

# Firm Brochure

ADV Part 2A

March 2013

## **V WEALTH MANAGEMENT LLC**

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This brochure ("Brochure") provides information about the qualifications and business practices of V WEALTH MANAGEMENT LLC. If you have any questions about the contents of this Brochure please contact us at: 913-827-4600 or by email at: [compliance@vwealth.com](mailto:compliance@vwealth.com).

Additional information about V WEALTH MANAGEMENT LLC ("V Wealth") is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2. Material Changes**

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### **Annual Update**

The Material Changes section of this brochure will be updated annually or when material changes occur since the previous release of the Firm Brochure.

### **Material Changes since the Last Update**

There have been no material changes in our operations, management or practices. To the extent descriptions of V Wealth Management's operations, management and practices have changed, they remain substantially similar to the previously filed amendment.

### **Full Brochure Available**

V Wealth Management will provide additional ongoing disclosure information about material changes to clients, including a revised brochure, as necessary, based on material changes or new information related to V Wealth Management. To receive additional copies of the Brochure, please contact us by telephone at: 913-827-4600 or by email at: [compliance@vwealth.com](mailto:compliance@vwealth.com).

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## **Item 4. Advisory Business**

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### **Firm Description**

V WEALTH MANAGEMENT LLC, ("V Wealth" or "Adviser") was founded in 2009 and is an investment adviser registered with the Securities and Exchange Commission ("SEC") under the Investment Advisers Act of 1940.

V Wealth offers personalized investment management and financial planning services to individuals, pension and profit sharing plans, trusts, estates and charitable organizations, corporations and other business entities. V Wealth is a fee only investment management and financial planning firm.

Individuals associated with V Wealth are appropriately licensed, qualified, and authorized to provide advisory services on behalf of V Wealth. Such individuals are known as an Investment Adviser Representatives ("IARs"). V Wealth IARs are also registered representatives of LPL Financial, LLC ("LPL Financial"), a full-service securities broker/dealer and investment adviser qualified under federal and state securities laws, located in San Diego, California. LPL Financial is a member of the Financial Industry Regulatory Authority ("FINRA") and the Securities Investors Protection Corporation ("SIPC").

V Wealth is 100 % owned by the partners of the LLC: Thomas Blumer, Brett Lange, Timothy Groebl, Richard Groebl, Tye Martin, Richard Meyer and Scott Connors.

### **Types of Advisory Services**

V Wealth provides direct advisory services to clients on a discretionary basis. V Wealth clients are charged a specified fee for investment advice according to the V Wealth Fee Schedule. The fee is not based directly on transactions in a client's account. (The V Wealth Fee Schedule is found under Item 5.) The investment advice is provided with the client granting the adviser discretion through a limited power of attorney.

V Wealth designs, revises and reallocates a custom portfolio for each client. Appropriate investment choices are determined based on factors such as investment objectives, risk tolerance, net worth, net income, age, time horizon, tax situation and other suitability factors.

V Wealth provides indirect advisory services through the use of investment programs sponsored by third parties in which a variety of money managers are made available to clients. The particular programs used also depend upon the client's specific objectives, risk tolerances, net worth, net income, age, time horizon, tax situation and other suitability factors, which are determined before recommending any specific program or manager. Upon entering into such relationship, the third party will make the appropriate disclosures to V Wealth clients, and clients will enter into a separate agreement with the third party manager.

V Wealth does not hold client assets. Client assets are held by the custodian, LPL Financial.

### **Assets Under Management**

As of March 2013 V Wealth manages approximately \$215,200,000. Approximately \$215,200,000 is managed on a discretionary basis, and \$0 is managed on a non-discretionary basis.

### **Investment Management**

V Wealth will gather information from the client at the inception of the relationship. Pursuant to a grant of discretionary authority, subject to any written guidelines or restrictions the client may set, V Wealth executes transactions without further approval from the client. Once the initial portfolio is constructed, V Wealth monitors the account on a continuous basis and re-balances the portfolio as

changes in market conditions and client circumstances may require. The Investment Management Advisory Agreement describes the services and fee and is provided to the client in writing prior to the start of the advisory relationship.

### **Asset Management**

Investments include, but are not limited to: equities (stocks), warrants, corporate debt securities, commercial paper, certificates of deposit, municipal securities, investment company securities (variable life insurance, variable annuities, and mutual funds shares), U. S. government securities, options contracts, futures contracts, and interests in partnerships.

Stocks and bonds may be purchased or sold through a brokerage account when appropriate. The brokerage firm charges a fee for stock and bond trades. V Wealth does not receive any compensation, in any form, from fund companies.

Initial public offerings (IPOs) are not available through V Wealth.

### **Selection of Third Party Asset Managers**

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V Wealth may refer its clients to various other third-party asset managers or other investment advisers (“TPIAs”) for asset management services. As part of these services, the IAR typically obtains the necessary financial data from the client, assists the client in determining the suitability of the program, assists the client in setting an appropriate investment objective and assists the client in opening an account with the TPIA. In addition, depending on the type of program, the IAR may assist the client to select a model portfolio of securities designed by the TPIA or select a portfolio management firm to provide discretionary asset management services. It is the third party investment adviser (and not the IAR) that has client authority to purchase and sell securities on a discretionary or non-discretionary basis pursuant to the investment objectives chosen by the client. This authorization will be set out in the TPIA client agreement. The Brochure for the particular TPIA will explain whether clients may impose restrictions on investing in certain securities or types of securities.

V Wealth utilizes a number of factors in determining which TPIAs to refer clients to including but not limited to performance, investment objectives, fees and methods of analysis. Third-party investment advisers to which V Wealth refers its clients may not achieve the best rate of returns or charge the lowest fees in comparison to other TPIAs.

Clients who are referred to TPIAs will receive full disclosure, including services rendered and fee schedules, at the time of the referral, by delivery of a copy of the relevant third-party investment adviser’s Form ADV Part II or equivalent disclosure document.

Clients may be required to sign investment advisory agreements with the third-party investment adviser of the program selected. The client or TPIAs, in accordance with the provisions of those agreements, may terminate the advisory relationship.

Depending on the relationship, V Wealth may monitor third party accounts on a continuous basis or may monitor the performance of the TPIAs on a periodic basis and will make recommendations as necessary.

In particular, V Wealth currently offers advisory services through TPIAs sponsored by, among others: Curian Capital LLC and Brinker Capital, Inc.

### **Financial Planning Services**

V Wealth offers broad-based financial planning services. Broad-based financial planning services will typically involve providing a variety of services, principally advisory in nature, to clients regarding

the management of their financial resources based upon an analysis of their individual needs. Services may include information and recommendations regarding tax planning, investment planning, retirement planning, estate needs, business needs, education planning, life and disability insurance needs, long-term care needs and cash flow/budget planning. The services take into account information collected from the client such as financial status, investment objectives and tax status, among other data. The IAR delivers to the client a written financial plan.

An IAR of V Wealth will first conduct a complimentary initial consultation. After the initial consultation, if the client engages V Wealth for financial planning services, an IAR will conduct follow up meetings as necessary, during which pertinent information about the client's financial circumstances and objectives is collected. After such information has been reviewed and analyzed, a written financial plan designed to achieve the client's stated financial goals and objectives will be produced and presented to the client. The primary objective of this process is to allow V Wealth to assist the client in developing a strategy for the successful management of income, assets, and liabilities toward meeting the client's financial goals and objectives.

Clients are advised that certain assumptions may be made with respect to interest and inflation rates and use of past trends and performance of the market and economy. Past performance is in no way an indication of future performance. V Wealth cannot offer any guarantees or promises that the client's financial goals and objectives will be met. As the client's financial situation, goals, objectives, or needs change, the client must notify V Wealth promptly.

Financial planning may be the only service provided to the client and does not require that the client use or purchase the investment advisory services, insurance products or other products and services offered by V Wealth or its associated persons. There is an inherent conflict of interest for an adviser whenever a financial plan recommends use of professional investment management services or the purchase of insurance products or other financial products or services. V Wealth or its associated persons may receive compensation for financial planning and the provision of investment management services and/or the sale of insurance and other products and services. V Wealth does not make any representation that these products and services are offered at the lowest available cost and the client may be able to obtain the same products or services at a lower cost from other providers. However, the client is under no obligation to accept any of the recommendations of V Wealth or use its services.

### **Hourly Consulting Services**

As part of V Wealth's hourly consulting services, V Wealth, through its IARs, provides consulting services on an hourly basis. These services include, as selected by the client in the consulting agreement, advice regarding tax planning, investment planning, retirement planning, estate planning, cash flow/budget planning, business planning, education planning, and personal financial planning. The services take into account information collected from the client such as financial status, investment objectives and tax status, among other data. The IAR may or may not deliver to the client a written analysis or report as part of the services. The IAR tailors the hourly consulting services to the individual needs of the client based on the investment objective chosen by the client.

### **Retirement Plan Consulting Services**

Under V Wealth's Retirement Partners ("VWRP"), IARs assist clients that are trustees or other fiduciaries to retirement plans ("Plans") by providing fee-based consulting and/or advisory services. IARs perform one or more of the following services, as selected by the client in the client agreement:

- Assistance in the preparation or review of an investment policy statement ("IPS") for the Plan based upon consultation with client to ascertain Plan's investment objectives and constraints.
- Acting as a liaison between the Plan and service providers, product sponsors or vendors.

- Ongoing monitoring of investment manager(s) or investments in relation to the criteria specified in the Plan's IPS or other written guidelines provided by the client to IAR.
- Preparation of reports describing the performance of Plan investment manager(s) or investments, as well as comparing the performance to benchmarks.
- Ongoing recommendations, for consideration and selection by client, about specific investments to be held by the Plan or, in the case of a participant-directed defined contribution plan, to be made available as investment options under the Plan.
- Training for the members of the Plan Committee with regard to their service on the Committee, including education and consulting with respect to fiduciary responsibilities.
- Assistance in enrolling Plan participants in the Plan, including conducting an agreed upon number of enrollment meetings. As part of such meetings, IARs may provide participants with information about the Plan, which may include information on the benefits of Plan participation, the benefits of increasing Plan contributions, the impact of pre-retirement withdrawals on retirement income, the terms of the Plan and the operation of the Plan.
- Assistance with investment education seminars and meetings for Plan participants. Such meetings may be on a group or individual basis, and may include information about the investment options under the Plan (e.g., investment objectives, risk/return characteristics, and historical performance), investment concepts (e.g., diversification, asset classes, and risk and return), and how to determine investment time horizons and assess risk tolerance. Such meetings do not include specific investment advice about investment options under the Plan as being appropriate for a particular participant.
- Assistance at client's direction in making changes to investment options under the Plan.
- As part of the ongoing investment recommendation service set out above, assistance in identifying investment options in connection with the "broad range" requirement of Section 404(c) of the Employee Retirement Income Security Act of 1974 ("ERISA").
- As part of the ongoing investment recommendation service set out above, assistance in identifying an investment fund product or model portfolio in connection with the definition of a "Qualified Default Investment Alternative" ("QDIA") under ERISA.
- Assistance with the preparation, distribution and evaluation of Request for Proposals, finalist interviews, and conversion support in connection with vendor analysis and service provider support.
- Preparation of comparisons of Plan data (e.g., regarding fees and services and participant enrollment and contributions) to data from the Plan's prior years and/or a benchmark group of similar plans.
- Assistance in identifying the fees and other costs borne by the Plan for, as specified by client, investment management, recordkeeping, participant education, participant communication and/or other services provided with respect to the Plan.

If the Plan makes available publicly traded employer stock ("company stock") as an investment option under the Plan, IARs do not provide investment advice regarding company stock and are not responsible for the decision to offer company stock as an investment option. In addition, IARs do not provide under VWRP individualized investment advice to Plan participants regarding their Plan assets. Furthermore, if participants in the Plan may invest the assets in their accounts through individual brokerage accounts, a mutual fund window, or other similar arrangement, or may obtain participant loans, IARs do not provide any individualized advice or recommendations to the participants regarding these decisions.

V Wealth provides advisory services to client plans as an investment adviser under the Investment Advisers Act of 1940. In addition, if client elects to engage V Wealth and IAR to perform ongoing investment monitoring and ongoing investment recommendation services in the client agreement, such services will constitute "investment advice" under Section 3(21)(A)(ii) of ERISA. Therefore, V Wealth and IAR will be deemed a "fiduciary" as such term is defined under Section 3(21)(A)(ii) of ERISA in connection with those services. Clients should understand that to the extent V Wealth and IARs are engaged to perform services other than ongoing investment monitoring and recommendations, those services are not "investment advice" under ERISA and therefore, V Wealth and IARs will not be a "fiduciary" under ERISA with respect to those other services.

## **Termination of Agreement**

A Client may terminate any of the aforementioned agreements at any time by notifying V Wealth in writing. Clients shall be charged pro rata for services provided through to the date of termination. If the client made an advance payment, V Wealth will refund any unearned portion of the advance payment.

V Wealth may terminate any of the aforementioned agreements at any time by notifying the client in writing. If the client made an advance payment, V Wealth will refund any unearned portion of the advance payment.

V Wealth reserves the right to stop work on any account that is more than 30 days overdue. In addition, V Wealth reserves the right to terminate any financial planning engagement where a client has willfully concealed or has refused to provide pertinent information about financial situations when necessary and appropriate, in V Wealth's judgment, to providing proper financial advice.

## **Item 5. Fees and Compensation**

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### **Investment Management**

V Wealth bases its fees on a percentage of assets under management. V Wealth charges a negotiable annual fee which is billed quarterly in advance based on the value of the client's account at the end of the previous quarter and based on the following schedule:

<u>Assets Under Management</u>	<u>Management Fee Rate</u>
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0 to \$100,000	2.50%
\$100,001 to \$250,000	2.00%
\$250,001 to \$500,000	1.75%
\$500,001 to \$1,000,000	1.50%
Over \$1,000,000	negotiable

Fees will be assessed pro rata in the event the portfolio management agreement is executed at any time other than the first day of a calendar quarter. V Wealth's management fees will be paid by the qualified custodian holding the client's funds and securities provided the client supplies written authorization permitting the fees to be paid directly from the account. V Wealth will not have access to client funds for payment of fees without written consent by the client.

If V Wealth elects to use the services of another investment adviser, there may be an additional annualized charge of 0.35% - 1.00% added on to the Annualized Investment Management Fees detailed above. Clients should refer to their Investment Advisory Agreement to determine if a sub-adviser may be used on their account and what fee will be charged for those services.

The client or the investment manager may terminate an Agreement by written notice to the other party. At termination, fees will be billed on a pro rata basis for the portion of the quarter completed. The portfolio value at the completion of the prior full billing quarter is used as the basis for the fee computation, adjusted for the number of days during the billing quarter prior to termination.

### **Third Party Asset Management Programs**

For TPIAs, clients pay an advisory fee as set out in the client agreement with the TPIA sponsor. The fee is typically negotiated among the TPIA sponsor, the IAR and the client. The TPIA sponsor may establish a fee schedule or set a minimum or maximum fee. The TPIA fee schedule will be set out in the Disclosure Brochure provided by the TPIA sponsor. The advisory fee typically is based on the

value of assets under management as valued by the custodian of the assets for the account and will vary by program. The advisory fee typically will be deducted from the account by the custodian and paid quarterly in arrears or in advance. The advisory fee is often paid to the TPIA sponsor who, in turn, pays a portion to V Wealth. LPL Financial and the IAR share such portion of the advisory fee. A TPIA account may be terminated by a party pursuant to the terms outlined in the TPIA client agreement. The TPIA client agreement will explain how clients can obtain a refund of any pre-paid fee if the agreement is terminated before the end of a billing period.

There are other fees and charges imposed by third parties that may apply to investments in TPIA accounts. Some of these fees and charges are described below. The client may be charged commissions, markups, markdowns, or transaction charges by the broker-dealer who executes transactions in the TPIA account. There may be custodial related fees imposed by the custodian of assets for the program account. These additional fees and charges will be set out in the TPIA Brochure and the agreements executed by the client at the time the account is opened.

If assets are invested in mutual funds, ETFs or other pooled funds, there are two layers of advisory fees and expenses for those assets. Client will pay an advisory fee to the fund manager and other expenses as a shareholder of the fund. Client will also pay the TPIA advisory fee with respect to those assets. The mutual funds and ETFs available in the programs often may be purchased directly. Therefore, clients could avoid the second layer of fees by not using the advisory services of the TPIA and IAR and by making their own decisions regarding the investment.

A mutual fund in a TPIA program account may pay an asset based sales charge or service fee (e.g., 12b-1 fee) that is paid to the broker-dealer on the account. LPL Financial and IARs are not paid these fees for TPIA program accounts.

If client transfers into a TPIA account a previously purchased mutual fund and there is an applicable contingent deferred sales charge on the fund, client will pay that charge when the mutual fund is sold. If the account is invested in a mutual fund that charges a fee if a redemption is made within a specific time period after the investment, client will be charged a redemption fee. If a mutual fund has a frequent trading policy, the policy can limit a client's transactions in shares of the fund (e.g., for rebalancing, liquidations, deposits or tax harvesting).

If client holds a variable annuity that is managed as part of a TPIA account, there are mortality, expense and administrative charges, fees for additional riders on the contract and charges for excessive transfers within a calendar year imposed by the variable annuity sponsor. If client holds a UIT in a program account, UIT sponsors charge creation and development fees or similar fees. Further information regarding fees assessed by a mutual fund, variable annuity or UIT is available in the appropriate prospectus, which clients may request from IAR.

If the TPIA program is a wrap fee program, clients should understand that the wrap fee may cost the client more than if purchasing the program services separately for example, paying fees for the advisory services of the TPIA and IAR, plus commissions for each transaction in the account. Factors that bear upon the cost of the account in relation to the cost of the same services purchased separately include the:

- type and size of the account
- types of securities in the account
- historical and or expected size or number of trades for the account, and
- number and range of supplementary advisory and client-related services provided to the client.

The investment products and services available to be purchased in TPIA program accounts can be purchased by clients outside of a TPIA program account, through LPL Financial or through broker-dealers or other investment firms not affiliated LPL Financial or the TPIA.

### **Financial Planning Fees**

For Financial Planning Services, V Wealth charges either a negotiable hourly rate ranging up to \$150 or a negotiable fixed fee ranging up to \$1500 depending upon the complexity and scope of the plan, the client's financial situation, and the client's objectives. V Wealth generally requires that 50% of the fee be paid in advance with the remaining portion due upon completion of the services rendered. In the event an hourly rate is charged, an estimate of the total cost will be determined at the start of the advisory relationship. In limited circumstances the cost/time could potentially exceed the initial estimate. In such cases, V Wealth will notify the client and may request that the client approve the additional fee. Under no circumstances will V Wealth require prepayment of an investment management advisory fee more than 6 months in advance and in excess of \$600, as services will be rendered within six months of the date of contract. Any unused portion of investment management advisory fees collected in advance will be refunded.

In the event that the client's situation is substantially different than disclosed at the initial meeting, a revised fee will be negotiated by mutual agreement. The client must approve the change of scope in advance of the additional work being performed when a fee increase is necessary.

## **Item 6. Performance Fees and Side by Side Management**

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Fees are not based on a share of the capital gains or capital appreciation of managed securities. The adviser does not use a performance-based fee structure. However, through the use of sub-advisers clients may pay performance fees. Please see the "Other Fees" disclosure below.

### **Fee Billing**

LPL Financial bills investment management fees, in advance, meaning that you are invoiced before the three-month billing period has begun. Payment in full is expected upon invoice presentation. LPL Financial deducts the fee from the client account as authorized by the investment management agreement and account enrollment forms. Fees for financial plans are billed separately and due upon delivery of the financial plan.

### **Other Fees**

The adviser may include mutual funds, variable annuity products, ETFs, and other managed products or partnerships in clients' portfolios. Clients may be charged for the services by the providers/managers of these products in addition to the management fee paid to the adviser. The adviser, from time to time, may select or recommend to separately managed clients the purchase of proprietary investment products. The fees and expenses charged by the product providers are separate and distinct from the management fee charged by the adviser. These fees and expenses are described in each mutual fund's or underlying annuity fund's prospectus or in the offering memorandums of a partnership. These fees will generally include a management fee, other fund expenses and a possible distribution fee. No-load or load waived mutual funds may be used in client portfolios so there would be no initial or deferred sales charges; however, if a fund that imposes sales charges is selected, a client may pay an initial or deferred sales charge. A client could invest in a mutual fund or variable annuity or investment partnership directly, without the services of the adviser. Accordingly, the client should review both the fees charged by the funds and the applicable program fee charged by the adviser to fully understand the total amount of fees to be paid by the client and to thereby evaluate the Advisory services being provided. If it is determined that a client portfolio shall contain corporate

debt or other types of over the counter securities, the client may pay a mark-up or mark-down or a “spread” to the broker or dealer on the other side of the transaction that is built into the purchase price of the security.

### **Conflict of Interest between Different Fee Structures**

V Wealth offers several different investment management services detailed in this brochure that compensate V Wealth differently depending on the service selected. There is a conflict of interest for V Wealth and its associated personnel to recommend the services that offer a higher level of compensation to V Wealth through either/both higher management fees or reduced administrative expenses. V Wealth mitigates this conflict through its procedures to review client accounts relative to the client or investors personal financial situation to ensure the investment management service provided is appropriate. Further, V Wealth is committed to its obligation to ensure associated persons adhere to V Wealth’s Code of Ethics and to ensure that V Wealth and its associated persons fulfill their fiduciary duty to clients or investors.

## **Item 7. Types of Clients**

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### **Description**

V Wealth offers personalized investment management and financial planning services to individuals, pension and profit sharing plans, trusts estates and charitable organizations, corporations and other business entities. Client relationships vary in scope and length of service.

### **Account Minimums**

To establish an investment management account with V Wealth, the asset size of the account must be at least \$100,000. V Wealth has the sole discretion to waive the account minimum.

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

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### **Methods of Analysis**

V Wealth reviews the underlying characteristics of investments to determine their viability. Security analysis methods include charting, fundamental analysis, technical analysis, and cyclical analysis. The main sources of information include financial newspapers and magazines, inspections of corporate activities, research materials prepared by others, corporate rating services, timing services, annual reports, prospectuses, filings with the Securities and Exchange Commission, and company press releases.

With respect to use of third party managers or recommending mutual fund securities, V Wealth reviews a variety of factors, including without limitation, consistency of performance, longevity of the portfolio managers, style of investing, performance levels, disciplinary history and service capabilities.

### **Investment Strategies**

The investment strategy for a specific client is based upon the objectives stated by the client during consultations. The client may change these objectives at any time. To achieve the client’s objectives, V Wealth employs any of the following investment strategies: long term purchases, short term purchases, alternative investments, short sales, margin trading and covered options. Strategies vary for each client and are based on the risk profile and time horizon of the client. Some strategies are not appropriate for all clients.

## **Market, Security and Regulatory Risks**

Any investment involves significant risk, including a complete loss of capital and potential conflict of interest. All investment programs have certain risks that are borne by the investor which are described below:

### *Market Risks:*

Competition. The securities industry and the varied strategies and techniques to be engaged in by the advisory firm are extremely competitive and each involves a degree of risk. The advisory firm will compete with firms, including many of the larger securities and investment banking firms, which have substantially greater financial resources and research staffs.

Market Volatility. The profitability of the advisory firm substantially depends upon it correctly assessing the future price movements of stocks, bonds, options on stocks, and other securities and the movements of interest rates. The advisory firm cannot guarantee that it will be successful in accurately predicting price and interest rate movements.

Investment Activities. The advisory firm's investment activities involve a significant degree of risk. The performance of any investment is subject to numerous factors which are neither within the control of nor predictable by the advisory firm. Such factors include a wide range of economic, political, competitive, technological and other conditions (including acts of terrorism and war) that may affect investments in general or specific industries or companies. The securities markets may be volatile, which may adversely affect the advisory firm's ability to realize profits on behalf of the client.

Material Non-Public Information. By reason of their responsibilities in connection with other activities of the advisory firm and/or its affiliates, certain principals or employees of the advisory firm and/or its affiliates may acquire confidential or material non-public information or be restricted from initiating transactions in certain securities. The advisory firm will not be free to act upon any such information. Due to these restrictions, the advisory firm may not be able to initiate a transaction that it otherwise might have initiated and may not be able to sell an investment that it otherwise might have sold.

Accuracy of Public Information. The advisory firm selects investments, in part, on the basis of information and data filed by issuers with various government regulators or made directly available to the advisory firm by the issuers or through sources other than the issuers. Although the advisory firm evaluates all such information and data and sometimes seeks independent corroboration when it's considered appropriate and reasonably available, the advisory firm is not in a position to confirm the completeness, genuineness or accuracy of such information and data, and in some cases, complete and accurate information is not available.

Small Companies. The advisory firm may invest a portion of its assets in small and/or unseasoned companies with small market capitalization. While smaller companies generally have potential for rapid growth, they often involve higher risks because they may lack the management experience, financial resources, product diversification and competitive strength of larger companies. In addition, in many instances, the frequency and volume of their trading may be substantially less than is typical of larger companies. As a result, the securities of smaller companies may be subject to wider price fluctuations.

Leverage. When deemed appropriate by the advisory firm and subject to applicable regulations, the advisory firm may incur leverage in its investment program, whether directly through the use of borrowed funds, or indirectly through investment in certain types of financial instruments with inherent leverage, such as puts, calls and warrants, which may be purchased for a fraction of the price of the underlying securities while giving the purchaser the full benefit of movement in the market of

those underlying securities. While such strategies and techniques increase the opportunity to achieve higher returns on the amounts invested, they also increase the risk of loss.

Options and Other Derivative Instruments. The advisory firm may invest, from time to time, in options and other derivative instruments, including, but not limited to, the buying and selling of puts and calls on some of the securities held by the advisory firm. The prices of many derivative instruments, including many options and swaps, are highly volatile. The values of options and swap agreements depend primarily upon the price of the securities, indexes, commodities, currencies or other instruments underlying them. Price movements of options contracts and payments pursuant to swap agreements are also influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. Options on highly volatile securities, currencies or other assets may be more expensive than options on other investments.

Hedging Transactions. Investments in financial instruments such as forward contracts, options, commodities and interest rate swaps, caps and floors, other derivatives, and other investment techniques are commonly utilized by investment funds to hedge against fluctuations in the relative values of its portfolio positions as a result of changes in currency exchange rates, interest rates and/or the equity markets or sectors thereof. Any hedging against a decline in the value of portfolio positions does not eliminate fluctuations in the values of portfolio positions or prevent losses if the values of such positions decline, but establishes other positions designed to gain from those same developments, thus moderating the decline in the portfolio positions' value. Such hedging transactions also limit the opportunity for gain if the value of the portfolio positions should increase. The advisory firm is not obligated to establish hedges for portfolio positions and may not do so.

Market or Interest Rate Risk. The price of most fixed income securities move in the opposite direction of the change in interest rates. For example, as interest rates rise, the price of fixed income securities falls. If the advisory firm holds a fixed income security to maturity, the change in its price before maturity may have little impact on the advisory firm's performance; however, if the advisory firm has to sell the fixed income security before the maturity date, an increase in interest rates could result in a loss to the advisory firm.

Fixed Income Call Option Risk. Many bonds, including agency, corporate and municipal bonds, and all mortgage-backed securities, contain a provision that allows the issuer to "call" all or part of the issue before the bond's maturity date. The issuer usually retains this right to refinance the bond in the future if market interest rates decline below the coupon rate. There are three disadvantages to the call provision. First, the cash flow pattern of a callable bond is not known with certainty. Second, because the issuer will call the bonds when interest rates have dropped, the advisory firm is exposed to reinvestment rate risk – the advisory firm will have to reinvest the proceeds received when the bond is called at lower interest rates. Finally, the capital appreciation potential of a bond will be reduced because the price of a callable bond may not rise much above the price at which the issuer may call the bond.

Inflation Risk. Inflation risk results from the variation in the value of cash flows from a security due to inflation, as measured in terms of purchasing power. For example, if the advisory firm purchases a 5-year bond in which it can realize a coupon rate of 5%, but the rate of inflation is 6%, then the purchasing power of the cash flow has declined. For all but inflation-linked bonds, adjustable bonds or floating rate bonds, the advisory firm is exposed to inflation risk because the interest rate the issuer promises to make is fixed for the life of the security.

Investments in Non-U.S. Investments. From time to time, the advisory firm may invest and trade a portion of its assets in non-U.S. securities and other assets (through ADRs and otherwise), which will give rise to risks relating to political, social and economic developments abroad, as well as risks

resulting from the differences between the regulations to which U.S. and foreign issuers and markets are subject. Such risks may include:

- Political or social instability, the seizure by foreign governments of company assets, acts of war or terrorism, withholding taxes on dividends and interest, high or confiscatory tax levels, and limitations on the use or transfer of portfolio assets.
- Enforcing legal rights in some foreign countries is difficult, costly and slow, and there are sometimes special problems enforcing claims against foreign governments.
- Foreign securities and other assets often trade in currencies other than the U.S. dollar, and the advisory firm may directly hold foreign currencies and purchase and sell foreign currencies through forward exchange contracts. Changes in currency exchange rates will affect the advisory firm's net asset value, the value of dividends and interest earned, and gains and losses realized on the sale of investments. An increase in the strength of the U.S. dollar relative to these other currencies may cause the value of the advisory firm's investments to decline. Some foreign currencies are particularly volatile. Foreign governments may intervene in the currency markets, causing a decline in value or liquidity of the advisory firm's foreign currency holdings. If the advisory firm enters into forward foreign currency exchange contracts for hedging purposes, it may lose the benefits of advantageous changes in exchange rates. On the other hand, if the advisory firm enters forward contracts for the purpose of increasing return, it may sustain losses.
- Non-U.S. securities, commodities and other markets may be less liquid, more volatile and less closely supervised by the government than in the United States. Foreign countries often lack uniform accounting, auditing and financial reporting standards, and there may be less public information about the operations of issuers in such markets.

**Risk of Default or Bankruptcy of Third Parties.** The advisory firm may engage in transactions in securities, commodities, other financial instruments and other assets that involve counterparties. Under certain conditions, the advisory firm could suffer losses if a counterparty to a transaction were to default or if the market for certain securities, commodities, other financial instruments and/or other assets were to become illiquid.

#### *Regulatory Risks:*

**Strategy Restrictions.** Certain institutions may be restricted from directly utilizing investment strategies of the type in which the advisory firm may engage. Such institutions, including entities subject to ERISA, should consult their own advisors, counsel and accountants to determine what restrictions may apply and whether an investment in the advisory firm is appropriate.

**Trading Limitations.** For all securities, instruments and/or assets listed on an exchange, including options listed on a public exchange, the exchange generally has the right to suspend or limit trading under certain circumstances. Such suspensions or limits could render certain strategies difficult to complete or continue and subject the advisory firm to loss. Also, such a suspension could render it impossible for the advisory firm to liquidate positions and thereby expose the advisory firm to potential losses.

**Conflicts of Interest:** In the administration of client accounts, portfolios and financial reporting, the advisory firm faces inherent conflicts of interest which are described in this brochure. Generally, the advisory firm mitigates these conflicts through its Code of Ethics which provides that the client's interest is always held above that of the Firm and its associated persons.

**Supervision of Trading Operations.** The advisory firm, with assistance from its brokerage and clearing firms, intends to supervise and monitor trading activity in the portfolio accounts to ensure compliance with firm and client objectives. Despite the advisory firm's efforts, however, there is a risk that unauthorized or otherwise inappropriate trading activity may occur in portfolio accounts.

Depending on the nature of the investment management service selected by a client and the securities used to implement the investment strategy, clients will be exposed to risks that are specific to the securities in their particular investment portfolio.

*Security Specific Risks:*

Liquidity: Liquidity is the ability to readily convert an investment into cash. Securities where there is a ready market that is traded through an exchange are generally more liquid. Securities traded over the counter or that do not have a ready market or are thinly traded are less liquid and may face material discounts in price level in a liquidation situation.

Currency: Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.

Limited Liquidity of Interests. An investment in a partnership usually involves substantial restrictions on liquidity and its interests are not freely transferable. There is no market for these interests and no market should be expected to develop. Additionally, transfers are usually subject to the consent of the general partner at the general partner's sole discretion.

Lack of Registration: Funds or LP interests have neither been registered under the Securities Act nor under the securities or "blue sky" laws of any state and, therefore, are subject to transfer restrictions.

Withdrawal of Capital: The ability to withdraw funds from the funds or LP interests is usually restricted in accordance with the withdrawal provisions contained in an Offering Memorandum. In addition, substantial withdrawals by investors within a short period of time could require a fund to liquidate securities positions and other investments more rapidly than would otherwise be desirable, possibly reducing the value of the fund's assets and/or disrupting the fund's investment strategy.

## **Item 9. Disciplinary Information**

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V Wealth and its employees have not been involved in legal or disciplinary events related to past or present investment clients.

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

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### **Brokerage Affiliations**

Neither V Wealth nor any of its partners or employees is registered as a broker-dealer nor does either party have an application pending or otherwise in process for the purpose of seeking registration as broker-dealer or other entity that requires registration. V Wealth IARs are registered representatives of LPL Financial, the clearing broker dealer. V Wealth IARs perform trading services for their clients through LPL Financial.

### **Insurance Affiliations**

Associated persons of V Wealth may be licensed to sell insurance products as independent insurance agents through V Wealth or another insurance brokerage appointment. Such individuals, in their capacity as independent insurance agents, sell insurance products to advisory clients. Clients are under no obligation, contractually or otherwise, to purchase insurance products through V Wealth's IARs in their separate capacities as independent insurance agents. However, if clients freely choose to implement a financial plan by purchasing insurance products, such IARs will receive commissions which are separate and apart from the advisory fees charged by V Wealth. V Wealth does not make any representation that the insurance products are at the lowest cost available and clients may be able to obtain those services and/or products at a more favorable rate from other sources.

### **Other Affiliations**

From time to time, V Wealth may recommend or select other investment advisers for its clients. V Wealth IARs do not receive compensation from such other investment advisers. V Wealth IARs may receive compensation when utilizing other fee based products on the LPL Financial platform. Fee arrangements are fully disclosed in the respective account application forms made available to the prospective client prior to opening those accounts.

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

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### **Code of Ethics**

V Wealth has adopted a Code of Ethics which establishes standards of conduct for its supervised persons. The Code of Ethics includes general requirements that such supervised persons comply with their fiduciary obligations to clients and applicable securities laws, and specific requirements relating to, among other things, personal trading, insider trading, conflicts of interest and confidentiality of client information. It requires supervised persons to report their personal securities transactions and holdings quarterly to V Wealth's Compliance Officer, and requires the Compliance Officer to review those reports. It also requires supervised persons to report any violations of the Code of Ethics promptly to V Wealth's Compliance Officer. Each supervised person of V Wealth receives a copy of the Code of Ethics 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 of Ethics during that year. Clients and prospective clients may obtain a copy of V Wealth's Code of Ethics by contacting the Compliance Officer of V Wealth.

### **Participation or Interest in Client Transactions**

Under V Wealth's Code of Ethics, V Wealth associates may invest personally in securities of the same classes as are purchased for clients and may own securities of the issuers whose securities are subsequently purchased for clients. If an issue is purchased or sold for clients and any of V Wealth's associates on the same day purchase or sell the same security, the clients should receive or pay the favorable price and V Wealth associates shall receive or pay the less favorable price. However, V Wealth's associates are permitted to trade in the same security if the trade is placed in the last 15 minutes of the trading day. All trading activity is monitored on a daily basis to ensure that client's interests are placed ahead of V Wealth associates. A detailed description of the policy is available upon request.

V Wealth and its associates may also buy or sell specific securities for their own accounts based on personal investment considerations, which V Wealth does not deem appropriate to buy or sell for clients.

### **Personal Trading**

The Chief Compliance Officer reviews employee trades each quarter (except for his/her own trading activity that is reviewed by another principal or officer of V Wealth). Personal trading account reviews ensure that the employee trading does not affect the markets and that clients of V Wealth receive preferential treatment.

## **Item 12. Brokerage Practices**

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### **Brokerage Selection and Soft Dollars**

Unless otherwise agreed upon, V Wealth has authority over the selection of the broker to be used and the commission rates to be paid without obtaining specific client consent. In selecting brokers or dealers to execute transactions, adviser will seek to achieve the best execution possible but this does not require him/her to solicit competitive bids nor does her/she have an obligation to seek the lowest available commission cost.

In the event that a client directs the V Wealth to use a particular broker or dealer, the V Wealth adviser may not be authorized under those circumstances to negotiate commissions and may not be able to obtain volume discounts or best execution. In addition, under these circumstances, a disparity in commission charges may exist between the commissions charged to clients who direct the V Wealth adviser to use a particular broker or dealer and other clients who do not direct V Wealth to use a particular broker or dealer.

V Wealth does not participate in any soft dollar arrangements nor does it receive any soft dollar benefits. Soft dollar benefits are items such as research or other products and services (other than typical execution and other brokerage services available to investment advisers) that we may receive from a broker-dealer or other party in connection with the client security transactions directed toward that broker-dealer.

### **Order Aggregation**

V Wealth may purchase and/or sell the same security for many accounts, even though each client account is individually managed. When possible, V Wealth may also aggregate the same transaction in the same securities for many clients for whom V Wealth has discretion to direct brokerage. Clients in aggregated transactions each receive the same price per unit, although they may pay differing brokerage commissions depending upon the nature of their directed brokerage arrangement, if any.

In cases where the client has negotiated the commission-rate directly with the broker, V Wealth will not be able to obtain more favorable commission rates based on an aggregated trade. In such cases, the client will be precluded from receiving the benefit of any possible commission discounts that might otherwise be available a result of the aggregated trade.

### **Directing Brokerage for Client Referrals**

V Wealth and its associated persons do not receive client referrals from broker dealers or third parties as consideration for selecting or recommending brokers for client accounts.

## **Item 13. Review of Accounts**

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### **Periodic Reviews**

Client accounts are reviewed on a periodic basis, but not less than annually. Certain accounts may be reviewed more frequently, depending upon the needs of the client and as agreed upon with the adviser. Accounts are reviewed for security positions, concentration, asset allocation, performance, type of investments, investment objectives and consistency with investment strategy and other related factors.

All accounts are subject to regular and ongoing review. Account reviews are also based on other documentation including: valuations, details, facts, statistics and other information prepared and/or analyzed by third-parties deemed reliable by the reviewer (but not subject to the control or

verification of the reviewer). Examples of this type of documentation include quarterly performance reports provided by third party account managers.

The adviser assigned to the account reviews daily trade activity for each client. V Wealth principal (or designee) also reviews daily trade activity on the trade blotter.

Client financial plans are reviewed based on agreement with the client.

#### **Review Triggers**

Accounts are reviewed more frequently when market conditions dictate. Other conditions that may trigger a review include: changes in the tax laws, new investment information, and/or changes in a client's financial or personal situation.

#### **Regular Reports**

Clients receive statements of account positions no less than quarterly from the custodian of the account. Written reports from the custodian and/or V Wealth also include, among others: account valuation, performance, trade activity, distributions, gains (and loss), net worth, holdings and other related information.

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

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#### **Incoming Client Referrals**

V Wealth receives client referrals which may come from current clients, estate planning attorneys, accountants, employees, personal friends of employees and other similar sources. V Wealth does not compensate referring parties for these referrals.

#### **Referrals to Third Parties**

V Wealth does not accept referral fees or any form of remuneration from other professionals when a prospect or client is referred to the third party.

#### **Other Compensation**

V Wealth associates may, from time-to-time, receive 12b-1 distribution fees from investment companies (mutual funds) in connection with the placement of clients' funds into investment company products in their capacity as registered representatives of LPL Financial.

### **Item 15. Custody**

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All client assets are held at a qualified custodian. V Wealth does not maintain custody of any client assets or securities. V Wealth does not allow its associated persons to obtain custody of client assets including cash, securities, act as trustee, provide bill paying services, or have password access to control account activity or any other form of control of client assets. All check or wire transfers used to fund client accounts must be made payable and forwarded to the named custodian.

#### **Account Statements**

The qualified custodian will provide quarterly account statements. Statements will be sent to clients at their address of record. The statements will reflect holdings and trading activity for the quarter. Clients should carefully review the statements for discrepancies and inaccuracies. Clients should also compare the statements with any additional reports provided by V Wealth.

## **Item 16. Investment Discretion**

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The adviser accepts new accounts only when he/she is given investment discretion through a limited power of attorney by the client. V Wealth's discretionary authority regarding investments may however be subject to certain limitations. These limitations are recognized as restrictions and prohibitions placed by the client on transactions in certain types of businesses or industries. All such restrictions are to be agreed upon in writing at the account's inception.

## **Item 17. Voting Client Securities**

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V Wealth does not vote nor advise clients on how to vote proxies for securities held in client accounts. The client keeps the authority and responsibility for the voting of these proxies. For accounts subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA"), the plan fiduciary specifically keeps the authority and responsibility for the voting of any proxies for securities held in plan accounts. Also, the V Wealth adviser cannot give any advice or take action with respect to the voting of these proxies.

## **Item 18. Financial Information**

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V Wealth does not require nor solicit payment of more than \$1,200 in fees per client six months or more in advance. As a result, we are not required to provide our clients with a copy of our balance sheet from our most recent completed fiscal year.

V Wealth does not have any financial impairment that will preclude it from meeting contractual commitments to clients.

V Wealth has not been the subject of a bankruptcy petition since its inception.