

**VAB Advisors**  
**352 Fernando Primero**  
**San Juan, Puerto Rico, 00918-2424**  
**(787) 302-1052**  
**Thomas Civitano, Chief Compliance Officer**  
**January 31, 2013**

Item 1 – Cover Page

This Brochure provides information about the qualifications and business practices of VAB Advisors, LLC. (“VAB Advisors” or “VAB”). If you have any questions about the contents of this Brochure, please contact us at (787)302-1052 or [civitano@vabpr.com](mailto:civitano@vabpr.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

VAB Advisors is a SEC Registered Investment Advisor. Registration of an Investment Advisor does not imply any level of skill or training. The oral and written communications of VAB Advisors will provide you with information about which you determine to hire or retain VAB Advisors.

Additional information about VAB Advisors also is available on the SEC’s website at [www.info.sec.gov](http://www.info.sec.gov).

## Item 2 – Material Changes

On July 28, 2010, the United State Securities and Exchange Commission published “Amendments to Form ADV” which amends the disclosure document that we provide to clients as required by SEC Rules. This Brochure dated February 08, 2013 is a document prepared according to the SEC’s requirements and rules.

Pursuant to SEC Rules, we will ensure that you receive a summary of any materials changes to this and subsequent Brochures within 120 days of the close of our business’ fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting Thomas Civitano at (787) 302-1052 or via email at [civitano@vabpr.com](mailto:civitano@vabpr.com).

Additional information about VAB Advisors is also available via the SEC’s web site [www.info.sec.gov](http://www.info.sec.gov). The SEC’s web site also provides information about any persons affiliated with VAB Advisors who are registered, or are required to be registered, as investment VAB Advisors representatives of VAB Advisors.

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#### **Item 4 – Advisory Business**

VAB Advisors is wholly-owned by an investor, Eduardo Ballori (90%), and Chief Compliance Officer, Thomas Civitano (10%). VAB Advisors seeks to employ the significant intellectual capital of a highly skilled team of professionals to assist our clients in accomplishing breakthrough solutions to their challenges. It also relies heavily on the reputation of its staff for high standards of conduct and performance to reinforce and maintain long - term relationships. Its target market is predominantly, but not exclusively, the public finance sector.

VAB Advisors offers the following services:

- Financial advisory services to public sector clients or private sector clients engaged in a public sector initiative. This includes planning and execution of public private partnerships, acquisitions and divestitures and commodity hedging programs.
- High quality asset management services targeted to institutional clients and funds.

VAB Advisors provides investment advisory services to Municipalities, Governmental Instrumentalities and Public Pension Funds. VAB Advisors has delivered specialized, comprehensive investment consulting services to institutional clients since July of 2009. It combines the advantages of a "boutique" structure with the resources and depth of extensive Public Finance experience. VAB Advisors associates must generally satisfy academic and professional requirements before they can provide VAB Advisors' Investment Advisory and Consulting services.

#### **Our Commitment**

Our commitment is to combine our experience, knowledge and energy with the extensive knowledge of public finance and the Securities Market to provide proactive advice and customized solutions to help our clients pursue their long-term objectives.

VAB Advisors clients will potentially include:

- Public and privately held corporations
- Defined benefit and defined contribution pension plans
- State, county and municipal public retirement systems
- Taft-Hartley Plans

- Private foundations
- University and college endowments
- Educational institutions
- Insurance companies
- Hospitals and health-care providers

Institutional consulting services will also include:

- Assistance with development and review of investment policy statement
- Asset allocation studies and analysis
- Investment manager and mutual fund search and recommendation
- Portfolio evaluation and review

For pension plans, we also provide:

- Evaluation of proposals and merits of bundled and unbundled service providers
- Identification of third-party record keepers
- Evaluation of investment alternatives offered by the plan
- Employee communication plan
- Participant education programs

VAB Advisors, LLC is a registered investment adviser that provides securities, investment advice and other financial services to clients. We are registered as an investment adviser with the Securities and Exchange Commission ("SEC"). We provide investment advice through investment adviser representatives ("Advisors") associated with our company, most of whom are also registered representatives of our affiliated broker-dealer, VAB Financial, LLC.

Generally, prior to opening an advisory account with us, your Advisor will meet with you regarding your investment experience, investment objectives, risk tolerance and general financial condition in order to create an investment profile for you. These investment profiles help your Advisor determine appropriate investment products and services for you.

You will enter into a contract with our company setting forth terms and conditions of the advisory services relationship, including fees to be charged and authorization for the Advisor to purchase and sell securities pursuant to the investment objectives you choose.

Such securities include but are not limited to, no-load and load waived mutual funds and/or variable product sub-accounts, exchange traded funds, individual equities, and/or individual fixed income securities.

You will also enter into separate custodial/clearing agreements with the applicable custodian. If needed, we may assist you in finding a custodian and clearing firm that suits your needs. Your funds and securities are held in custody at the various other clearing and custodial firms. You will receive a copy of our Privacy Policy with our standard welcome letter.

Advisors are free to choose the products and services they make available to clients subject to applicable rules of suitability, appropriate licensure, and other policies and procedures. Some Advisors may not consider or be able to offer all of the products and services available through our company. In addition, the commissions, fees and other forms of compensation paid in connection with the purchase or sale of products and services vary. Accordingly, Advisors may have a conflict of interest to the extent they recommend products or services that pay more compensation than other similar products or services available through us. Our code of ethics examines these issues.

### **Conditions for Managing Accounts**

The minimum investments for individually managed accounts in various programs sponsored or offered by us is set forth above under the Services We Offer, Fees, Types of Investments section.

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

All fees are subject to negotiation.

VAB Advisors will charge clients fees based upon the schedule released by its hired sub-advisors. Depending on the relationship for each client, the billing may be implemented from VAB or any hired sub-advisors; however the gross fees charges will be those released by the hired sub-advisor. As these rates are changed by hired sub-advisors, VAB will change the fees charged to its clients, these fees will be monitored monthly.

The specific manner in which fees are charged by VAB Advisors is established in a client's written agreement with VAB Advisors. VAB Advisors will generally bill its fees on a quarterly basis. Clients may elect to be billed in advance or arrears each calendar quarter. Clients may also elect to be billed directly for fees or to authorize VAB Advisors to directly

debit fees from client accounts. Management fees shall [or shall not] be prorated for each capital contribution and withdrawal made during the applicable calendar quarter (with the exception of de minimis contributions and withdrawals). Accounts initiated or terminated during a calendar quarter will be charged a prorated fee. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable.

VAB Advisor's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to VAB Advisor's fee, and VAB Advisors shall not receive any portion of these commissions, fees, and costs.

Item 12 further describes the factors that VAB Advisors considers in selecting or recommending broker-dealers for *client* transactions and determining the reasonableness of their compensation (*e.g.*, commissions).

An account is viewed as a securities portfolio if at least 50 percent of its total value consists of securities. For purposes of this 50 percent test, cash and cash equivalents, such as bank deposits, certificates of deposit, banker's acceptances and similar bank instruments are treated as securities.

The securities portfolios used in calculating assets under management may include all of the following:

- The firm's Principal's family or proprietary accounts;
- Accounts for which the firm receives no compensation
- Accounts for clients who aren't residents of the U.S.

In our calculation of assets under management (AUM), we will only include accounts we have discretionary authority and exercise continuous and regular supervisory or management services. In limited situations, however, we will include accounts where we do not have discretionary authority but exercise certain management functions such as being responsible for evaluating specific securities or other investments. In those situations, we would be responsible for arranging or effectuating the purchase or sale of those investments.

The following factors will be considered in determining whether we provide continuous and regular supervisory or management services to an account:

1. Terms of the advisory contract - Our advisory contract will state that we will provide ongoing management services. These contracts will stipulate that we will provide these services for the account. With respect to Outside Managed Accounts, other provisions in the contract will identify actual management practices. Some of the “outsourced” management may indicate otherwise.
2. Form of compensation – Our compensation is based on the average value of the client's assets managed over a specified period of time, for those accounts we will provide continuous and regular supervisory or management services to the account.
3. Management practices – VAB Advisors will have discretionary authority to hire and fire managers (sub-advisors) and reallocate the client's assets.

### **Value Of Assets Under Management**

The calculation of assets under management is based on their current market value within 90 days prior to filing our filing of the Form ADV. We utilize the same method we utilize to report account values to clients or to calculate fees for investment advisory services. The amount disclosed may be rounded to the nearest \$100,000. Our “as of” date will not be more than 90 days before the date our last updated brochure.

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

VAB Advisors does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

### **Item 7 – Types of Clients**

VAB Advisors provides portfolio management services to public and private corporations and pension and profit-sharing plans, Taft-Hartley plans, charitable institutions, foundations, endowments, municipalities, governmental instrumentalities, registered mutual funds, private investment funds, trust programs, sovereign funds, foreign funds such as UCITs and SICAVs, and other U.S. and international institutions.

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

We analyze investment programs and products of third-party managers by reviewing

the background of persons associated with the manager, the manager's investment process, investment philosophy, methodology used within the program, and disclosure documents related to the program. Advisors may at times perform their own research on various securities and or programs through third-party resources available to the public.

"Investing in securities involves risk of loss that clients should be prepared to bear."

### **Item 9 – Disciplinary Information**

VAB Advisors has no information applicable to this Item.

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

VAB Financial, LLC. ("VAB Financial") has been established and licensed as a broker dealer. The broker dealer is headquartered in San Juan, Puerto Rico. VAB Financial provides Investment Banking and Underwriting services to various Municipal and Government Agencies of Puerto Rico. VAB Financial is registered with the Securities and Exchange Commission (SEC), the Financial Industry Regulatory Authority (FINRA), the Municipal Securities Rulemaking Board (MSRB), and the Puerto Rico Office of the Commission of Financial Institutions (OCIF).

For advisory accounts, we do not typically act in a principal capacity when initiating any trade order; however, our respective clearing/custodial firms may act in a principal capacity when executing a trade order. Any principal trades in an advisory account will be handled in accordance with applicable law.

### **Item 11 – Code of Ethics**

#### **General Principles of the Code of Ethics:**

The Code of Ethics is applicable to all employees, whether the term employee, advisor or manager is used. The purpose of the Code is to ensure that no person employed by the Firm shall:

1. Employ any device, scheme or artifice to defraud;
2. Make any untrue statement of material fact, or omit to state a material fact necessary in order to make the statement not misleading, or;
3. Engage in any act, practice or course of business that operates, or would operate, as a fraud or deceit, or;
4. Engage in any manipulative practice.
5. A copy of our complete code of ethics is available upon request to any current or prospective client.

VAB Advisors has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at VAB Advisors must acknowledge the terms of the Code of Ethics annually, or as amended.

VAB Advisors anticipates that, in appropriate circumstances, consistent with clients' investment objectives, it will cause accounts over which VAB Advisors has management authority to effect, and will recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which VAB Advisors, its affiliates and/or clients, directly or indirectly, have a position of interest. VAB Advisor's employees and persons associated with VAB Advisors are required to follow VAB Advisor's Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of VAB Advisors and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for VAB Advisor's clients.

The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of VAB Advisors will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code certain classes of securities have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interest of VAB Advisor's clients. In addition, the Code requires pre-clearance of many transactions, and restricts trading in close proximity to client trading activity. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as

clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code of Ethics, and to reasonably prevent conflicts of interest between VAB Advisors and its clients.

Certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis when consistent with VAB Advisor's obligation of best execution. In such circumstances, the affiliated and client accounts will share commission costs equally and receive securities at a total average price. VAB Advisors will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the Order.

VAB Advisor's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting Thomas Civitano.

### **Item 12 – Brokerage Practices**

The affiliated VAB Financial will act in separation from VAB Advisors. Any securities underwritten by VAB Financial will not be recommended to any of VAB Advisors clients.

### **Item 13 – Review of Accounts**

Reviews are generally conducted on a quarterly basis, unless the client has contracted for other dates. Financial advisors are available at any time to meet with a client(s) or discuss a client's portfolio by phone. Reviews may also be conducted when a particular investment or separate account manager is underperforming and changes need to be undertaken. Each financial advisor has the required investment advisory licensing and will meet with Investment advisory clients as frequently as requested by the clients or more frequently as market conditions dictate.

Generally on a quarterly basis clients are provided a portfolio performance report, which will include a review and evaluation of the client's portfolio in light of the client's investment goals and objectives. Each performance report will include a reminder to the client to contact VAB Advisors if there are any changes in the client's financial situation or

other information and will also disclose a method by which the client may make such contact.

VAB Advisors maintains a Code of Ethics, which is available to any client or prospective client on request. VAB Advisors offers investment supervisory advisory services for clients in accordance with the Program selected by the client. There is no minimum account size, although VAB Advisors feels it is reasonable, in view of expenses, to encourage a minimum account of greater than \$5,000,000 for its institutional accounts. Total assets under management will be a consideration.

VAB Advisors may recommend the use of certain brokers based upon the ability to execute trades and costs. The choice of a particular broker/dealer is a client decision. In accounts with outside managers the outside manager may recommend a particular broker/dealer in consideration of overall services, cost, product and research that may be inclusive of VAB Advisors and its affiliates.

VAB Advisors may pay a solicitor a referral fee, based upon full disclosure to the client to a solicitor in accordance with 275.206.4-3. VAB Advisors may accept investment advisory clients as referrals from other registered investment advisers. Fees may be split between VAB Advisors and the other registered investment adviser/ solicitor.

VAB Advisors may provide investment management and supervisory services on a discretionary basis to various types of clients. Services include the recommendation, monitoring and reporting of performance from managed Programs of registered investment advisers. When specific written permission has been granted by the client, VAB Advisors may rebalance the customers account to maintain it in accordance with the previously received instructions.

### **Methods of Analysis, Sources of Information and Investment Strategies**

VAB Advisors will analyze investment programs and products of third-party managers by reviewing the background of persons associated with the manager, the manager's investment process, investment philosophy, methodology used within the program, and disclosure documents related to the program. Advisors may at times perform their own research on various securities and or programs through third-party resources available to the public.

VAB Advisors offers investment programs offered through the Firm. This Program involves an Outside Manager Program wherein outside managers are presented to the client by the Firm and the client selects the manager of their choice. The Firm monitors performance in

these accounts with regard to the Program selected by a client(s) in accordance with the client's investment objectives and risk tolerances as stated to VAB Advisors in the client profile. VAB Advisors charges fees based on a percentage of assets under management.

Fee schedules vary dependant upon the Program selected by the client (see below) and may be negotiable. Fees are charged on a quarterly basis, as of the date that the agreement is accepted by VAB Advisors and covers the remainder of the calendar quarter. Subsequent fees will be charged for calendar quarter periods and calculated on the basis of the market value of the securities and cash held for the account of the client.

Clients normally authorize the Clearing agent to debit fees from their account, although they may make other arrangements. Copies of charges are sent to the client. Non-brokerage related fees, such as IRA custody, transfer, and wire charges are not included in fees and will be charged to the account separately. Accounts may be terminated by either the client or VAB Advisors upon 30 days written notice being sent and received by the notices party. Upon receipt of notice from the client VAB Advisors will refund on a pro rata basis any unearned fees.

Fees for various Programs are as follows:

#### **Advisory Services and Fees**

##### **Investment or Brokerage Discretion**

Our Advisors will oversee and direct the investments of your accounts subject to such limitations you may impose in writing. As described above, depending on the Advisory Platform you chose for your Managed Account, you will be directing us to use your custodian, as applicable, as your custodian and as broker for equity, fixed income and mutual fund trades in your account. In addition, to the extent we accommodate your desire to use an alternative custodian, you will be directing us to use such custodian as broker for equity, fixed income, mutual fund and other trades in your account. By doing so, we will not have authority to negotiate commissions among various brokers or to obtain volume discounts and best execution may not be achieved. You may pay higher commissions, transaction cost, and receive less favorable net prices than other clients. For trades in fixed income securities in your Managed Account, we will retain trading authority and remain obligated to obtain best execution of such trades in your account. At other times, if such Advisor is approved by us, you may authorize your Advisor to have full investment and trading discretion with respect to your account.

**Termination of Accounts.** Typically both you and our company have the option

under our standard agreements to terminate the agreement upon 30 days prior written notice. In addition, you have the right to terminate the contract without penalty within five (5) business days after entering into the contract. If you pay a fee in advance, fees will be pro-rated from the termination date and refunded to you.

For VAB Advised Accounts: Neither we nor our Advisors vote proxies for clients.

**Education and Business Standards** Our employees and Advisors, excluding clerical and administrative personnel, generally are required to possess a college degree or prior experience in the financial services industry and be properly licensed and registered.

**Compliance Policies and Procedures:** We maintain written compliance policies and procedures as required by the Advisers Act (“Advisory Compliance Manual”).

Anti-Money Laundering (“AML”) Program: We, as a company with an affiliated registered broker-dealer and investment adviser, maintain an AML program as required by applicable regulations. Business Continuity Plan (“BCP”): We, as a company with an affiliated registered broker-dealer and investment adviser, maintain a BCP as required by applicable regulations. A disclosure statement describing the BCP is available by contacting your Advisor or our home office.

VAB Advisors will also offer accounts that allocate assets among other managers (a “manager of managers”), with respect to those accounts we will retain *discretionary authority* to hire and fire managers and reallocate assets among them, if deemed necessary.

Depending on the nature of the arrangement, you may enter into an agreement directly with us and will receive our Summary Disclosure Statement. Generally, if based on our referral you establish a relationship with a third party adviser, we will receive a solicitation fee from the third-party adviser that is a percentage of the advisory fee charged by that adviser. You should read the third party adviser’s Form ADV, Part II and any compensation disclosure statements provided in connection with these solicitation arrangements for information regarding the services of the third party adviser and applicable fees and charges.

**Separately Managed Account Programs:**

**Manager of Managers:**

VAB Advisors will also offer accounts that allocate assets among other managers (a “manager of managers”), with respect to those accounts we will retain *discretionary authority* to hire and fire managers and reallocate assets among them (if deemed necessary).

Depending on the nature of the arrangement, you may enter into an agreement directly with us and will receive our Summary Disclosure Statement. Generally, if based on our referral you establish a relationship with a third party adviser, we will receive compensation from the third-party adviser that is a percentage of the advisory fee charged by that adviser. You should read the third party adviser’s Form ADV, Part II and any compensation disclosure statements provided in connection with these solicitation arrangements for information regarding the services of the third party adviser and applicable fees and charges.

VAB Advisors has an ongoing agreement with BMO Global Asset Management (formerly Harris Investment Management, Inc.)

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

We have entered into agreements with third-party investment advisers that participate in, manage or sponsor different types of money management and investment advisory programs. Depending on the structure of the program, our Advisors may solicit clients for such third parties, in which case we will not provide investment advice or have discretionary authority over your assets. These solicitation arrangements are typically structured in accordance with cash solicitation rule 206(4)-3 under the Advisers Act.

Depending on the nature of the arrangement, you may not enter into an agreement directly with us and will not receive our Summary Disclosure Statement. Generally, if based on our referral you establish a relationship with a third party adviser, we will receive a solicitation fee from the third-party adviser that is a percentage of the advisory fee charged by that adviser. You should read the third party adviser’s Form ADV, Part II and any compensation disclosure statements provided in connection with these solicitation arrangements for information regarding the services of the third party adviser and applicable fees and charges.

When VAB Advisors recommends that certain clients seek the professional services of third-party asset managers the client will be assessed an investment advisory fee by the outside third-party portfolio management firm and a portion of such fee shall be payable to VAB Advisors as a referral fee.

For such services, any hired sub-advisor receives a fee based upon a percentage of the market value of assets in the client's investment account under management, subject to a minimum fee as discussed below. The fee schedule varies with the type and style of the investments and by the amount of assets under management, and ranges generally from 0.10% to 1% of assets in an account. For example, active equity investment management generally carries higher fees than passive bond or indexed equity management. Fees for large accounts or special services may be negotiated.

Hired sub-advisors generally do not impose a minimum dollar value of assets to be managed as a condition for starting or maintaining an account. However, except in certain instances described below, clients will be subject to minimum fees ranging generally from \$10,000 to \$40,000 depending upon the investment approach.

Related accounts of the same client may at the direction of any hired sub-advisor, and subject to some additional base fees, be combined for application of the percentage of asset based fee schedules.

Assets invested in mutual funds from which any hired sub-advisor receives an advisory fee are excluded from the application of asset based fee schedules unless otherwise agreed upon in writing between the client and the hired sub-advisor. In no event will any hired sub-advisor receive overlapping advisory fees.

If appropriate for a client account, the hired sub-advisor may invest assets in some type of investment vehicle (e.g., a mutual fund or an exchange traded fund (ETF)) which that hired sub-advisor itself does not advise. Such investment vehicles charge their own management fees and those fees will necessarily be subtracted from the client assets invested in that vehicle.

Unless negotiated otherwise, the fees for investment supervisory and management services are billed quarterly in arrears. Clients may authorize qualified custodians in writing to pay fees directly from an account maintained with such custodian. In those cases, VAB/the hired sub-advisor sends fee invoices to both the client and the client's custodian simultaneously. At least quarterly, and in most cases more frequently, the custodians send detailed statements to the clients. Such statements show the amounts of all fees that have been deducted following the end of each prior month or quarter.

### **Appointment of Solicitors**

We may compensate affiliated and unaffiliated third-parties who may solicit clients such third-parties believe would benefit from our investment advisory services. Any such arrangements with an unaffiliated third-party will be pursuant to a solicitation agreement which complies with rule 206(4)-3 under the Advisers Act. This rule requires, among other things, that our Summary Disclosure Statement be delivered, that a written agreement be executed in connection with a solicitation arrangement and that a compensation disclosure statement be delivered to the client at the time of solicitation.

We may enter into arrangements with other affiliated and unaffiliated investment advisers pursuant to which such registered investment advisers will provide advisory services to you. When such a referral is made, we or our Advisor will typically receive a portion of the total fee charged to you by the other registered investment adviser for so long as the other investment adviser provides you services. We and your Advisor may also receive a transaction fee for such services as a solicitor. Any such arrangements will comply with the Advisers Act.

We may receive securities commissions, including 12b-1 fees, and other third-party payments if you implement our recommendations through us. A portion of such compensation may be paid to the Advisor. Relative to your mutual fund purchases, for the period in which you maintain an investment with the mutual fund, we and your Advisor may receive ongoing 12b-1 fees directly from the mutual fund company or ongoing fees from the adviser, underwriter or distributor of the mutual fund company.

### **Item 15 – Custody**

VAB Advisors will not maintain Custody of any customer funds or securities, as a result no Form ADV-E Surprise Examination Report filings will need to be submitted.

Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. VAB Advisors urges you to carefully review such statements and compare such official custodial records to the account statements that we may provide to you. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

### **Item 16 – Investment Discretion**

Hired sub-advisors usually receive discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account.

When selecting securities and determining amounts, VAB Advisors observes the investment policies, limitations and restrictions of the clients for which it advises. For registered investment companies, the hired sub-advisors' authority to trade securities may also be limited by certain federal securities and tax laws that require diversification of investments and favor the holding of investments once made.

Investment guidelines and restrictions must be provided to VAB Advisors and the hired sub-advisor in writing.

### **Item 17 – Voting *Client* Securities**

As a matter of firm policy and practice, VAB Advisors does not have any authority to and does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. VAB Advisors may provide advice to clients regarding the clients' voting of proxies.

Clients may obtain a copy of any hired sub-advisors' complete proxy voting policies and procedures upon request. Clients may also obtain information from the hired sub-advisor about how the hired sub-advisor voted any proxies on behalf of their account(s).

### **Item 18 – Financial Information**

VAB Advisors is required in this Item to provide you with certain financial information or disclosures about VAB Advisor's financial condition. VAB Advisors has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.

**Item 19 – Requirements for State-Registered VAB Advisors**

VAB Advisors is an SEC registered investment advisor.