

**Firm Brochure  
Form ADV Part 2A  
Dated: March 31, 2014**

**Item 1: Cover Page**

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**VESTOR | CAPITAL**

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This brochure provides information about the qualifications and business practices of Vestor Capital, LLC. If you have any questions about the contents of this brochure, please contact us at (312) 641-2400 or by email at [vestor@vestorcapital.com](mailto:vestor@vestorcapital.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC"), or by any state securities authority.

Additional information about Vestor Capital, LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by firm name or by a unique identifying number, known as a Central Registration Depository ("CRD") number. The CRD number for Vestor Capital is 165855.

## **Item 2: Material Changes**

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### **Annual Update**

The Material Changes section of this brochure will be updated annually when material changes occur since the previous release of the Firm Brochure. Pursuant to SEC rules, we will ensure that you receive a summary of any material changes to this and subsequent Firm Brochures within 120 days of the close of our business' fiscal year. Our fiscal year ends on December 31 so you will receive the summary of the material changes no later than April 30 each year. We may further provide other ongoing disclosure information about material changes as necessary.

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

Vestor Capital's last annual update was made in March 2013 and subsequently updated in September 2013. Vestor Capital's business activities have not materially changed since the time of the last annual update. This revision contains updates to our Assets under Management and Assets under Advisement.

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### **Full Brochure Available**

From time to time, we may send you an update about specific important changes. However, whenever you would like to receive a complete copy of our Firm Brochure, please contact us by telephone at: (312) 641-2400 or by email at: [vestor@vestorcapital.com](mailto:vestor@vestorcapital.com).

Additional information about Vestor Capital, LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by firm name or by a unique identifying number, known as a Central Registration Depository ("CRD") number. The CRD number for Vestor Capital is 165855. The SEC's website also provides information about any associated persons affiliated with Vestor Capital, LLC who are registered, or are required to be registered, as investment advisor representatives of Vestor Capital, LLC.

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## Item 4: Advisory Business

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### Firm Description

Vestor Capital, LLC (“Vestor Capital”) is an investment advisory firm registered with the Securities and Exchange Commission pursuant to Section 203 of the Investment Advisers Act of 1940, as amended (the Act). On October 1, 2012, Vestor Capital became a part of the Focus Financial Partners, LLC (“Focus”) network. Vestor Capital has operated as an investment adviser since 1984 and is incorporated under the laws of the State of Delaware.

Vestor Capital employs 12 associates of which 11 are licensed investment professionals. In addition, three of the associates are licensed as insurance advisors. Vestor Capital is strategically located in a professional building along the Chicago River in downtown Chicago adjacent to both Union Station and the Ogilvie Station. The firm also maintains a Branch Office in Lake Forest, Illinois and several investment professionals maintain offices within their home. The firm has Clients in 34 states and maintains state registrations where required.

Vestor Capital is a private investment and wealth management firm serving the investment needs of individuals and families, who seek thoughtful strategies to grow, protect and transfer their wealth. We have cultivated a culture of excellence and mutual respect for the benefit of our colleagues and for those Clients who require the integrity and expertise of a partner focused on providing outstanding personal service.

Since 1984, we have successfully assisted our individual, corporate and institutional Clients in their efforts to grow and preserve their wealth by providing investment advice and responsive asset management. We take great pride in the trusted relationships we have built with our Clients along the way.

At Vestor Capital we believe that successful wealth creation begins with a clear statement of long-term investor objectives that are both realistic and measurable, created within a framework of comprehensive understanding of each Client's entire financial picture; in short, a planned approach, which we review annually. We help our Clients execute their investment plans by consistently applying our value style-oriented equity, balanced and fixed income investment strategies throughout all market conditions.

We take our commitment to each Client seriously. In fact, all Vestor Capital associates invest in the same securities in their own equity portfolios as those we select for our Clients.

Please take a few minutes to explore our website at [www.vestorcapital.com](http://www.vestorcapital.com). If you would like to learn more about Vestor Capital and our investment services, please feel free to contact us either by email or telephone. We will then arrange a meeting to learn more about you and your investment objectives.

To our valued Clients, we appreciate our relationship with you and will continue to assist you in reaching your long-term investment objectives. To prospective Clients, we look forward to the opportunity to assist you with your investment needs.

## Item 4: Advisory Business (continued)

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### Principal Owners

On October 1, 2012, Vestor Capital Partners, LLC contributed its business to Vestor Capital, LLC and became a part of the Focus Financial Partners, LLC (“Focus”) network.

Vestor Capital has operated as an investment adviser since 1984 and is incorporated as a Limited Liability Company under the laws of the State of Delaware.

Vestor Capital is managed by VC Management, LLC, under a perpetual management agreement, whose principal executive officers are the same as those of Vestor Capital’s full time Executive Officers.

Vestor Capital’s full-time Executive Officers are:

- Martin Buehler, President
- Dennis J. Slott, Executive Vice President
- William P. McNulty, Treasurer and Chief Compliance Officer
- Tim Detloff, Director of Research

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### Types of Advisory Services

Asset allocation	Cash flow and debt management
Business succession	Insurance and risk management
Investment Management	Net worth analysis
Income tax planning	Retirement planning
Education funding	Single stock exposure
Estate planning	Wealth transfer planning

### Investment Advice

Vestor Capital provides personalized investment advice and portfolio management for each Client primarily on a discretionary basis. We will advise some accounts on a non-discretionary basis. Vestor Capital may also provide investment consultations on a fixed-fee basis.

### Conditions for Managing Portfolios

A \$1 million minimum asset value is required for individuals plus an in-depth interview to determine investment philosophy and compatibility prior to opening any Client account. Present financial status, risk tolerance, living style and wealth accumulation goals will be discussed in order to determine realistic investment expectations. The minimum asset value may be adjusted, for related persons and certain other specific Clients and organizations

When managing a specific Client account, we may give advice and take action with respect to any of our other Clients or related accounts which may differ from advice given, or the timing or nature of action taken, with respect to the specific Client. However, it is our policy, to the extent practical, to allocate investment opportunities to the specific Client over a period of time on a fair and equitable basis relative to other Clients. In effecting securities transactions, we may effect similar transactions in the same security simultaneously for the specific Client and for the accounts of other Clients or related persons. We may “bunch” these securities transaction orders, meaning at the same average price for all clients in the transaction.

## Item 4: Advisory Business (continued)

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### **Client Analysis and Financial Goals**

- **Philosophy**

A comprehensive investment solution starts with a discussion of various considerations of your savings and investment status, potential risks, liquidity, financial attitudes and asset allocation. We will analyze all of these components, help you determine your tolerance for market volatility and select an asset allocation and investment strategy that is structured to help meet your goals.

Achieving financial goals involves the use of many techniques, financial concepts and tools. Perhaps one of the most important is the proper use of savings, investments and retirement accounts. During your financial life you will accumulate funds from various sources including savings, your surplus income, inheritances, gifts, company contributions to retirement accounts, and other types of financial resources.

Since savings and investment accounts are acquired over a broad time frame, it is not unusual to find that the funds have been put into savings or investment accounts with inadequate thought as to how the various accounts relate to each other, or how they fit with your own long-term goals for financial success. One objective of providing financial advice is to determine the proper mix of asset types, classes, or groups. In order to achieve the desired results for your financial future, it may be prudent to consider repositioning assets from an existing account to other accounts that more appropriately match your goals and market volatility comfort level.

As a result of our analysis of your financial goals and the resources available to achieve those goals, it may be determined that some changes to your assets or their management would enhance your potential for your future success. Any recommendations relating to changes will take into consideration:

- Your investment time horizon (time left to accumulate or use investments);
- Your risk tolerance level;
- The amount of funds available relative to the amount required to achieve your goals.

### **Wealth Accumulation Planning**

Wealth accumulation planning models may be used for portfolio management during the interview process to establish suitability and strategy. The models are routinely updated on an annual basis.

- **Philosophy**

Our Wealth Accumulation Planning Process utilizes techniques and concepts developed over years of experience from the disciplines of banking, investments, insurance, economics and finance. We analyze the data and the goals you provide to us through our personalized comprehensive questionnaire.

- **Goals-Based**

Planning is designed to identify specific goals, and then to help you to determine if what you are now doing will enable you to accomplish those goals.

#### **Item 4: Advisory Business (continued)**

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- **Financial Life Cycle**

Every person during his or her life goes through a similar economic life cycle. Your success in the final phase of this cycle is determined by your preparation and planning during the earlier phases. To that end we utilize a combination of the following modules to determine the likelihood that you will meet the set goals.

- **General Planning**

We will consider the following aspects of your financial well-being: Cash Flow, Net Worth, Liability Management and Liquidity Analysis.

- **Investments**

We will have a detailed discussion around your savings and investment status, potential risks, liquidity, financial attitudes and asset allocation.

- **Retirement Solutions**

We will review your retirement goals and objectives, assets available to use in retirement and an estimate of how long your funds might last, based on various assumptions. Monte Carlo simulations may be included where appropriate.

- **Employee Benefits**

We will review your employee benefits and advise you on how to integrate them into your financial planning decisions.

- **Education Funding**

Providing educational funds can be one of life's greatest financial burdens. Fortunately, it is an expense that can be planned. We will analyze the benefits of both a lump sum and monthly deposit method to help you plan for these anticipated expenses.

- **Income Tax**

We will perform an analysis of your income sources, exemptions, deductions and Federal and State taxes due.

- **Wealth Transfer/Estate Planning**

Together with your attorney and/or accountant, we will evaluate your financial estate with an illustration of potential estate taxes and settlement costs. The potential savings that may be realized through the use of certain estate planning tools are reviewed: Gifting Programs, ILIT, Charitable Qualified Terminable Interest Trust, Generation Skipping Transfers, Credit Shelter Trusts, Qualified Personal Residence Trust, Wealth Replacement Trusts, etc.

- **Risk Management and Insurance**

An important consideration for your financial security is the need for funds in the event of premature death, disability or estate liquidity. Our risk management specialist is available to work closely with you and your Vestor Capital Wealth Management Advisor to make certain that you are protected.

#### **Financial Counseling Services**

Vestor Capital offers Financial Counseling services to individuals directly or through employer sponsored programs. Financial Counseling services delivered through a Vestor Capital Financial Counselor includes assisting Clients in the development of a long term financial plan, investment advice, income tax planning, education funding, estate planning advice and recommendations, cash flow and debt

#### **Item 4: Advisory Business (continued)**

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management, insurance and risk management, net worth analysis, retirement planning and wealth transfer planning.

##### **Professional Service Providers**

Vestor Capital may introduce Clients to other investment and non-investment related professionals, such as accountants, attorneys, insurance providers, and other wealth planning consultants. The Client is under no obligation to engage the services of any such introduced professional. The Client retains absolute discretion over all such implementation decisions and is free to accept or reject any introduction or recommendation made by Vestor Capital. Vestor Capital cannot replace the services provided by licensed CPA's or attorneys. Vestor Capital will work closely with Clients to help utilize independent tax consultants or legal advisors for additional information.

##### **Subadvisors**

Vestor Capital may use one or more subadvisors to manage a portion of a Client account so as to provide such Clients with investment strategies and additional diversification. In such instances, Vestor Capital will provide the Client with information about such subadvisors (including the subadvisor's current Form ADV Part 2A) prior to or at the time entering into an investment management relationship with respect to the Client's account. Fees of subadvisors are paid by Vestor Capital out of fees Vestor Capital realizes from the Client.

Mutual Funds, ETF investments, and third-party Separately Managed Accounts are not considered subadvisory relationships.

Vestor Capital is engaged as a subadvisor with Placemark Investments on their Unified Managed Account Platform available through T.D. Ameritrade. Vestor Capital is engaged as a subadvisor on the FolioDx proprietary Unified Management Account Platform.

##### **Co-Advisor and Wrap Fee Programs**

Vestor Capital will share in the fee that a Vestor Capital Client pays to any co-advisor or wrap fee program to which our Advisory representative may refer you. Vestor Capital is paid as a co-advisor under certain wrap fee programs offered by the following independent business sponsors:

- Ausdal Vestor Capital Program (See Item 5 for fees, Item 8 for strategies).

We offer this program through Ausdal Financial Partners, Inc. ("Ausdal") effective 8-31-2009 through which Vestor Capital provides investment management and Ausdal provides a variety of investment-related services. Vestor Capital does not know in advance the fee the Client pays to Ausdal for investment-related services.

- Cambridge Vestor Capital Program (See Item 5 for fees, Item 8 for strategies).

We offer this program through Cambridge Investment Research Advisors, Inc. ("CIRA") effective 12-30-2009 through which Vestor Capital provides investment management and CIRA provides a variety of investment-related services. Vestor Capital does not know in advance the fee the Client pays to CIRA for investment-related services.

##### **Solicitor Referral Programs**

Solicitor Referral Programs (See Item 5 for fees, Item 8 for strategies).



#### Item 4: Advisory Business (continued)

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We offer this program to Clients referred through selected qualified solicitors. In this program, such selected qualified solicitors have the opportunity to receive ongoing referral fees over the entire term of the relationship between Vestor Capital and the Client, provided these solicitors continue to remain qualified to do so under the program.

In addition to an Investment and Wealth Management Advisory Services Agreement, each Client in a Solicitor Referral Program will receive and sign a Disclosure Document from the Solicitor explaining the Agreement between Vestor Capital and the Solicitor. A qualified solicitor is defined by Rule 206(4)-3 under the Investment Advisers Act of 1940, as amended.

#### **Model Portfolio Adviser Programs**

Model Portfolio Adviser Programs (See Item 5 for fees, Item 8 for strategies).

Vestor Capital is appointed and engaged as a nondiscretionary investment advisor to an Overlay Manager to assist the Overlay Manager in its management of such assets of the unified overlay management Program as are held in the Client Accounts from time to time. Under the Program, Vestor Capital provides the Overlay Manager with recommendations and investment advice regarding the construction and maintenance of model portfolios representing different investment styles and strategies to be used in the management of the Client Accounts.

- Overlay Manager: Placemark Investments  
Strategy: Vestor Capital US Large Cap Core Equity Strategy
- Overlay Manager: FDx Advisors, Inc  
Strategy: Vestor Capital US Large Cap Core Equity Strategy  
Strategy: Vestor Capital US Large Cap Core Global Strategy  
Strategy: Vestor Capital Equity Income Strategy

#### **Assets under Management (“AUM”)**

As of December 31, 2013, Vestor Capital managed and advised on Assets of \$634,891,438 as follows:

Discretionary Advisory AUM:	\$506,306,535
Non-Discretionary Advisory AUM:	\$19,097,324
<b>TOTAL Advisory AUM</b>	<b>\$525,403,859</b>
Brokerage and Other Advised Assets*	\$109,487,579
<b>TOTAL Assets under Advisement</b>	<b>\$634,891,438</b>

\*Advisory Fees are not charged on Brokerage and Other Advised Assets.

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

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### **Fee Compensation**

The fee is calculated on a formula basis as a percentage of the asset value of the Client account as of a specific date. Some Client accounts are calculated on tiered asset values because of the size or number of related accounts that are invested in a like-kind strategy. The fees are negotiable and are determined at the outset of the relationship by an Investment and Wealth Management Advisory Services Agreement and are based on a variety of factors including, but not limited to historical relationship, total assets, investable assets, type of assets, anticipated future assets, complexity or the number of related accounts. Fees may differ by qualified solicitor and may differ for charitable and non-profit organizations, accounts containing non-supervised securities and accounts charged on a fixed-fee or adjusted basis. Vestor Capital may provide investment consultations on a fixed fee basis.

Vestor Capital may waive its Investment Advisory fee at anytime when it deems it appropriate and/or necessary. Fees also may be adjusted for related persons of Vestor Capital or for specific Clients.

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### **Payment of Fees**

The specific manner in which fees are charged by Vestor Capital is established in a Client's written Investment and Wealth Management Advisory Services Agreement with Vestor Capital. Clients may review the amount of the fee on their custodial statement. Certain clients may also elect to be billed directly for fees.

- Investment advisory fees for Clients using the Basic Fee Schedule, paid as a percentage of assets under management, are charged and deducted in advance from Client accounts each calendar quarter or part thereof.
- Investment advisory fees for some specific Clients using the Basic Fee Schedule, and certain legacy Clients, paid as a percentage of assets under management, are charged and deducted in arrears from Client accounts for each calendar quarter or part thereof.
- Co-Advisory and Wrap Fee Program investment advisory fees, paid as a percentage of assets under management, are charged and deducted in advance from Client accounts each calendar quarter or part thereof by the Wrap Fee Sponsor.

Vestor Capital provides a pro-rata refund of any unearned fees within 30 calendar days of the effective date of a termination. Earned add-on charges or administrative fees are not subject to a refund.

Vestor Capital will not offset its investment advisory fee against management fees of other investment managers, managed funds, mutual funds and/or separately managed accounts in which a Client's assets may be invested, or against brokerage commissions and 12b-1 fees incurred for securities transactions executed through Vestor Capital Securities, LLC, as broker-dealer or through broker-dealers other than Vestor Capital Securities, LLC.

For ERISA accounts and certain other customers whose investments are made through Vestor Capital Securities, LLC, 12b-1 fees paid to Vestor Capital Securities, LLC, are credited towards the payment of the percentage investment advisory fee.

## Item 5: Fees and Compensation (continued)

### Fee Schedules

#### Basic Fee Schedule

##### Annual Fee Schedule for Equity and Balanced Accounts

On the First	\$1,000,000	1.35%	subject to a minimum of \$6,750
On the next	\$2,000,000	1.25%	
On the next	\$2,000,000	1.20%	
On the next	\$1,000,000	1.10%	
On assets over	\$6,000,000	1.00%	

##### Annual Fee Schedule for Fixed Income Only Relationships

0.50% subject to a minimum fee of \$2,500

There is an add-on administrative charge of \$500 for each additional separately managed account into which Client assets may be allocated for investment. If such separately managed account does not support electronic interface reporting capability, then such charge will be \$700. Fees may differ for charitable and non-profit organizations, accounts containing non-supervised securities, accounts in a referral program and accounts charged on a fixed fee or negotiated basis.

#### Co-Advisor Compensation for Wrap Fee Programs

- Ausdal Vestor Capital Program

##### Annual Compensation for U.S. Large Cap Core Equity Strategy

		Fee to <u>Vestor Capital</u>
On the First	\$ 500,000	0.70%
On the next	\$ 500,000	0.65%
On assets over	\$1,000,000	0.65%

##### Annual Compensation for Global Strategy

		Fee to <u>Vestor Capital</u>
On the First	\$1,000,000	1.05%
On assets over	\$1,000,000	1.00%

Vestor Capital does not know in advance the fee the Client pays to Ausdal for investment-related services.

- Cambridge Vestor Capital Program

##### Annual Compensation for U.S. Large Cap Core Equity Strategy

		Fee to <u>Vestor Capital</u>
On the First	\$ 500,000	0.80%
On the next	\$ 500,000	0.75%
On assets over	\$1,000,000	0.75%

##### Annual Compensation for Global Strategy

		Fee to <u>Vestor Capital</u>
On the First	\$1,000,000	1.10%
On assets over	\$1,000,000	1.05%

## Item 5: Fees and Compensation (continued)

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Fees may differ for legacy or transitional accounts charged on a negotiated basis with CIRA. Vestor Capital does not know in advance the fee the Client pays to CIRA for investment-related services.

### **Fee Schedule for Solicitor Referral Programs**

There is a wide range of fee schedules depending upon the agreement with the Solicitor.

#### **Annual Fee for U.S. Large Cap Core Equity Strategy**

		Range of Fees to Client
On the First	\$ 500,000	1.25 - 1.75%
On the next	\$ 500,000	1.10 - 1.70%
On assets over	\$1,000,000	1.00 - 1.65%

#### **Annual Compensation for Global Strategy**

		Range of Fees to Client
On the First	\$ 500,000	1.60 - 2.10%
On the next	\$ 500,000	1.45 - 2.05%
On assets over	\$1,000,000	1.35 - 2.00%

Investment Management and Advisory Service Fees paid to Vestor Capital and Solicitor Referral Fees paid to the Solicitor may differ from Solicitor to Solicitor and from Client to Client depending on the Solicitor. Some Solicitors are compensated as a percentage of the total fee charged to the Client, while others are asset-based fees.

### **Fee Schedule for Model Portfolio Adviser Programs**

<b>Strategy/Style</b>	<b>Fee</b>
Strategy: Vestor Capital US Large Cap Core Equity Strategy	Negotiated
Strategy: Vestor Capital US Large Cap Core Global Strategy	Negotiated
Strategy: Vestor Capital Equity Income Strategy	Negotiated

### **Fees for Financial Counseling Services**

Vestor Capital charges a counseling fee for each counseled Client. The fees are fixed at a negotiated annual rate and will vary based on a number of factors, including the scope and complexity of the services provided, whether tax preparation is included and the counseling professionals rendering the services. The fee is payable in advance, in 2 equal installments on January 1<sup>st</sup> and July 1<sup>st</sup> of each calendar year or prorated based on the beginning of the month closest to when the Service begins. If the Service is terminated, the refund will be prorated based on the beginning of the month closest to when the Service is terminated.

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

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### **Performance-Based Fees**

Neither Vestor Capital nor any person Vestor Capital supervises charges a performance-based fee.

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### **Side-by-Side Management**

Neither Vestor Capital nor any person Vestor Capital supervises manages Client portfolios Side-by-Side.

## Item 7: Types of Clients

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### Individual High Net-Worth Investment Clients

A \$1 million minimum portfolio value is required for individuals plus an in-depth interview to determine investment philosophy and compatibility prior to opening any Client account. Our Wealth Management Advisors begin by gaining an understanding of your values and investment objectives and then develop a plan around those objectives. We implement thoughtful investment solutions in a timely manner to establish your investment plan.

#### **We Create a Road Map to Help You Navigate through Life Cycles**

Your financial affairs may be complex. Having a long-term financial strategy can provide clarity and peace of mind now, and into the future.

#### **We Consistently Monitor Your Journey and Focus on Your Interests**

Strategic investment planning provides a clear idea of the steps you need to take to reach the next stage in your life. With careful planning, you will have the confidence of knowing you are moving closer to your goals. We build the foundation by following our five-step process:

- 1. Understanding your Current Financial Situation**

We will work with our Clients to develop an understanding of their financial situation, encouraging their knowledgeable participation in establishing investment goals and objectives. Our findings may lead to a net worth analysis, debt and liquidity management, asset allocation and investments decisions.

- 2. Develop and Understand Goals and Objectives**

Armed with a better understanding of the factors that can impact investment decisions, we will jointly develop realistic investment goals and objectives around funding an education, planning for retirement, gifting or managing a liquidity event.

- 3. Develop Integrated Strategies**

Within the context of your goals and objectives we will ascertain risk tolerances to identify an appropriate asset allocation strategy.

- 4. Implement Investment Strategy**

Once we have agreed upon the asset allocation strategy, we will use it to implement our proprietary investment approach.

- 5. Monitor Progress and Adjust to Changing Circumstances**

We will consistently monitor and report progress against your stated investment goals and objectives. As personal circumstances change, we will reassess your investment strategy with you and make any necessary adjustments.

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### Individual High Net-Worth Wealth Transfer Clients

We can assist you in evaluating your financial estate with an illustration of potential estate taxes and settlement costs. The initial analysis will highlight the potential savings that might be realized through use of certain trust and estate planning tools. You may want to consult with an estate planning attorney for a more detailed analysis of the options available, and for additional evaluation of other techniques that might be of benefit.

## **Item 7: Types of Clients (continued)**

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We begin the process by determining, with your input, the answer to some of the basic questions:

- Are your wills and other estate documents current with the existing legal conditions?
- Have you recently reviewed your desires regarding final disposition of your remainder estate?
- Is your estate large enough now or is it anticipated that it will grow to an extent that your exposure to estate taxes could be costly to your heirs?
- Have you considered the various trust planning techniques available that could help reduce costs and taxes?
- Could charitable gifting assist in reducing your estate costs and at the same time provide a benefit to others, instead of the IRS?
- Have you taken advantage of Living Wills and other pre-planning techniques that might help your survivors avoid trauma and indecision at a time when they are already under stress?

A careful review will help you to determine which legal estate planning tools should be considered. As you consider the various estate planning tools, recognize that competent legal advice is necessary to assure that the documents are properly prepared.

Any family members who might have a concern regarding your estate planning strategy should be appropriately involved in your estate planning and protection to avoid possible confusion or uncertainty of your wishes when an event requires use of any of the documents. Proper planning and preparation before a need arises can avoid unnecessary delay, confusion, potential legal costs and family disruption.

While estate taxes may not be a serious problem for smaller estates, time, combined with the growth of successful investments, or inflation, can result in a substantial estate tax liability.

You may want to consider various types of trust or estate planning techniques to help assure that all aspects of your estate disposition are handled according to your wishes and with the minimum estate taxation.

Our analysis of your estate plan is only an estimate and does not constitute legal advice. You should always obtain legal counsel before taking action affecting your estate planning.

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### **Individual High Net-Worth Insurance Clients**

Protecting your personal wealth and valuables and insuring against illness, loss of income or loss of life are important considerations when developing a complete financial solution. For business owners and executives, there is other, often more complicated, risks and exposures that must be considered when building and managing a thorough plan.

Through our subsidiary Vestor Capital Insurance Advisors, LLC, we investigate, on your behalf, the hundreds of products available in the marketplace and we select those that best address your needs. As an independent insurance agency, we are not beholden to a specific insurance provider or underwriter. Vestor Capital Insurance Advisors, LLC, or its insurance agents, receive compensation as a result of the insurance transaction.

## **Item 7: Types of Clients (continued)**

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As we consider individual insurance providers, we screen each on a number of factors to include their credit rating, financial condition, history of settling claims, as well as their business and claim exposures. We employ insurance specialists whose responsibility is to work with you and your Vestor Capital Wealth Management Advisor in identifying and controlling your personal and professional risks.

Through employee benefit consulting, we can provide business owners and management with technical expertise and market knowledge in areas such as employee group life, health and disability, as well as qualified and non-qualified group retirement plans for both large and small businesses.

- Life/Health/Long-Term Care/Disability
- Group Insurance
- Personal and high-limit excess liability
- Business and Family Protection
- Homeowners
- Key Man / Buy Sell
- Seasonal, secondary, and income properties
- Collections, fine art, jewelry, wine, silver, and memorabilia

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### **Institutional Clients**

As a privately-owned registered investment adviser, Vestor Capital provides separate account management to a variety of institutions, including pension plans, Taft-Hartley plans, foundations and endowments. We evaluate companies, rather than stocks – an approach that will lead to better and more methodical long-term decision making. At Vestor Capital, we believe that building portfolios that maximize the impact of superior stock selection provides the greatest potential for long-term out-performance.

By appraising companies as if we were a potential owner-operator, we focus on firms with understandable and consistent business models, proven past performance, future business growth potential, and whose shares are inexpensively priced relative to their history and interest rates.

### **Client Segments**

Vestor Capital provides separate account management for the following institutional Client segments

- Corporate Retirement Plans
- Foundations & Endowments
- Religious Organizations



## **Item 7: Types of Clients (continued)**

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### **Securities Transactions/Brokerage**

Vestor Capital has the capability to work with any brokerage firms identified by our Clients.

We utilize electronic trade execution and affirmation technology to enable efficient transaction and execution processing. We also provide electronic transaction reporting for our Clients/custodians for brokerage trade confirmation purposes.

We have existing relationships with clearing firms that allow us to offer very favorable commission rates.

### **Proxy Voting (See Item #17: Voting Client Securities)**

It is Vestor Capital's policy that each Client is responsible for voting all proxies related to the securities held in the account. As a result, generally, Vestor Capital does not vote client proxies except in certain circumstances (when a contractual obligation has been incurred by contract), such as with certain institutional or charitable clients. We will help Clients in researching a proxy question.

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

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### **Methods of Analysis**

The method of security analysis at Vestor Capital is fundamental analysis conducted internally. The main sources of data and information include Bloomberg, Value Line, Morningstar, annual reports, media newspapers and magazines, SEC filings, company conference calls, industry conferences and on- and off-site visits with company executives. All company ideas and research is presented at the weekly Investment Committee Meeting. Most investment strategy decisions rest with the Investment Committee. As with any method utilized to analyze investment opportunities, our fundamental approach is based on the use of assumptions and projections that may or may not be realized. As with any investment, past performance is not necessarily indicative of future results.

### **Vestor Capital Global Strategy**

For those Clients using this strategy, Vestor Capital compiles its own proprietary global capital market assumptions using a “building blocks” methodology to structure a Global investment strategy based upon identifying an appropriate blend of its equity, fixed income and alternative strategies while optimizing expected investment returns at acceptable risk levels. Investors receive the investment discipline of a more strategic asset allocation approach, which helps to minimize the very real temptation to follow the current “hot” trends or investment fads.

We evaluate our strategic allocation assumptions on an annual basis as long-term secular shifts in the marketplace occur, and we will make periodic changes accordingly, but will not engage in market timing. Our open platform gives us the ability to select individual stocks, mutual funds, ETFs and/or separate account managers where the selection criteria include performance and “fit” within the overall portfolio, also taking into consideration tax ramifications and fund costs. Our Global Strategy is a foundation for all of the following Vestor Capital strategies:

- Vestor Capital Core U.S. Equity Strategy
- Vestor Capital U.S. Equity Income Strategy
- Vestor Capital U.S. Small Cap Strategy
- Vestor Capital International Large Cap Strategy
- Vestor Capital International Small Cap Strategy
- Vestor Capital International Emerging Markets Strategy
- Vestor Capital U.S. Taxable Fixed Income Strategy
- Vestor Capital U.S. Tax-Exempt Municipal Bond Strategy
- Vestor Capital Alternatives Strategy

The performance of each of these strategies is benchmarked against its appropriate benchmark and peer group.

### **• Capital Markets Assumption Development**

The investment process begins with the development of capital markets assumptions. Both short- and long-term estimates of inflation, economic growth, corporate earnings, dividend growth and asset class valuations form the basis for our asset return forecasts. The standard deviation of asset class returns and correlation amongst various asset classes are used as inputs in formulating asset class weights.

### **• Mutual Fund Selection Process**

Mutual fund selection is based on funds that have a value-based, fundamental analysis investment philosophy with sufficient individual security and sector diversification. Fund selection is also based on tax efficiency, low portfolio turnover, competitive expense ratio, style consistency and investment staff stability. Selected funds demonstrate attractive long-term investment performance compared to the

## **Item 8: Methods of Analysis, Investment Strategies and Risk of Loss (continued)**

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applicable market benchmark and peer group, with similar or below-market benchmark and peer group volatility.

### **Investment Strategies**

#### **Vestor Capital Core U.S. Equity Strategy**

The Vestor Capital U.S. Equity Strategy seeks investment in businesses offering fundamental value. To better focus our research, we identify those companies that we consider to be of the highest quality, with comprehensible and consistent business models, typically including companies with above-average returns on capital and equity. We appraise companies as a potential owner-operator, focusing on those with business models and leadership teams with proven past performance and who have also demonstrated a penchant for growth. We seek out companies whose share prices are inexpensive relative to their history and interest rates – not just the market. In order to maximize the potential benefit of our stock selection skills, we create equity portfolios that are concentrated and hold our 35 to 50 best choices, diversified by sector and industry. With our long-term perspective, the annual portfolio turnover tends to be low, historically averaging approximately 30% annually since 1990. This aids in lowering transaction costs and increases the potential long-term after-tax returns. The objective of this strategy is to provide diversification and participation in mid-to-large size companies operating in the U.S. Strategy performance is benchmarked against the Standard & Poor's 500 Composite Index.

#### **Vestor Capital U.S. Equity Income Strategy**

The Vestor Capital U.S. Equity Income Strategy utilizes a valuation and fundamental selection process similar to that of the Vestor Capital Core U.S. Equity Strategy when evaluating companies for inclusion. There are a number of additional criteria such as the dividend yield and dividend-paying history. We seek companies that typically pay a minimum of a 2% dividend yield and have a demonstrated history of uninterrupted dividend payments. Further, we prefer those companies that have a recent history of raising dividends. In order to maximize the potential benefit of our stock selection skills, we limit our portfolio holdings to approximately 25 companies, diversified by sector and industry. Based upon our long-term investment perspective, we anticipate the annual portfolio turnover to be similar to that of our Core U.S. Equity Strategy. Low turnover aids in lowering transaction costs and increases the potential long-term after-tax returns. The strategy objective is to provide a total return solution for our Clients by diversification and participation in mid-to-large size companies operating in the U.S. offering income and appreciation potential. Strategy performance is benchmarked against the Standard & Poor's 500 Composite Index, and similarly positioned mutual funds.

#### **Vestor Capital U.S. Small Cap Strategy**

The Vestor Capital U.S. Small Cap Strategy utilizes active mutual funds and passive, low-cost, tax-efficient ETFs to establish an equity position invested in U.S. businesses with market capitalizations up to \$2.5 billion. The objective of this strategy is to provide diversification and participation in the traditionally faster growing U.S. small business sector. Strategy performance is benchmarked against the Standard and Poor's Small Cap 600 Index.

#### **Vestor Capital International Developed Large Cap Strategy**

The Vestor Capital International Developed Large-Cap Strategy utilizes active mutual funds and passive low cost and tax-efficient ETFs to establish an equity position invested in mid-to-large size businesses operating in Latin America, Europe, Australia, Asia and Far Eastern markets. The objective of this strategy is to provide diversification and participation in companies operating in more established international economies. Strategy performance is benchmarked against the MSCI EAFE Index

## **Item 8: Methods of Analysis, Investment Strategies and Risk of Loss (continued)**

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### **Vestor Capital International Developed Small Cap Strategy**

The Vestor Capital International Developed Small Cap Strategy utilizes active mutual funds and passive, low-cost and tax-efficient ETFs to establish an equity position invested in small business operating in Latin America, Europe, Australia, Asia and Far Eastern markets. The objective of this strategy is to provide diversification and participation in the traditionally faster growing small business sector of the more established international economies. Strategy performance is benchmarked against the MSCI EAFE Small Cap Index.

### **Vestor Capital Emerging Market Strategy**

The Vestor Capital Emerging Market Strategy utilizes active mutual funds to establish an equity position in emerging market economies located in Asia, Latin America, Eastern Europe, Africa and the Middle East. The objective of this strategy is to provide diversification and participation in the significant growth of the businesses operating in the economies of emerging market countries. Strategy performance is benchmarked against the MSCI Emerging Markets Index.

### **Vestor Capital U.S. Taxable Fixed Income Strategy**

The Vestor Capital U.S. Taxable Bond Strategy is offered through a sub-advisory relationship with an experienced fixed income advisor managing in excess of \$18 billion. Our Taxable Bond Strategy offers portfolios to Clients who seek an allocation to high quality bonds but do not require tax-exempt income. All taxable municipals must meet the same criteria as the municipals purchased for tax-free portfolios, including primarily investment grade general obligation or essential service revenue bonds. The result is a portfolio with an average AA credit rating and an effective maturity of between 3 and 5 years. Independent and proprietary credit research is employed by our sub-advisor as a means of confirming and testing the veracity of the underlying municipal insurance of each respective bond. We believe that bond insurers have highly concentrated risks, and are subject to default. Portfolio management is extremely conservative, with capital preservation as an important part of every aspect of the process. The strategy objective is to outperform in bear bond markets and keep pace in bull bond markets. The performance of the strategy is benchmarked against the Barclay's U.S. Government/Credit 1-5 Year Index.

### **Vestor Capital U.S. Tax-Exempt Municipal Bond Strategy**

The Vestor Capital U.S. Tax Exempt Municipal Bond Strategy is offered through a sub-advisory relationship with an experienced fixed income advisor managing in excess of \$18 billion. Our Tax Exempt Bond Strategy offers portfolios to Clients who require tax-exempt income and seek an allocation to high-quality municipal bonds. Securities include primarily investment-grade general obligation or essential service revenue bonds. The result is a portfolio with an average AA credit rating and an effective maturity of between 3 and 5 years. Independent and proprietary credit research is employed by our sub-advisor as a means of confirming and testing the veracity of the underlying municipal insurance of each respective bond. We believe that bond insurers have highly concentrated risks, and are subject to default. Portfolio management is extremely conservative, with capital preservation as an important part of every aspect of the process. The objective of this strategy is to outperform in bear bond markets and keep pace in bull bond markets. The performance of the strategy is benchmarked against the Barclay's 3 Year Municipal Bond Index.

## **Item 8: Methods of Analysis, Investment Strategies and Risk of Loss (continued)**

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### **Vestor Capital Alternatives Strategy**

The Vestor Capital Alternatives Strategy utilizes mutual funds, ETFs and sub-advisors to provide long/short, absolute return, commodities, managed futures and opportunistic hybrid investment strategies. The objective of this strategy is to identify non-traditional investment strategies that may have low or negative correlation to the price movements of the Standard & Poor's 500 Composite Index, yet are expected to provide long-term investment returns in excess of the Vestor Capital fixed income strategies. Depending on the strategy, performance is benchmarked against the U.S. Government Treasury Bill, Standard & Poor's 500 Index or respective strategy composites.

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### **Co-Advisory and Wrap Fee Program Strategies**

- Ausdal Vestor Capital Program
  1. Clients are invested in the Vestor Capital Core U.S. Equity Strategy
  2. Clients are invested in the Vestor Capital Global Strategy (ValuePlus™)
- Cambridge Vestor Capital Program
  1. Clients are invested in the Vestor Capital Core U.S. Equity Strategy
  2. Clients are invested in the Vestor Capital Global Strategy

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### **Solicitor Referral Program Strategies**

1. Clients are invested in the Vestor Capital Core U.S. Equity Strategy
2. Clients are invested in the Vestor Capital Global Strategies

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### **Risk of Loss**

All investment strategies have certain risks that are borne by the investor. Investing in securities involves risk of loss that clients should be prepared to bear. Our investment approach keeps the risk of loss in mind. However, as with all investments, Clients face investment risks including, but not limited to, the following: Loss of Principal Risk, Interest-rate Risk, Market Risk, Inflation Risk, Currency Risk, Reinvestment Risk, Business Risk, Liquidity Risk and Financial Risk.

## **Item 9: Disciplinary Information**

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### **Legal and Disciplinary**

The firm and its employees have not been involved in any legal or disciplinary events related to past or present investment activities that could impact your decision to hire us. We try to always maintain a culture of compliance from the top down.

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

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### **FOCUS OPERATING, LLC and FOCUS FINANCIAL PARTNERS**

Vestor Capital is part of the Focus Financial Partners, LLC (“Focus”) network. As such, Vestor Capital is a wholly-owned subsidiary of Focus Operating, LLC, which is a wholly-owned subsidiary of Focus. Focus also owns other registered investment advisers, broker-dealers, pension consultants, insurance firms, and other financial service firms (the “Focus Partners”). The Focus Partners provide wealth management, benefit and investment consulting services, serving individuals, families, employers, and institutions. Some Focus Partners also manage or advise limited partnerships, private funds or limited liability companies as disclosed on their respective Form ADV Schedule Ds.

Vestor Capital’s clients are not solicited to invest in any other Focus Partners’ advisory services, and generally Focus Partners do not recommend securities, services, or other investment products of other Focus Partner firms, unless so disclosed on their respective Forms ADV’s and with the clients’ informed consent, nor are any transactions executed through another Focus Partner’s affiliated broker-dealer. Further, the Focus Partners do not market their services or share client information amongst each other without prior client consent. Management of other Focus Partners is not involved in the management of Vestor Capital.

A list of the related person investment advisers and broker-dealers can be found on Vestor Capital’s Form ADV Part 1 Schedule D, and additional information about Focus can be found at [www.focusfinancialpartners.com](http://www.focusfinancialpartners.com).

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### **Potential Conflicts of Interest**

Vestor Capital, LLC executes securities transactions for Clients directly through Vestor Capital Securities, LLC, our affiliate, in its capacity as a broker-dealer, for those clients who selected Vestor Capital Securities as their broker-dealer. In this event, Vestor Capital Securities, LLC, will receive commission compensation. Vestor Capital Securities, LLC, may also share the commission compensation with the registered representative.

Vestor Capital, LLC will refer investment advisory Clients to its subsidiary Vestor Capital Insurance Advisors, LLC in its capacity as an insurance broker. In this event, Vestor Capital Insurance Advisors, LLC, will receive commission compensation. Vestor Capital Insurance Advisors, LLC, may also share the commission compensation with the licensed representative.

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

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

We and our officers, employees and relatives of employees (“related persons”) may acquire and sell securities that are also recommended to Clients. Security transactions executed in the accounts of related persons are done so on the same basis as non-related accounts. Neither we nor any of our related persons shall intentionally profit through any structured staggered timing of securities owned in or transacted for Client accounts.

We have adopted a Code of Ethics (the “Code”) to establish policies addressing our fiduciary duties to our Clients. The Code prohibits fraudulent or manipulative practices in connection with Client investments. The Code establishes policies regarding personal trading by our employees. We have implemented procedures designed to ensure compliance with the provisions of the Code, including quarterly affirmations of compliance and annual holding reports. We will provide a copy of our Code to any Client or prospective Client upon request, by contacting us at (312) 641-2400 or by email at [vestor@vestorcapital.com](mailto:vestor@vestorcapital.com).

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## Item 12: Brokerage Practices

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### Selecting Brokerage and Custodian Firms and Directed Brokerage

Specific brokers and custodian recommendations are made to Clients based on their need for such services. Vestor Capital recommends brokers and custodians based on the proven reputation and financial responsibility of the firm, best execution of orders at reasonable commission rates, and the quality of Client service. Each Client designates a broker and/or qualified custodian when signing Vestor Capital's Investment Management and Advisory Services Agreement.

Vestor Capital recommends the following brokers and qualified custodian firms:

- Pershing Advisor Solutions (a division of Pershing LLC, member FINRA/SIPC)
- Schwab Institutional (a division of Charles Schwab & Co, Inc., member FINRA/SIPC/NFA)
- TD Ameritrade Institutional (a division of TD Ameritrade Inc., member FINRA/SIPC/NFA)
- Vestor Capital Securities, LLC (member FINRA/SIPC) (Clearing through Pershing LLC) (our affiliate)

With the exception of Vestor Capital Securities, LLC, Vestor Capital does not receive fees or commissions paid from any broker or qualified custodian listed above. However, Vestor Capital participates in institutional customer programs sponsored by certain custodians and Vestor Capital may recommend those custodians to Clients for custody and brokerage services. There is no direct link between Vestor Capital's participation in these programs and the investment advice Vestor Capital provides to its Clients. Vestor Capital receives economic benefits through its participation in these programs that are typically not available to custodian retail investors. These benefits include the following products and services (provided without cost or at a discount to Vestor Capital): receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving Advisor participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from Client accounts; access to an electronic communications network for Client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to Advisor by third party vendors. Certain custodians may also have paid for business consulting and professional services received by Vestor Capital's related persons. Some of the products and services made available by these custodians through their program may benefit Vestor Capital but may not benefit its Client accounts. These products or services may assist Vestor Capital in managing and administering Client accounts, including accounts not maintained at that certain custodian. Other services made available by these custodians are intended to help Vestor Capital manage and further develop its business enterprise. The benefits received by Vestor Capital or its personnel through participation in these programs do not depend, to the best of Vestor Capital's knowledge, on the amount of brokerage transactions directed to the custodian. As part of its fiduciary duties to Clients, Vestor Capital endeavors at all times to put the interests of its Clients first. Clients should be aware, however, that the receipt of economic benefits by Vestor Capital or its related persons in and of itself creates a potential conflict of interest and may indirectly influence Vestor Capital's choice of a custodian for custody and brokerage services. These benefits are standard in the industry in a relationship with these custodians. Vestor Capital reviews a sample of the execution of trades at each custodian monthly and trading fees charged by the custodians are also reviewed on an annual basis.

Vestor Capital participates in the institutional advisor program (the "TD Program") offered by TD Ameritrade Institutional. TD Ameritrade Institutional is a division of TD Ameritrade Inc., member FINRA/SIPC/NFA ("TD Ameritrade"), an unaffiliated SEC-registered broker-dealer and FINRA

## **Item 12: Brokerage Practices (continued)**

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member. TD Ameritrade offers to independent investment advisors services which include custody of securities, trade execution, clearance and settlement of transactions. Vestor Capital receives some benefits from TD Ameritrade through its participation in the TD Program. (Please see the disclosure under Item 14 below.)

Certain Clients participating in Co-Advisory, Wrap Fee and Solicitor Referral Programs are introduced to Vestor Capital through broker-dealer firms, who may be the program sponsors, or solicitor firms, and who may be the broker-dealer for the Client. In these programs, Vestor Capital does not recommend any broker-dealer or custodian. Rather, Clients designate one or more broker-dealers and/or custodians that are acceptable for use. For these certain Clients, Vestor Capital will direct all brokerage transactions and investment activity through the directed broker and/or custodian designated by each Client. These broker-dealers are:

- Ausdal Financial Partners, Inc
- Cambridge Investment Research, Inc.

Subject to the Client's direction to use one or more designated broker-dealers and subject to any specified commission arrangements negotiated by the Client with such designated firms, Vestor Capital's policy is to seek the most favorable combination of price and execution for Client portfolio transactions. In addition, those Clients who direct Vestor Capital to use one or more designated broker-dealers and those Clients who negotiate specified commission arrangements with any such designated firms, may pay higher commissions with respect to certain investment transactions for the Client than for other Clients of Vestor Capital which do not have broker-directed accounts or who have designated different broker-dealer firms.

As a result of a Client's direction to use a particular broker-dealer, Vestor Capital may not obtain best price and execution with respect to certain portfolio transactions and may pay prices and commissions with respect to investment transactions that are higher than those that would be obtainable if Vestor Capital were to select broker-dealers based on its assessment of execution, clearance and settlement capabilities and the broker-dealer's willingness to negotiate commission rates. In addition, to the extent certain Clients enter into directed brokerage arrangements providing for specified commissions or arrangements whereby brokerage services are provided within a variety of investment-related services, Vestor Capital has no ability to negotiate commission rates or obtain volume discounts on behalf of such Clients.

### **Vestor Capital Securities, LLC**

Vestor Capital may recommend to Clients to designate Vestor Capital Securities, LLC, via Pershing, LLC, as the broker-dealer for account transactions. In this case, Vestor Capital will benefit directly to the extent the commissions paid by the Client exceed the clearing and other fees charged to Vestor Capital Securities, LLC, by Pershing, LLC. Vestor Capital may also suggest certain broker-dealers to Clients, including third-party broker-dealers and custodians who have in the past, and may in the future, refer Clients to Vestor Capital.

## **Item 12: Brokerage Practices (continued)**

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### **Soft Dollars**

Certain broker-dealers and custodians also make available to Vestor Capital other products and services that benefit Vestor Capital but may not benefit its Clients' accounts. Some of these other products and services assist Vestor Capital in managing and administering Clients' accounts. These include software and other technology that provide access to Client account data (such as trade confirmations and account statements); facilitate trade execution (and allocation of aggregated trade orders for multiple Client accounts); provide research, pricing information and other market data; facilitate payment of Vestor Capital's fees from its Clients' accounts; and assist with back-office functions, recordkeeping and Client statements); facilitate trade execution (and allocation of aggregated trade orders for multiple Client accounts); provide research, pricing information and other market data; facilitate payment of Vestor Capital's fees from its Clients' accounts; and assist with back-office functions, recordkeeping and Client reporting. Many of these services generally may be used to service all or a substantial number of Vestor Capital's accounts. Certain broker-dealers and custodians also make available to Vestor Capital other services intended to help Vestor Capital manage and further develop its business enterprise. These services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, marketing, recruiting, and referrals. In addition, certain broker-dealers and custodians may make available, arrange and/or pay for these types of services rendered to Vestor Capital by independent third parties. Certain broker-dealers and custodians may discount or waive fees they would otherwise charge for some of these services or pay all or a part of the fees of a third party providing these services to Vestor Capital. In addition, certain broker-dealers and custodians may also provide other benefits such as educational events or occasional business entertainment of Vestor Capital personnel. As a fiduciary, Vestor Capital endeavors to act in its Clients' best interests, and Vestor Capital's recommendation that Clients maintain their assets in accounts at certain broker-dealers and custodians may be based in part on the benefit to Vestor of the availability of some of the foregoing products, services and benefits, and not solely on the nature, cost or quality of custody and brokerage services provided by certain broker-dealers and custodians, which may create a potential conflict of interest.

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### **Trade Error Policy**

Vestor Capital will generally make every effort to correct trade errors on the day reported, however various factors may affect our ability to do so. If a trade error occurs resulting in a gain or loss for a Client, Vestor Capital will make a correcting entry in that Client's account as of the date of the original trade and take action to cover the erroneous transaction. The Client's records (e.g., trade confirmations and account statements) will show the initial trade and the correcting or canceling trade. In some circumstances, Vestor Capital may take action to correct the erroneous transaction without a correcting entry. If an error results in a gain, the policy varies by custodian, but generally will be netted against losses or donated to charity.

A trade error is defined as including: 1) inaccurate transmission or execution of any term of an order including, but not limited to, price, number of shares or other unit of trading, identification of the security, identification of the account for which securities are purchased or sold, short sales that were instead sold long or vice versa, or the execution of an order on the wrong side of a market; 2) unauthorized (because of misunderstanding or mistake) or unintended purchase, sale or allocation of securities, or the failure to follow specific Client instructions; and 3) incorrect entry of data into relevant systems, including reliance on incorrect cash positions, withdrawals or securities positions reflected in an account.

## Item 12: Brokerage Practices (continued)

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### **Trade Aggregation Policy**

When managing a specific Client account, we may give advice and take action with respect to any of our other Clients or related accounts which may differ from advice given, or the timing or nature of action taken, with respect to the specific Client. However, it is our policy, to the extent practical, to allocate investment opportunities to the specific Client on a fair and equitable basis relative to other Clients. In effecting securities transactions, we may effect similar transactions in the same security simultaneously for the specific Client and for the accounts of other Clients or related persons. We may bunch these securities transaction orders. We will allocate the securities purchased or sold on behalf of our Clients in such a bunched order among the participating Clients on a fair and equitable basis as we determine to be reasonable. Partial fills for securities transaction orders occurring over multiple days are allocated to bunched orders on a systematic rotating Client basis, with employee and related accounts filled last. In addition, in a combined or bunched trade, the Client's brokerage commission will be charged according to the brokerage schedule applicable to the Client calculated with the actual number of shares, or other applicable units, acquired or sold by the Client and not upon the size of the total bunched trade.

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

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### **Review Process**

The portfolio of each Client, which may consist of one or more separate accounts, is reviewed quarterly, at a minimum. More frequent reviews are conducted if there is a change in the investment objective of the portfolio or if there is a change in the assets to be managed.

Each portfolio is reviewed for appropriateness, taking into account investment objectives and the accuracy of the execution of transactions. Primary responsibility for portfolio review and administration resides with the firm's Wealth Management Advisors.

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### **Review Triggers**

Account reviews for Clients may be performed more frequently when market conditions dictate or when a Client's objectives change. A review may be triggered by a Client request, changes in market conditions, new information about an investment, changes in tax laws, or other important life events.

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### **Regular Reports**

Each Client receives at their address of record:

- Daily Custodian Confirmations of Trade Executions
- Monthly/Quarterly Custodian Statement of Holdings and Activity
- Quarterly Portfolio Package consisting of:
  1. Portfolio Summary
  2. Performance Report
  3. Portfolio Appraisal

Each Client has access to or receives the following:

- Monthly Investment Commentary
- Quarterly Newsletter
- Webinar Presentations

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

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### **Incoming Referrals**

In connection with providing investment advisory services for Clients that have been referred to Vestor Capital by qualified solicitors, Vestor Capital will pay a referral fee, provided the Client has full disclosure of the arrangement and consents in writing in accordance with applicable provisions of the Investment Advisers Act of 1940. Such referral fees can be one-time fees paid during the first year of the relationship with a Client or they can be ongoing over a certain time or over the entire term of the relationship between Vestor Capital and the Client. In addition, registered associates of Vestor Capital are incentivized for initiating Client referrals.

Vestor Capital may receive Client referrals from TD Ameritrade through its participation in TD Ameritrade AdvisorDirect. In addition to meeting the minimum eligibility criteria for participation in AdvisorDirect, Vestor Capital may have been selected to participate in AdvisorDirect based on the amount and profitability to TD Ameritrade of the assets in, and trades placed for, Client accounts maintained with TD Ameritrade. TD Ameritrade is a discount broker-dealer independent of and unaffiliated with Vestor Capital and there is no employee or agency relationship between them. TD Ameritrade has established AdvisorDirect as a means of referring its brokerage customers and other investors seeking fee-based personal investment management services or financial planning services to independent investment advisors. TD Ameritrade does not supervise Vestor Capital and has no responsibility for Vestor Capital's management of Client portfolios or Vestor Capital's other advice or services. Vestor Capital pays TD Ameritrade an on-going fee for each successful Client referral. This fee is usually a percentage (not to exceed 25%) of the advisory fee that the Client pays to Vestor Capital ("Solicitation Fee"). Vestor Capital will also pay TD Ameritrade the Solicitation Fee on any advisory fees received by Vestor Capital from any of a referred Client's family members, including a spouse, child or any other immediate family member who resides with the referred Client and hired Vestor Capital on the recommendation of such referred Client. Vestor Capital will not charge Clients referred through AdvisorDirect any fees or costs higher than its standard fee schedule offered to its Clients or otherwise pass Solicitation Fees paid to TD Ameritrade to its Clients. For information regarding additional or other fees paid directly or indirectly to TD Ameritrade, please refer to the TD Ameritrade AdvisorDirect Disclosure and Acknowledgement Form.

Vestor Capital's participation in AdvisorDirect raises potential conflicts of interest. TD Ameritrade will most likely refer Clients through AdvisorDirect to investment advisors that encourage their Clients to custody their assets at TD Ameritrade and whose Client accounts are profitable to TD Ameritrade. Consequently, in order to obtain Client referrals from TD Ameritrade, Vestor Capital may have an incentive to recommend to Clients that the assets under management by Vestor Capital be held in custody with TD Ameritrade and to place transactions for Client accounts with TD Ameritrade. In addition, Vestor Capital has agreed not to solicit Clients referred to it through AdvisorDirect to transfer their accounts from TD Ameritrade or to establish brokerage or custody accounts at other custodians, except when its fiduciary duties require doing so. Advisor's participation in AdvisorDirect does not diminish its duty to seek best execution of trades for client accounts.

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### **Referrals to Other Professionals and Custodians**

Vestor Capital will refer Clients to other Vestor Capital Affiliates, such as the broker-dealer or insurance affiliates described in this brochure, for which compensation may be paid to Vestor Capital, LLC, and the registered and licensed associates of Vestor Capital Affiliates.

Vestor Capital does not accept referral fees or any form of remuneration from attorneys and accountants and other professionals when a prospect or Client is referred to them.

#### **Item 14: Client Referrals and Other Compensation (continued)**

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Other than the benefits described in this brochure, Vestor Capital does accept forms of remuneration from custodian referrals. (See Item# 12 Brokerage Practices – Soft Dollars)

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##### **Additional Compensation**

In connection with recommending mutual fund shares to certain Clients whose investments are made through Vestor Capital Securities, LLC, Vestor Capital may receive an economic benefit via Vestor Capital Securities, LLC, from the mutual fund company in the form of 12b-1 fees.

As part of its fiduciary duties to Clients, Vestor Capital endeavors at all times to put the interests of its Clients first. Clients should be aware, however, that the receipt of economic benefits in the form of 12b-1 fees by Vestor Capital Securities, LLC or its related persons in and of itself creates a potential conflict of interest and may indirectly influence Vestor Capital's choice of mutual funds for Clients' investment purposes.

## Item 15: Custody

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### SEC “Custody” Rule

We are not a custodian, but pursuant to the SEC “Custody” rule 206(4)-2, we do have custody solely because we deduct advisory fees directly from the accounts of our Clients with the written permission of our Clients.

#### Custodians

Our Clients use some of the most recognized custodians or banks in the industry:

- Pershing
- Pershing Advisor Solutions
- Schwab Institutional
- T.D. Ameritrade
- Banks

All of these custodians send monthly custodian statements directly to our Clients. In addition, we send advisory statements on a quarterly basis to our Clients. We encourage Clients to compare their custodian statements to our statements to help ensure the accuracy of the statements by way of the following disclosure on our quarterly report:

“Enclosed please find your Investment Review for the most recent period. It is our goal to provide you with portfolio reporting that is comprehensive yet easy to understand. Please review this report carefully and compare it to your custodial statements. Contact your Wealth Management Advisor if you have any questions, if your financial situation, individual needs or investment objectives have changed, or if you would like to impose or change any investment restrictions on your accounts. The value of the account indicated above does not reflect the value of any unmanaged assets held in the account.”



## **Item 16: Investment Discretion**

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### **Discretionary Trading Authority**

Our investment management and services agreement with our Clients may limit us as to the amounts and types of investments which may be made for an account. Absent any such limitation, we have full investment discretion. Subject to the Client's investment objectives as documented by Vestor Capital in consultations with the Client, the Client authorizes Vestor Capital during the term of the investment management and services agreement to manage, invest and reinvest the funds, securities and other assets subject to the agreement; to determine what investments shall be bought, sold, retained, exchanged, or converted; to provide the Client with periodic reports of the transactions effected and the status of the funds, securities, mutual funds and other assets subject to the agreement; and to direct without the specific consent or knowledge of the Client the execution of investment transactions, including the amount, timing, frequency and method of execution. Discretionary trading authority facilitates executing trades in Clients' accounts on their behalf so that we may promptly implement the investment strategy or policy that they have approved.

If discretionary trading authority by way of a limited power of attorney or other agreement has not been given, Vestor Capital will consult with the Client prior to each trade to obtain Client approval.

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### **Limited Power of Attorney**

A limited power of attorney, or such other agreement, granting discretionary trading authority to Vestor Capital is included in each Qualified Custodian's account application for each chosen custodian.

## **Item 17: Voting Client Securities**

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### **Client Proxy Voting**

Unless the Investment Wealth Management and Advisory Services Agreement specifically delegates proxy voting responsibility to us, Clients have proxy voting responsibility. Vestor Capital shall not be required to take any action with respect to the voting of proxies solicited by or with respect to the issuers of securities in which the assets of the Client's account may be invested. Vestor Capital will help Clients in researching a proxy question.

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### **Institutional and Directed Client Proxy Voting**

In certain circumstances (when a contractual obligation has been incurred by contract), such as with certain Institutional or charitable accounts, we have the ability to take action with respect to the voting of proxies solicited by or with respect to the issuers of securities in which the assets of the Client's account may be invested, using a proxy-voting agent.

## **Item 18: Financial Information**

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### **Financial Condition**

Vestor Capital does not have any financial impairment that will preclude the firm from meeting contractual commitments to Clients. Vestor Capital has not filed for bankruptcy protection or experienced financial irregularities in the past 10 years or at any time.

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### **Business Continuity**

#### **General**

Vestor Capital has a Business Continuity Plan (“BCP”) in place that provides detailed steps to mitigate and recover from the loss of office space, communications, services or key people. A brief summary of our BCP is mailed to Clients annually.

#### **Disasters**

The BCP covers natural disasters such as snow storms, hurricanes, tornados, fire, and flooding. The BCP covers the effects of man-made and natural disasters such as loss of electrical power, loss of water pressure, fire, bomb threat, emergency events, loss of communications from line outages, internet outage and accidents. Electronic files are backed up daily and archived on- and offsite.

#### **Alternate Offices**

Vestor Capital maintains a Branch Office 35 miles north of Chicago in Lake Forest, Illinois. This is a fully functional office with restoration computer servers. Electronic data is backed up to these servers daily. Alternate work locations can support ongoing operations in the event the main office is unavailable.

#### **Loss of Key Personnel**

Vestor Capital has maintained a written and operational process of identifying the primary, secondary and tertiary team members (“PST”) for each main function within the firm. This process also includes identifying the PST member for handling Client relationships. Even though you may be introduced to Vestor Capital by one of our Wealth Management Advisors and you may have a close, personal relationship with him or her, it is in your best interest and ours that we introduce our team service approach to you to ensure quality Client Service.

As part of the Focus Financial Partners, LLC (“Focus”) network, future growth and the culture of excellence will continue.

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### **Information Security Program**

Vestor Capital maintains an information security program to reduce the risk that personal and confidential information may be breached.

## **Item 18: Financial Information (continued)**

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### **Privacy Notice**

In June of 2000, the SEC released Regulation S-P, a rule intended to protect the privacy of nonpublic financial information about individuals. Regulation S-P requires registered investment advisers, such as Vestor Capital, LLC, and our Affiliates to adopt privacy policies governing the collection and use of nonpublic personal information about individuals and to inform certain individuals of their privacy policies on an annual basis.

#### **Information We Collect**

As a means of providing you with individualized investment service, we collect certain non-public information about you from information you provide on applications and other forms and information about your transactions with us. We may also collect such information through investment suitability questionnaires provided directly to you by us, through direct inquiries by mail or telephone, or indirectly from third parties with your permission.

#### **Information Disclosed in Administering Products and Services**

With respect to your personal and financial matters, neither Vestor Capital nor any Affiliate sells or discloses nonpublic personal information regarding our Clients or former Clients, except as required by law. Specifically, we do not sell Client lists or any other Client information to outside companies. In an effort to help you meet your investing needs and to effect transactions you request or authorize, we may disclose the information we collect about you to financial service providers such as custodians, third party electronic data processing and transmission service providers, Client statement preparation service providers, and to administrative and marketing service providers such as printers and mailers. These companies use this information only for the services for which we hire them, and they are not permitted to use or share this information for any other purpose.

#### **Procedures to Protect Confidentiality and Security of Your Personal Information**

Vestor Capital and our Affiliates restrict access to your personal account information internally to those employees who need to know that information to provide products and services to you. We also maintain physical, electronic and procedural safeguards to protect your nonpublic personal information. We will adhere to the privacy policies and practices as described in this notice regardless of your account status or level of activity.

#### **Internet**

Neither Vestor Capital nor our Affiliates assumes any responsibility for the loss of privacy of any information about you exchanged via the Internet between you, Vestor Capital, your Broker/Dealer, your custodian, third party electronic data processing and transmission service providers and Client statement preparation service providers selected by Vestor Capital, and any other person or entity approved by you in writing to Vestor Capital. Nothing herein constitutes a waiver of a client's right under applicable federal or state securities laws.

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### **Privacy Policy Notification**

As required by Regulation S-P, Vestor Capital issues a privacy disclosure to you in the investment management and services agreement, and annually thereafter by mail to the address of record on your accounts so that you know our means of governing the privacy of your financial information.

**Item 19: Requirements for State-Registered Investment Advisers**

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We are an SEC-registered Investment Adviser because our Assets under Management are greater than \$100 million.