade error made in a client's account by allocating the trade to a different account, unless that account was meant to receive the trade in the first place.

ITEM 13: REVIEW OF ACCOUNTS

Discretionary accounts are periodically reviewed and analyzed by both portfolio managers and the compliance officer at VC. The review process is based on a variety of factors, which include but are not limited to: the client's investment objectives, the economic environment, outlook for the securities markets, existing profits and losses on individual holdings, and the merits of the securities in which the account is invested. In addition, a special review of an account may be triggered by one or more of the following: a change in the client's investment objectives, guidelines and/or financial situation communicated by the client; cash added or withdrawn from the account; purchase or sell of a security in the account; a major change in the market, and; if requested by the client.

Reviews of accounts are usually performed by the portfolio manager (investment adviser representative) of each account. However, compliance managers or other portfolio managers at VC may also participate in periodic reviews.

For non-discretionary retirement plan clients, the investment options of each plan are generally reviewed quarterly or semi-annually, depending on the needs of the plan client.

Clients receive account statements at least quarterly from their custodian, which includes all holdings, all transactions made and any fees (including management fees) that were deducted from the account, during the statement period.

ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

Compensation for Client Referrals

VC may, from time to time, enter into agreements with individuals and organizations that refer clients to VC. All such agreements will be in writing and comply with the requirements of Rule 206(4)-3 of the Advisers Act. If a client is introduced to VC by a solicitor, VC may pay that solicitor a fee in accordance with the requirements of Rule 206(4)-3 of the Advisers Act and any corresponding state securities law requirements. While the specific terms of each agreement may differ, generally, the compensation will be based upon VC's engagement of new clients and the retention of those clients and is calculated using a varying percentage of the fees paid to VC by such clients. Any such fee shall be paid solely from VC's investment management fee, and shall not result in any additional charge to the client.

Each prospective client who is referred to VC under such an arrangement will receive a copy of VC's firm brochure and a separate written disclosure document disclosing the nature of the relationship between the third-party solicitor and VC and the amount of compensation that will be paid by VC to the third party. The solicitor is required to obtain the client's signature acknowledging receipt of VC's disclosure brochure and the solicitor's written disclosure statement.

We currently have no solicitation agreements.

Other Compensation

As discussed in Item 12, VC may recommend that its advisory clients use Charles Schwab, and others to serve as the custodian or clearing broker for client transactions executed by VC. While there is no direct link between the investment advice given to an advisory client and VC's recommending advisory clients to use the Firm and/or certain qualified custodians, economic benefits are received by VC due to this arrangement. These benefits may include: a dedicated trading desk, an account services manager dedicated to VC accounts, access to a real time order matching system, ability to "block" client trades, electronic download of trades, balances and positions in the custodian's portfolio management software, duplicate and batched client statements, confirmations and year-end summaries, the ability to have advisory fees directly debited from client accounts (in accordance with federal and state requirements), and availability of their proprietary research.

ITEM 15: CUSTODY

VC does not have custody of client funds or securities, but the Firm does have the authority and ability to debit its fees directly from clients' accounts. All clients are required to establish custodial accounts with a qualified custodian of record. In addition, a client's broker-dealer also may act as the custodian of the client's assets for little or no extra cost. Clients should thoroughly consider the differences between having their assets custodied at a broker-dealer versus at a bank

or trust company. Some of these differences include, but are not limited to, custodian costs, trading issues, security of assets, client reporting and technology.

Clients will receive statements on at least a quarterly basis directly from the qualified custodian that holds and maintains their assets. These reports list, among other things, the client's holdings, the value of the account as of the last business day of the calendar quarter, all activity in the account over the covered period, and other related information. Clients are urged to carefully review all custodial statements.

Advisers deemed to have custody solely as a consequence of the authority to debit fees directly from client accounts are not required to obtain an independent verification of those client funds and securities maintained by a qualified custodian. Accordingly, VC is not required, and does not intend, to obtain an independent verification of client assets.

ITEM 16: INVESTMENT DISCRETION

For discretionary accounts, VC has discretionary authority (*i.e.*, without first obtaining client's permission) to determine: (1) the type of securities to be bought and sold; (2) the dollar amounts of the securities to be bought and sold; (3) whether a client's transaction should be combined with those of other clients and traded as a "block;"; and (4) the commission rates and/or transactions costs paid to effect the transactions. Client agrees to this upon execution of the client agreement with VC. However, VC's discretionary authority may be subject to certain conditions that are imposed by a client, such as where the client prohibits transactions in securities of a specific company and/or industry in the account, and/or the broker-dealers through which transactions will be executed through.

For non-discretionary accounts, VC will recommend investments to the client for approval prior to implementing the transactions.

Limited Power of Attorney

By signing VC's discretionary investment management agreement, clients authorize VC to exercise full discretionary authority with respect to all transactions involving the client's account. Pursuant to such agreement, VC is designated as the client's attorney-in-fact with discretionary authority to effect investment transactions in the client's account which authorizes VC to give instructions to third parties in furtherance of such authority.

ITEM 17: VOTING CLIENT SECURITIES

It is VC's policy to not vote proxies on behalf of its clients and therefore, shall have no obligation or authority to take any action or render any advice with respect to the voting of proxies solicited by or with respect to issuers of securities held in a client's account. The obligation to vote client proxies shall, at all times, rest with the client. VC shall not be deemed to

have proxy voting authority solely as a result of providing advice or information about a particular proxy vote to a client.

VC typically does not advise or act for clients with respect to any legal matters, including bankruptcies and class actions, for the securities held in clients' accounts.

ITEM 18: FINANCIAL INFORMATION

VC does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance and therefore is not required to provide, and has not provided, a balance sheet. VC does not have any financial commitments that impair its ability to meet contractual and fiduciary obligations to clients and has not been the subject of a bankruptcy proceeding.