

Vanguard Capital

Client Disclosure Brochure

- Form ADV Part II
- Schedule F Disclosures
- Proxy Voting Summary
- Privacy Notice

This brochure provides information about the qualifications and business practices of Vanguard Capital. Please contact us if you have any questions about the contents of this brochure. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or any other regulatory authority.

Vanguard Capital
777 South Highway 101, #204
Solana Beach, CA 92075
Tel: (858) 455-5070

Welcome to Vanguard Capital

As a new or prospective client of Vanguard Capital, I wanted to personally welcome you to our community of clients. We look forward to serving you as your Investment Adviser.

This brochure, also referred to as Form ADV Part II, shares important information about our firm, personnel, privacy policy and services offered. Vanguard Capital is registered with the Securities and Exchange Commission and is headquartered in Solana Beach, California.

We encourage you to review Vanguard Capital's brochure in its entirety. Should you have any questions after reviewing our Form ADV Part II, please feel free to personally give me a call. Again, we welcome you to Vanguard Capital and look forward to a long lasting mutually beneficial relationship.

Best regards,

Greg Serras
CEO & President

FORM ADV Uniform Application for Investment Adviser Registration
Part II - Page 1

OMB APPROVAL	
OMB Number:	3235-0049
Expires:	, February 28, 2011
Estimated average burden hours per response	4.07

Name of Investment Adviser:

Vanguard Capital

Address: (Number and Street) (City) (State) (Zip Code)

777 South Highway 101, #204 Solana Beach CA 92075

Area Code: Telephone Number:

(858) 455-5070

**This part of Form ADV gives information about the investment adviser and its business for the use of clients.
The information has not been approved or verified by any governmental authority.**

Table of Contents

<u>Item No.</u>	<u>Item</u>	<u>Page</u>
1	Advisory Services and Fees	2
2	Types of Clients	2
3	Types of Investments	3
4	Methods of Analysis, Sources of Information and Investment Strategies	3
5	Education and Business Standards.....	4
6	Education and Business Background.....	4
7	Other Business Activities.....	4
8	Other Financial Industry Activities or Affiliations	4
9	Participation or Interest in Client Transactions.....	5
10	Conditions for Managing Accounts	5
11	Review of Accounts	5
12	Investment or Brokerage Discretion	5
13	Additional Compensation	6
14	Balance Sheet.....	6
Continuation Sheet.....		Schedule F
Vanguard Capital Privacy Policy		Schedule F

(Schedules A, B, C, D, and E are included with Part I of this Form, for the use of regulatory bodies, and are not distributed to clients.)

**Potential persons who are to respond to the collection of information contained in this form
are not required to respond unless the form displays a currently valid OMB control number.**

FORM ADV
Part II - Page 2

Applicant: Vanguard Capital	SEC File Number: 801-34883	Date: 10/22/2010
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1. A. **Advisory Services and Fees.** (check the applicable boxes) For each type of service provided, state the approximate % of total advisory billings from that service. (See instruction below.)

Applicant:

<input checked="" type="checkbox"/>	(1)	Provides investment supervisory services	60%
<input checked="" type="checkbox"/>	(2)	Manages investment advisory accounts not involving investment supervisory services	30%
<input type="checkbox"/>	(3)	Furnishes investment advice through consultations not included in either service described above	%
<input type="checkbox"/>	(4)	Issues periodicals about securities by subscription	%
<input type="checkbox"/>	(5)	Issues special reports about securities not included in any services described above	%
<input type="checkbox"/>	(6)	Issues, not as part of any service described above, any charts, graphs, formulas, or other devices which clients may use to evaluate securities	%
<input type="checkbox"/>	(7)	On more than an occasional basis, furnishes advice to clients on matters not involving securities	%
<input type="checkbox"/>	(8)	Provides a timing service	%
<input checked="" type="checkbox"/>	(9)	Furnishes advice about securities in any manner not described above	10%

(Percentages should be based on applicant's last fiscal year. If applicant has not completed its first fiscal year, provide estimates of advisory billings for that year and state that the percentages are estimates.)

B. Does applicant call any of the services it checked above financial planning or some similar term? ☐ Yes ☒ No

C. Applicant offers investment advisory services for: (check all that apply)

<input checked="" type="checkbox"/>	(1) A percentage of assets under management	<input type="checkbox"/>	(4) Subscription fees
<input type="checkbox"/>	(2) Hourly charges	<input type="checkbox"/>	(5) Commissions
<input type="checkbox"/>	(3) Fixed fees (not including subscription fees)	<input type="checkbox"/>	(6) Other

D. For each checked box in A above, describe on Schedule F:

- The services provided, including the name of any publication or report issued by the adviser on a subscription basis or for a fee
- Applicant's basic fee schedule, how fees are charged and whether its fees are negotiable
- When compensation is payable, and if compensation is payable before service is provided, how a client may get a refund or may terminate an investment advisory contract before its expiration date

2. **Types of Clients** -- Applicant generally provides investment advice to: (check those that apply)

<input checked="" type="checkbox"/>	A. Individuals	<input checked="" type="checkbox"/>	E. Trusts, estates, or charitable organizations
<input checked="" type="checkbox"/>	B. Banks or thrift institutions	<input checked="" type="checkbox"/>	F. Corporations or business entities other than those listed above
<input type="checkbox"/>	C. Investment companies	<input type="checkbox"/>	G. Other (describe on Schedule F)
<input checked="" type="checkbox"/>	D. Pension and profit sharing plans		

FORM ADV
Part II - Page 3

Applicant:
Vanguard Capital

SEC File Number:
801-34883

Date:
10/22/2010

3. Types of Investments. Applicant offers advice on the following: (check those that apply)

- | | |
|---|--|
| <p>A. Equity Securities
<input checked="" type="checkbox"/> (1) exchange-listed securities
<input checked="" type="checkbox"/> (2) securities traded over-the-counter
<input checked="" type="checkbox"/> (3) foreign issuers</p> <p><input checked="" type="checkbox"/> B. Warrants</p> <p><input checked="" type="checkbox"/> C. Corporate debt securities
(other than commercial paper)</p> <p><input checked="" type="checkbox"/> D. Commercial paper</p> <p><input checked="" type="checkbox"/> E. Certificates of deposit</p> <p><input checked="" type="checkbox"/> F. Municipal securities</p> <p>G. Investment company securities:
<input checked="" type="checkbox"/> (1) variable life insurance
<input checked="" type="checkbox"/> (2) variable annuities
<input checked="" type="checkbox"/> (3) mutual fund shares</p> | <p><input checked="" type="checkbox"/> H. United States government securities</p> <p>I. Options contracts on:
<input checked="" type="checkbox"/> (1) securities
<input type="checkbox"/> (2) commodities</p> <p><input type="checkbox"/> J. Futures contracts on:
<input type="checkbox"/> (1) tangibles
<input type="checkbox"/> (2) intangibles</p> <p>K. Interests in partnerships investing in:
<input type="checkbox"/> (1) real estate
<input type="checkbox"/> (2) oil and gas interests
<input type="checkbox"/> (3) other (explain on Schedule F)</p> <p><input type="checkbox"/> L. Other (explain on Schedule F)</p> |
|---|--|

4. Methods of Analysis, Sources of Information, and Investment Strategies.

A. Applicant's security analysis methods include: (check those that apply)

- | | |
|---|--|
| (1) <input type="checkbox"/> Charting | (4) <input type="checkbox"/> Cyclical |
| (2) <input checked="" type="checkbox"/> Fundamental | (5) <input type="checkbox"/> Other (explain on Schedule F) |
| (3) <input checked="" type="checkbox"/> Technical | |

B. The main sources of information applicant uses include: (check those that apply)

- | | |
|---|---|
| (1) <input checked="" type="checkbox"/> Financial newspapers and magazines | (5) <input type="checkbox"/> Timing services |
| (2) <input checked="" type="checkbox"/> Inspections of corporate activities | (6) <input checked="" type="checkbox"/> Annual reports, prospectuses, filings with the Securities and Exchange Commission |
| (3) <input checked="" type="checkbox"/> Research materials prepared by others | (7) <input checked="" type="checkbox"/> Company press releases |
| (4) <input checked="" type="checkbox"/> Corporate rating services | (8) <input type="checkbox"/> Other (explain on Schedule F) |

C. The investment strategies used to implement any investment advice given to clients include: (check those that apply)

- | | |
|---|--|
| (1) <input checked="" type="checkbox"/> Long term purchases (securities held at least a year) | (5) <input checked="" type="checkbox"/> Margin transactions |
| (2) <input checked="" type="checkbox"/> Short term purchases (securities sold within a year) | (6) <input checked="" type="checkbox"/> Option writing, including covered options, uncovered options or spreading strategies |
| (3) <input checked="" type="checkbox"/> Trading (securities sold within 30 days) | (7) <input type="checkbox"/> Other (explain on Schedule F) |
| (4) <input checked="" type="checkbox"/> Short sales | |

FORM ADV
Part II - Page 4

Applicant:
Vanguard Capital

SEC File Number:
801-34883

Date:
10/22/2010

5. Education and Business Standards.

Are there any general standards of education or business experience that applicant requires of those involved in determining or giving investment advice to clients? ☐ Yes ☒ No

(If yes, describe these standards on Schedule F.)

6. Education and Business Background.

For:

- Each member of the investment committee or group that determines general investment advice to be given to clients, or
- If the applicant has no investment committee or group, each individual who determines general investment advice given to clients (if more than five, respond only for their supervisors), or
- Each principal executive officer of applicant or each person with similar status or performing similar functions

On Schedule F, give the:

- Name
- Formal education after high school
- Year of birth
- Business background for the preceding five years

7. Other Business Activities. (check those that apply)

- ☒ A. Applicant is actively engaged in a business other than giving investment advice.
- ☒ B. Applicant sells products or services other than investment advice to clients.
- ☒ C. The principal business of applicant or its principal executive officers involves something other than providing investment advice.

(For each checked box describe the other activities, including the time spent on them, on Schedule F.)

8. Other Financial Industry Activities or Affiliations. (check those that apply)

- ☒ A. Applicant is registered (or has an application pending) as a securities broker-dealer.
- ☒ B. Applicant is registered (or has an application pending) as a futures commission merchant, commodity pool operator or commodity trading adviser.
- C. Applicant has arrangements that are material to its advisory business or its clients with a related person who is a:
- | | |
|--|--|
| <input type="checkbox"/> (1) broker-dealer | <input type="checkbox"/> (7) accounting firm |
| <input type="checkbox"/> (2) investment company | <input type="checkbox"/> (8) law firm |
| <input type="checkbox"/> (3) other investment adviser | <input type="checkbox"/> (9) insurance company or agency |
| <input type="checkbox"/> (4) financial planning firm | <input type="checkbox"/> (10) pension consultant |
| <input type="checkbox"/> (5) commodity pool operator, commodity trading adviser or futures commission merchant | <input type="checkbox"/> (11) real estate broker or dealer |
| <input type="checkbox"/> (6) banking or thrift institution | <input type="checkbox"/> (12) entity that creates or packages limited partnerships |

(For each checked box, on Schedule F identify the related person and describe the relationship and the arrangements.)

- D. Is applicant or a related person a general partner in any partnership in which clients are solicited to invest? Yes ☐ No ☒

(If yes, describe on Schedule F the partnerships and what they invest in.)

FORM ADV
Part II - Page 5

Applicant:
Vanguard Capital

SEC File Number:
801-34883

Date:
10/22/2010

9. Participation or Interest in Client Transactions.

Applicant or a related person: (check those that apply)

- ☐ A. As principal, buys securities for itself from or sells securities it owns to any client.
- ☒ B. As broker or agent effects securities transactions for compensation for any client.
- ☐ C. As broker or agent for any person other than a client effects transactions in which client securities are sold to or bought from a brokerage customer.
- ☐ D. Recommends to clients that they buy or sell securities or investment products in which the applicant or a related person has some financial interest.
- ☒ E. Buys or sells for itself securities that it also recommends to clients.

(For each box checked, describe on Schedule F when the applicant or a related person engages in these transactions and what restrictions, internal procedures, or disclosures are used for conflicts of interest in those transactions.)

Describe, on Schedule F, your code of ethics, and state that you will provide a copy of your code of ethics to any client or prospective client upon request.

- 10. Conditions for Managing Accounts.** Does the applicant provide investment supervisory services, manage investment advisory accounts or hold itself out as providing financial planning or some similarly termed services and impose a minimum dollar value of assets or other conditions for starting or maintaining an account?

Yes ☒ No ☐

(If yes, describe on Schedule F)

- 11. Review of Accounts.** If applicant provides investment supervisory services, manages investment advisory accounts, or holds itself out as providing financial planning or some similar termed services:

- A. Describe below the reviews and reviewers of the accounts. **For reviews**, include their frequency, different levels, and triggering factors. **For reviewers**, include the number of reviewers, their titles and functions, instructions they receive from applicant on performing reviews, and number of accounts assigned each.

Please see Attached Schedule F

- B. Describe below the nature and frequency of regular reports to clients on their accounts.

Please see attached Schedule F.

12. Investment or Brokerage Discretion.

- A. Does applicant or any related person have authority to determine, without obtaining specific client consent, the:

- | | Yes | No |
|--|-------------------------------------|--------------------------|
| (1) securities to be bought or sold? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| (2) amount of the securities to be bought or sold? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| (3) broker or dealer to be used?..... | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| (4) commission rates paid?..... | <input checked="" type="checkbox"/> | <input type="checkbox"/> |

FORM ADV
Part II - Page 6

Applicant: Vanguard Capital	SEC File Number: 801-34883	Date: 10/22/2010
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Yes No

B. Does applicant or a related person suggest brokers to clients? ☒ ☐

For each yes answer to A describe on Schedule F any limitations on the authority. For each yes to A(3), A(4) or B, describe on Schedule F the factors considered in selecting brokers and determining the reasonableness of their commissions. If the value of products, research and services given to the applicant or a related person is a factor, describe:

- the products, research and services
- whether clients may pay commissions higher than those obtainable from other brokers in return for those products and services
- whether research is used to service all of applicant's accounts or just those accounts paying for it; and
- any procedures the applicant used during the last fiscal year to direct client transactions to a particular broker in return for products and research services received.

13. Additional Compensation.

Does the applicant or a related person have any arrangements, oral or in writing, where it:

A. is paid cash by or receives some economic benefit (including commissions, equipment or non-research services) from a non-client in connection with giving advice to clients? ☒ ☐

B. directly or indirectly compensates any person for client referrals? ☐ ☒

(For each yes, describe the arrangements on Schedule F.)

14. Balance Sheet. Applicant must provide a balance sheet for the most recent fiscal year on Schedule G if applicant:

- has custody of client funds or securities (unless applicant is registered or registering only with the Securities and Exchange Commission); or
- requires prepayment of more than \$500 in fees per client and 6 or more months in advance

Has applicant provided a Schedule G balance sheet? ☐ ☒

Please see Schedule F for important additional disclosures and information.

Item Number

Answer

Item 1.D

ADVISORY SERVICES AND FEES

Vanguard Capital is registered with the Securities & Exchange Commission ("SEC") both as an investment adviser and full service broker-dealer and also is a member of the Financial Industry Regulatory Authority ("FINRA"). Vanguard Capital offers investment management services on both a discretionary and non-discretionary basis, utilizing a variety of securities including, but not limited to equities, U.S. Treasury Bonds, corporate debt securities, mutual funds, exchange traded funds, commercial paper, municipal bonds, options, certificates of deposit, money market funds, and other cash equivalents. Clients should understand that due to the volatile nature and risks involved when investing in these types of securities, the actual return and value of a client's account may fluctuate and at any point in time be worth more or less than the amount originally invested.

Vanguard Capital manages client assets based on information provided by each client regarding their financial needs, investment objectives and goals, risk tolerance, time horizon, and any reasonable restrictions imposed by the client ("Investment Guidelines"). Clients are responsible for informing Vanguard Capital of any changes to their Investment Guidelines. In addition, Vanguard Capital does not assume any responsibility for the accuracy of the information provided by the client.

For discretionary accounts, Vanguard Capital will supervise and direct, without first consulting a client and subject only to restrictions imposed by written notice to Vanguard Capital, the investment of securities in those accounts. For non discretionary accounts, Vanguard Capital will recommend investments to the client for approval prior to implementing the transactions.

If a client's account is a pension or other employee benefit plan governed by the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), Vanguard Capital acknowledges that it is a fiduciary to the plan under Section 3(38) of ERISA. In providing its services, the sole standard of care imposed upon Vanguard Capital is to act with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent man acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims.

Investment Management by Third-Party Advisers

Dependent upon a client's needs or objectives, Vanguard Capital 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 Vanguard Capital.

Vanguard Capital conducts due diligence on a TPA prior to selection or recommendation to a discretionary client. Among other things, Vanguard Capital reviews the TPA's corporate

**Item 1.D
(cont)**

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, Vanguard Capital 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 II (or other similar Client Brochure) upon delivery for important information relating to the TPA's professionals, services and associated advisory fees.

Services to 401K Plans

Vanguard Capital provides non-discretionary advisory services to 401K Plans, which may include, depending on the needs of the 401k 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.

Investment Advisory Fees

Vanguard Capital's current standard annual fee for discretionary accounts is as follows:

1.0% of assets managed up to \$1,000,000.00
0.75% for the 2nd \$1,000,000.00
0.60% for the next \$3,000,000.00
0.50% for the next \$4,000,000.00
0.30% on the balance.

Vanguard Capital's current standard annual fee for non-discretionary 401K accounts is as follows:

0.50% first \$2,500,000 of plan assets
0.30% next \$2,500,000 of plan assets
0.15% next \$2,500,000 of plan assets

Annual advisory fees for 401K non-discretionary accounts are capped when assets reach \$7,500,000 at \$23,750 annually.

Advisory fees for both discretionary and non-discretionary accounts are negotiable and arrangements with any particular client may differ from those described above. Vanguard Capital may, in its sole discretion, reduce and/or waive management fees for friends and family of the firm and may amend its standard fee schedule at any time. Although Vanguard Capital believes its advisory fees are competitive, lower fees for comparable services may be available from other sources.

The annual advisory fees shall be paid at the end of each quarter after services have been provided, based upon the market value of assets on the last day of the quarter. The advisory fee for the initial quarter shall be calculated on a pro rata basis commencing on the day a client's

**Item 1.D
(cont)**

assets are initially designated to Vanguard Capital for management by execution of a written client agreement.

If assets are deposited into or removed from an account after the inception of a quarter that exceed \$100,000, the advisory fee payable with respect to the account assets added or removed during the quarter will be prorated. Clients may withdraw assets from their account after providing Vanguard Capital with notice. All withdrawals are subject to customary securities settlement procedures.

Clients may withdraw assets from their account after providing Vanguard Capital with notice. All withdrawals are subject to customary securities settlement procedures.

Upon termination of an account, all advisory fees due will be prorated to date of termination.

Additional Information on General Services and Fees

In addition to Vanguard Capital's investment advisory fees, clients also may be charged the following fees by third parties:

- Account custodian fees;
- Brokerage fees;
- Mutual Fund management fees, expenses and sales charges;
- Commissions;
- Ordinary and customary ticket charges; and
- TPA Advisory Fees.

All mutual fund fees and charges are disclosed in the prospectus for such funds, which will be provided to a client upon investment.

Termination of Agreement

Clients may terminate their agreement with Vanguard Capital 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 Vanguard Capital, and the client will receive a refund of any unearned pre-paid fees.

Item 3

TYPES OF INVESTMENTS

Vanguard Capital provides investment advice on equity securities, warrants, corporate bonds, mutual funds, exchange traded funds (ETFs), fixed income instruments, cash and other securities, including REITS. In addition, from time to time Vanguard Capital may recommend the services of an independent TPA to manage a portion of their portfolio. Clients should be aware that due to the volatile nature of these types of securities, the client's account value may fluctuate and at any point in time be worth more or less than the amount originally invested.

Item 6

EDUCATION AND BUSINESS BACKGROUND

John Blake-Zuniga was born in 1958 and received a B.A. in Political Science and Finance

Applicant:	SEC File Number:	Date:
Vanguard Capital	801-3488	October 22, 2010

**Item 6
(cont.)**

from California State University Fullerton in 1981 and 1982, respectively. Mr. Blake-Zuniga has been a securities broker since 1981. He was Account Executive with Paine Webber from 1981 - 1983. He was also Vice President of Investments with Prudential Securities from 1983-1992; Senior Vice President - Salomon Smith Barney 1992-1999; and Managing Director - Vanguard Capital from January, 1999 -present. He is also currently an investment advisory representative with American Strategic Capital, Inc. and Sector Logic, LP since May, 2007. As a retail and institutional broker, Mr. Blake-Zuniga has invested and traded in nearly every type of publicly traded security and instrument, including equities, options, exchange traded funds, mutual funds, government mortgage pools, municipal bonds, treasury securities, convertible securities, warrants, and financial futures. During the last twenty five years, Mr. Blake-Zuniga has been licensed in various capacities as a financial professional. These licenses have included: FINRA - General Securities Representative; FINRA-General Securities Principal; FINRA -Registered Options Principal; California Real Estate Broker; California Insurance Agent; and National Futures Association - Associate member.

Larry Jones was born in 1953. After 16 years in management and business ownership in the commercial printing industry, Mr. Jones was registered in 1989 as a securities broker. Mr. Jones served as Vice President of La Jolla Securities for 3 years where he oversaw broker/dealer operations, sales and support for 15 Registered Representatives. Mr. Jones joined Vanguard Capital's trading desk in 1992 specializing in government, corporate and municipal bonds for institutional and individual clients. In 1994 Larry left the trading desk to establish his own OSJ office for Vanguard Capital focusing on corporate retirement plan consulting and wealth management. Mr. Jones has extensive background in the design and investment management of qualified and non qualified retirement plans including; 401(k), 403(b), 457, profit sharing and defined benefit plans. In 1997 Larry established himself as a leader in developing wealth building strategies for Native American Tribes that included governmental retirement plans, minor trusts, per capita deferred benefit plans and tribal council separation plans. Mr. Jones holds a number of securities licenses including Series 7 General Securities Representative, Series 24 General Securities Principal and Series 65 Uniform Investment Advisor Law Exam. A firm believer in developing and supporting youth services, Mr. Jones founded and served as original President of the Board of Directors of the Boys and Girls Club of Ramona, now known as the Boys and Girls Club of Greater San Diego. Today he serves as honorary chairman and assists in fundraising campaigns.

John Borcich was born in 1970 and received a BA in Economics and History from University of California San Diego in 1992. Mr. Borcich has been a licensed financial advisor since 1996. He initially worked at Tradeway Securities, a boutique broker/dealer in Irvine California before joining Morgan Stanley in 2001. At Morgan Stanley, Mr. Borcich worked almost exclusively with retail clients investing primarily in stocks, bonds, mutual funds, Municipal Bonds, ETF's and managed money. He joined Vanguard Capital in May 2010 and manages the vast majority of his accounts on a discretionary basis for a fixed percentage fee.

Jean Suits was born in 1934 and received a degree in Social Sciences from Fordham University in 1957. Mr. Suits entered the securities industry in March of 1961 with Hill Richards in Long Beach. In 1966 he joined Dempsey Tegal where he was named Branch Manager in 1968. In 1970 Dempsey was acquired by Mitchum Jones and Templeton and Mr. Suits was named Manager of the combined Long Beach offices. In 1973 Paine Webber

**Item 6
(cont.)**

acquired MJT and he was named manager again of the combined Long Beach offices. In 1980 Mr. Suits was appointed Corporate Vice President and was appointed as a Regional Vice President overseeing seven Branch offices of Paine Webber. In 1983 he resigned from management and returned to production at Paine Webber in Newport Beach. Mr. Suits left Paine Webber in 1990 to join Merrill Lynch in Newport Beach where he worked until July, 2000. Mr. Suits then joined Morgan Stanley as a First Vice President until he resigned in January 2010 to join Vanguard Capital.

Item 7

OTHER BUSINESS ACTIVITIES

Certain Vanguard Capital employees, including those listed in Item 6 above may provide clients with advisory services and/or brokerage services, depending on the types of products and/or services requested by its clients.

Vanguard Capital has various relationships with employees and independent contractors (hereinafter, "associated persons") who may have one or more of the following roles: investment advisory representative, registered representative. In these various roles and pursuant to client instructions and/or agreements, Vanguard Capital associated persons may provide services or offer products for separate and typical compensation. For example, Vanguard Capital associated persons may receive ongoing servicing fees (also known as 12b-1 fees), which are paid by certain mutual funds and are based on client assets that are invested in such mutual funds. Importantly, Vanguard Capital clients are not obligated to use the products or services offered by such associated persons. Nevertheless, such compensation arrangements create an incentive for the associated person to make such investments, which in turn creates a conflict of interest between the interests of the associated person and those of Vanguard Capital's advisory clients. While investments for advisory client accounts are made solely based on each client's suitability, investment objectives and risk tolerance, clients should be aware of all related conflicts.

Item 8

OTHER FINANCIAL INDUSTRY ACTIVITIES OR AFFILIATIONS

As mentioned in Item 1 above, Vanguard Capital is dually registered as an investment adviser and a registered broker-dealer. In addition, Vanguard Capital is a registered futures commission merchant.

Item 9

PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS

Aggregated Trades

Purchases or sales may be affected in particular securities on behalf of more than one client on the same day or at the same time. It is Vanguard Capital'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.

Commissions and Other Compensation

As discussed in Item 7 above, Vanguard Capital's associated persons may earn commissions and ongoing servicing fees on certain investments made in advisory client accounts. These commissions are paid by the client and are in addition to the advisory fees paid to Vanguard Capital.

**Item 9
(cont.)**

Code of Ethics

As an investment adviser and a fiduciary to its clients, Vanguard Capital clients' interests are always placed first and foremost. However, Vanguard Capital associated persons may buy or sell securities for their own accounts that the firm buys or sells for its clients' accounts. Vanguard Capital understands that this could create a conflict of interest, where the associated person's interest may be at odds with the interest of Vanguard Capital's clients. To mitigate the appearance of or actual conflict, Vanguard Capital has adopted the following Code of Ethics ("Code") with which all associated persons must comply.

The Investment Advisers Act of 1940 ("The Act") imposes a fiduciary duty on investment advisers. As a fiduciary, Vanguard Capital has a duty of utmost good faith to act solely in the best interests of our clients. Our clients entrust us with their money and financial future, which in turn places a high standard on our conduct and integrity. Our fiduciary duty compels all associated person to act with the utmost integrity in all of our dealings. This fiduciary duty is the core principle underlying the Code of Ethics and Personal Trading Policy, and represents the expected basis of all of our dealings with our clients.

Standards of Conduct

The Code consists of the following core principles and applies to all associated persons within our firm:

- 1) The interests of clients will be placed ahead of the Firm's or any associated person's own investment interests.
- 2) Associated persons are expected to conduct their personal securities transactions in accordance with the Firm's Personal Trading Policy and will strive to avoid any actual or perceived conflict of interest with the client. Associated persons with questions regarding the appearance of a conflict with a client should consult with the Chief Compliance Officer before taking action that may result in an actual conflict.
- 3) Associated persons will not take inappropriate advantage of their position within the firm.
- 4) Associated persons are expected to act in the best interest of each of our clients.
- 5) Associated persons are expected to comply with federal securities laws. Strict adherence to these policies and other policies and procedures of the firm will assist the employee in complying with this important requirement.

As part of the required standards of conduct, supervised persons are not permitted, in any connection with the purchase or sale, directly or indirectly, of a security held or to be acquired by a client:

- To defraud such client in any manner;
- To mislead such client, including by making a statement that omits material facts;
- To engage in any act, practice or course of conduct which operates or would operate as a fraud or deceit upon such client;
- To engage in any manipulative practice with respect to such client; or
- To engage in any manipulative practice with respect to securities, including price manipulation.

As a fiduciary, we have an affirmative duty of care, loyalty, honesty, and good faith to act in the best interests of our clients. Compliance with this duty can be achieved by trying to avoid

**Item 9
(cont.)**

conflicts of interest and by fully disclosing all material facts concerning any conflict that does arise with respect to any client. Sanctions will be applied if it is determined that an employee violated the Code.

A complete copy of our Code is available upon request either by sending a written request to our main address or calling us at (858) 455-5070.

Item 10

CONDITIONS FOR MANAGING ACCOUNTS

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

Prior to entering into an investment advisory agreement with Vanguard Capital, a client should carefully consider: (1) committing to management only those assets that the client believes will not be needed for current purposes and that can be invested on a long-term basis; (2) that volatility from investing in the stock market can occur; and (3) that over time the client's assets may fluctuate and at anytime be worth more or less than the amount invested.

Item 11

REVIEW OF ACCOUNTS AND REPORTS TO CLIENTS

Discretionary accounts are generally reviewed daily. 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 and the merits of the securities in which the accounts are invested. In addition, a special review of an account may be triggered by one or more of the following: 1) a change in the client's investment objectives, guidelines and/or financial situation communicated by the client, 2) cash added or withdrawn from account, 3) purchase or sale of a security in the account, 4) a major change in the market, and 5) if requested by a client. Reviews of accounts are usually performed by the portfolio manager of each account. There is no maximum amount of accounts that could be reviewed by the portfolio manager(s).

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 12

INVESTMENT OR BROKERAGE DISCRETION

For discretionary accounts, Vanguard Capital 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;" (4) the broker-dealers

Applicant:	SEC File Number:	Date:
Vanguard Capital	801-3488	October 22, 2010

**Item 12
(cont.)**

through which transactions will be executed; and (5) the commission rates and/or transactions costs paid to effect the transactions. Client agrees to this upon execution of the client agreement with Vanguard Capital. However, Vanguard Capital'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, Vanguard Capital will recommend investments to the client for approval prior to implementing the transactions.

For accounts where Vanguard Capital 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 Vanguard Capital 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, Vanguard Capital will consider such factors that in good faith and judgment it deems reasonable under the circumstances.

Vanguard Capital may recommend that its clients utilize Vanguard Capital, as executing broker and may recommend a qualified custodian, such as Pershing LLC or Charles Schwab (among others) ("custodian brokers"), to serve as the custodian for clients' accounts.

Factors considered by Vanguard Capital in recommending a broker-dealer or a custodian are based upon, but not limited to, the reasonableness of fees and/or commissions, product availability, research and other services available to both the client and Vanguard Capital. Please refer to item 13A below for additional information.

Soft Dollars

Except for the indirect benefits that Vanguard Capital may receive from the custodian broker, which may be deemed to fall outside the safe harbor of Section 28(e) of the Exchange Act ("Section 28(e)"), Vanguard Capital'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

**Item 12
(cont.)**

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, Vanguard Capital does not have any soft dollar arrangements in place. Vanguard Capital will amend this Form ADV Part II should it enter into any such arrangements.

Item 13

ADDITIONAL COMPENSATION

As discussed in item 12 above, Vanguard Capital may recommend that its advisory clients use Vanguard Capital as their executing broker and/or may recommend certain qualified custodians (such as Pershing LLC or Charles Schwab, among others) to serve as the custodian or clearing broker for client transactions executed by Vanguard Capital. While there is no direct link between the investment advice given to an advisory client and Vanguard Capital's recommending advisory clients to use the Firm and/or certain qualified custodians, economic benefits are received by Vanguard Capital due to this arrangement. These benefits may include: a dedicated trading desk, an account services manager dedicated to Vanguard Capital 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.

Please also refer to information regarding compensation and commissions received by Vanguard Capital and its associated persons, as outlined in item 3, 7 and 9 above.

**Proxy
Voting
Summary**

Proxy Voting Policy

Vanguard Capital's policy is 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. Vanguard Capital 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.

Vanguard Capital 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.

FACTS

WHAT DOES VANGUARD CAPITAL DO WITH YOUR PERSONAL INFORMATION?

Why?

Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do.

What?

The types of personal information we collect and share depend on the product or service you have with us. This information can include:

- Social Security number and income
- Assets and account balances
- Investment experience and risk tolerance

When you are no longer our customer, we continue to share your information as described in this notice.

How?

All financial companies need to share customers' personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customers' personal information; the reasons Vanguard chooses to share; and whether you can limit this sharing.

Reasons we can share your personal information	Does Vanguard share?	Can you limit this sharing?
For our everyday business purposes— such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or report to credit bureaus	Yes	No
For our marketing purposes— to offer our products and services to you	Yes	No
For joint marketing with other financial companies	No	We don't share
For our affiliates' everyday business purposes— information about your transactions and experiences	No	We don't share
For our affiliates' everyday business purposes— information about your creditworthiness	No	We don't share
For our affiliates to market to you	No	We don't share
For nonaffiliates to market to you	No	We don't share

Questions?

Call (858) 455-5070 for questions.

VANGUARD CAPITAL

What we do

How does Vanguard protect my personal information?

To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings.

How does Vanguard collect my personal information?

We collect your personal information, for example, when you

- open an account or enter into an investment advisory contract
- give us your income information or provide employment information
- tell us about your investment or retirement portfolio or give us your contact information

We also collect your personal information from other companies.

Why can't I limit all sharing?

Federal law gives you the right to limit only

- sharing for affiliates' everyday business purposes -information about your credit worthiness
- affiliates from using your information to market to you
- sharing for nonaffiliates to market to you

State laws and individual companies may give you additional rights to limit sharing.

Definitions

Affiliates

Companies related by common ownership or control. They can be financial and nonfinancial companies.

- *Vanguard does not have any affiliates*

Nonaffiliates

Companies not related by common ownership or control. They can be financial and nonfinancial companies.

- *Vanguard doesn't share with nonaffiliates so they can market to you*

Joint marketing

A formal agreement between nonaffiliated financial companies that together market financial products or services to you.

- *Vanguard doesn't jointly market*