

**Item 1: Cover Page**  
**Part 2A Appendix 1 of Form ADV: Wrap Fee Program Brochure**  
**September 2015**



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**Chief Compliance Officer**

This brochure provides information about the qualifications and business practices of Vine Capital Management, LLC. If clients have any questions about the contents of this brochure, please contact us at (951) 526-5173 or [tom@vinecapitalmanagement.com](mailto:tom@vinecapitalmanagement.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. Additional information about our firm is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Please note that the use of the term "registered investment adviser" and description of our firm and/or our associates as "registered" does not imply a certain level of skill or training. Clients are encouraged to review this Brochure and Brochure Supplements for our firm's associates who advise clients for more information on the qualifications of our firm and our employees.

## **Item 2: Material Changes**

Vine Capital Management, LLC is required to make clients aware of information that has changed since the last annual update to the Wrap Brochure ("Wrap Brochure") and that may be important to them. Clients can then determine whether to review the brochure in its entirety or to contact us with questions about the changes.

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## Item 4: Services, Fees & Compensation

Our firm manages assets for many different types of clients to help meet their financial goals while remaining sensitive to risk tolerance and time horizons. As a fiduciary it is our duty to always act in the client's best interest. This is accomplished in part by knowing the client. Our firm has established a service-oriented advisory practice with open lines of communication. Working with clients to understand their investment objectives while educating them about our process, facilitates the kind of working relationship we value.

Our wrap fee program allows clients to pay a single fee for investment advisory services and associated custodial transaction costs. Because our firm absorbs client transaction fees, an incentive exists to limit trading activities in client accounts. Custodial transaction costs, however, are not included in the advisory fee charged by our firm for non-wrap services, and are to be paid by the client to their chosen custodian. Depending on the client's account or portfolio trading activity, clients may pay more for using our wrap fee services than they would for using our non-wrap services.

### Our Wrap Advisory Services

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#### Wrap Asset Management:

As part of our Wrap Asset Management service, a portfolio is created, consisting of individual stocks, bonds, exchange traded funds ("ETFs"), options, mutual funds and other public and private securities or investments. The client's individual investment strategy is tailored to their specific needs and may include some or all of the previously mentioned securities. Portfolios will be designed to meet a particular investment goal, determined to be suitable to the client's circumstances. Once the appropriate portfolio has been determined, portfolios are continuously and regularly monitored, and if necessary, rebalanced based upon the client's individual needs, stated goals and objectives.

#### Fee Schedule

The maximum annual fee to be charged to the client's account(s) will not exceed 2.5%. The fee to be assessed to each account will be detailed in the client's signed advisory agreement, LPL Financial Account Application or LPL Financial Tiered Fee Authorization form. Fees are billed on a pro-rata basis quarterly in advance based on the value of the account(s) on the last day of the previous quarter. Fees are negotiable and will be deducted from the account(s). Please note that fees will be adjusted for deposits and withdrawals made during the quarter. If accounts are opened during the quarter, the pro-rata advisory fees will be deducted during the next regularly scheduled billing cycle. Based upon our various investment strategies, it may become necessary to hold large percentage of a client's account(s) in cash for extended period of time. This may result in negative returns when the management fees exceed the yield on those cash equivalent investments. In rare cases, our firm will agree to direct bill clients.

- a) LPL Financial, as the client's custodian, sends statements at least quarterly, showing all disbursements for each account, including the amount of the advisory fees paid to our firm;
- b) Clients provide authorization permitting LPL Financial to deduct these fees;

- c) LPL Financial calculates the advisory fees for all fee schedules and deducts them from the client's account.

### **Other Types of Fees & Expenses:**

The fees not included in the advisory fee for our wrap services are custodial transaction fees, charges imposed directly by a mutual fund, index fund, or exchange traded fund which shall be disclosed in the fund's prospectus (i.e., fund management fees and other fund expenses), mark-ups and mark-downs, spreads paid to market makers, wire transfer fees and other fees and taxes on brokerage accounts and securities transactions.

All material conflicts of interest under CCR Section 260.238 (k) are disclosed below regarding our firm, our representatives or our employees, which could be reasonably expected to impair the rendering of unbiased and objective advice. To comply with CCR Section 260.238(j), we disclose that lower fees for comparable services may be available from other sources.

### **Wrap Fee Program Recommendations**

Our firm does not recommend or offer the wrap program services of other providers.

## **Item 5: Account Requirements & Types of Clients**

Our firm does not impose requirements for opening and maintaining accounts or otherwise engaging us.

Our firm has the following types of clients:

- Individuals and High Net Worth Individuals;
- Trusts, or Estates;
- Retirement Plans;
- Corporations, Limited Liability Companies and/or Other Business Types

## **Item 6: Portfolio Manager Selection & Evaluation**

### **Selection of Portfolio Managers**

Our firm's investment adviser representatives ("IAR"s) act as portfolio manager for this wrap fee program. A conflict arises in that other investment advisory firms may charge the same or lower fees than our firm for similar services. Our IARs are subject to individual licensing requirements as imposed by state securities boards. Our firm is required to confirm or update each IAR's Form U4 on an annual basis. IAR supervision is conducted by our Chief Compliance Officer or management personnel.

### **Advisory Business:**

Information about our wrap fee services can be found in Item 4 of this brochure. Our firm offers individualized investment advice to our Wrap Asset Management clients.

Each Wrap Asset Management client has the opportunity to place reasonable restrictions on the types of investments to be held in the portfolio. Restrictions on investments in certain securities or types of securities may not be possible due to the level of difficulty this would entail in managing the account.

### **Participation in Wrap Fee Programs:**

Our firm only offers wrap fee accounts to our clients, which are managed on an individualized basis according to the client's investment objectives, financial goals, risk tolerance, etc.

### **Performance-Based Fees & Side-By-Side Management:**

Our firm does not charge performance-based fees.

### **Methods of Analysis, Investment Strategies & Risk of Loss:**

The following methods of analysis are utilized by our firm when formulating investment advice and/or managing client assets:

**Fundamental Analysis:** We attempt to measure the intrinsic value of a security by looking at economic and financial factors (for example: the overall economy, industry conditions, and the financial condition and management of a particular company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell). Fundamental analysis does not attempt to anticipate overall market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the particular security.

**Asset Allocation:** Rather than focusing primarily on securities selection, we attempt to identify an appropriate ratio of securities, fixed income, and cash suitable to the client's investment goals and risk tolerance with the goal of better diversification of risks. A risk of using asset allocation is that the client may not participate in sharp increases in a particular security, industry or market sector. Another risk is that the ratio of securities, fixed income, and cash will change over time due to stock and market movements and, if not corrected, will no longer be appropriate for the client's goals.

**Mutual Fund and/or Exchange Traded Fund (ETF) Analysis:** We look at the experience and track record of the manager of the mutual fund or ETF in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We also look at the underlying assets in a mutual fund or ETF in an attempt to determine if there is significant overlap in the underlying investments held in another fund(s) in the client's portfolio. We also monitor the funds or ETFs in an attempt to determine if they are continuing to follow their stated investment strategy. A risk of mutual fund and/or ETF analysis is that, as in all securities investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a fund or ETF, managers of different funds held by the client may purchase the same security, increasing the risk to the client if that security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund or ETF, which could make the holding(s) less suitable for the client's portfolio.

The following investment strategies are used managing client accounts, provided that such strategies are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations:

**Long-Term Purchases:** When utilizing this strategy, we may purchase securities with the idea of holding them for a relatively long time (typically held for at least a year). A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantages of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the decision to sell. Typically we employ this sub-strategy when we believe the securities to be well valued; and/or we want exposure to a particular asset class over time, regardless of the current projection for this class.

**Short-Term Purchases:** When utilizing this strategy, we may also purchase securities with the idea of selling them within a relatively short time (typically a year or less). We do this in an attempt to take advantage of conditions that we believe will soon result in a price swing in the securities we purchase.

**Trading:** On rare occasions, we purchase securities with the idea of selling them very quickly (typically within 30 days or less). We do this in an attempt to take advantage of our predictions of brief price swings.

**Option Writing:** If your account is approved for option trading, on rare occasion we may use options as an investment strategy. An option is a contract that gives the buyer the right, but not the obligation, to buy or sell an asset (such as a share of stock) at a specific price on or before a certain date. An option, just like a stock or bond, is a security. An option is also a derivative, because it derives its value from an underlying asset. The two types of options are calls and puts. A call gives us the right to buy an asset at a certain price within a specific period of time. We may buy a call if we have determined that the stock might increase substantially before the option expires. A put gives us the holder the right to sell an asset at a certain price within a specific period of time. We may buy a put if we have determined that the price of the stock might fall before the option expires.

We may use options to "hedge" a purchase of the underlying security; in other words, we may use an option purchase to limit the potential upside and downside of a security we have purchased for your portfolio. We use "covered calls", in which we sell an option on a security you own. In this strategy, you receive a fee for making the option available, and the person purchasing the option has the right to buy the security from you at an agreed-upon price. We use a "spreading strategy", in which we purchase two or more option contracts (for example, a call option that you buy and a call option that you sell) for the same underlying security. This effectively puts you on both sides of the market, but with the ability to vary price, time and other factors.

**Sector Allocation:** We may allocate client assets to various sectors of the fixed income market, (including US Treasury obligations, federal agency securities, corporate notes, mortgage-backed securities and others) and sectors of the stock market (including Energy, Health Care, Consumer Staples, Consumer Discretionary, Technology, Industrial, Basic Materials, Financials, Utilities, Telecom, and Real Estate Investment Trusts), based on our quantitative and qualitative analysis. This is done in order to manage client exposure to a given sector and to provide exposure to sectors we believe have good value good value relative to the alternatives. The risk of sector allocation is that clients may not participate fully in an increase in value in any specific sector and/or may experience greater losses than a more broadly diversified portfolio.

**Security Selection:** We use a **Contrarian Investing** strategy in security selection. This is characterized by purchasing and selling securities contrast to the prevailing sentiment of the time. A contrarian believes that certain crowd behavior among investors can lead to exploitable mispricing in securities markets. For example, widespread pessimism about a stock can drive a price so low that it overstates the company's risks, and understates its prospects for returning to profitability. Identifying and purchasing such distressed stocks, and selling them after the company recovers, can lead to above-average gains. Conversely, widespread optimism can result in unjustifiably high valuations that will eventually lead to drops, when those high expectations don't pan out. Avoiding investments in over-hyped investments reduces the risk of such drops. These general principles can apply whether the investment in question is an individual stock, an industry sector, or an entire market or any other asset class. A contrarian seeks opportunities to buy or sell specific investments when the majority of investors appear to be doing the opposite, to the point where that investment has become mispriced. Our strategy may be interested in measures of "sentiment" regarding a security among other investors, such as sell-side analyst coverage and earnings forecasts, trading volume, and media commentary about the company and its business prospects. A behavioral finance concept. But we are also ideally essentially looking to be able to buy securities at a discount to their intrinsic value, as well as perceived value. Arguably, that margin of safety is more likely to exist when a security has fallen a great deal, and that type of drop is usually accompanied by negative news and general pessimism.

Please Note: Investing in securities involves risk of loss that clients should be prepared to bear. While the financial markets may increase and your account(s) could enjoy a gain, it is also possible that the financial markets may decrease and your account(s) could suffer a loss. It is important that you understand the risks associated with investing in the financial markets, are appropriately diversified in your investments, and ask us any questions you may have.

#### **Voting Client Securities:**

Our firm does not accept the proxy authority to vote client securities. Clients will receive proxies or other solicitations directly from their custodian or a transfer agent. In the event that proxies are sent to our firm, our firm will forward them to the appropriate client and ask the party who sent them to mail them directly to the client in the future. Clients may call, write or email us to discuss questions they may have about particular proxy votes or other solicitations.

### **Item 7: Client Information Provided to Portfolio Manager**

All accounts are managed by our in-house licensed IARs. The IAR selected to manage the client's account(s) or portfolio(s) will be privy to the client's investment goals and objectives, risk tolerance, restrictions placed on the management of the account(s) or portfolio(s) and relevant client notes taken by our firm. Please see our firm's Privacy Policy for more information on how our firm utilizes client information.

### **Item 8: Client Contact with Portfolio Manager(s)**

Clients are always free to directly contact their portfolio manager(s) with any questions or concerns about their portfolios or other matters.



## Item 9: Additional Information

### Disciplinary Information

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There are no legal or disciplinary events that are material to the evaluation of our advisory business or the integrity of our management.

### Financial Industry Activities & Affiliations

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Mr. Haynes sells a quick reference organizer for personal, medical and financial affairs. This service is independent of our financial planning and investment advisory services and are governed under a separate engagement agreement. The fees for these services are based on the scope of the work to be done and are in addition to the client's investment advisory fees. The client has the option of engaging Mr. Haynes for this service, and he actively solicit clients to utilize this service.

### Code of Ethics, Participation or Interest in Client Transactions & Personal Trading

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As a fiduciary, it is an investment adviser's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of our clients at all times. Our fiduciary duty is the underlying principle for our firm's Code of Ethics, which includes procedures for personal securities transaction and insider trading. Our firm requires all representatives to conduct business with the highest level of ethical standards and to comply with all federal and state securities laws at all times. Upon employment with our firm, and at least annually thereafter, all representatives of our firm will acknowledge receipt, understanding and compliance with our firm's Code of Ethics. Our firm and representatives must conduct business in an honest, ethical, and fair manner and avoid all circumstances that might negatively affect or appear to affect our duty of complete loyalty to all clients. This disclosure is provided to give all clients a summary of our Code of Ethics. If a client or a potential client wishes to review our Code of Ethics in its entirety, a copy will be provided promptly upon request.

Our firm recognizes that the personal investment transactions of our representatives demands the application of a Code of Ethics with high standards and requires that all such transactions be carried out in a way that does not endanger the interest of any client. At the same time, our firm also believes that if investment goals are similar for clients and for our representatives, it is logical, and even desirable, that there be common ownership of some securities.

In order to prevent conflicts of interest, our firm has established procedures for transactions effected by our representatives for their personal accounts<sup>1</sup>. In order to monitor compliance with our personal trading policy, our firm has pre-clearance requirements and a quarterly securities transaction reporting system for all of our representatives.

Neither our firm nor a related person recommends, buys or sells for client accounts, securities in which our firm or a related person has a material financial interest without prior disclosure to the client.

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<sup>1</sup> For purposes of the policy, our associate's personal account generally includes any account (a) in the name of our associate, his/her spouse, his/her minor children or other dependents residing in the same household, (b) for which our associate is a trustee or executor, or (c) which our associate controls, including our client accounts which our associate controls and/or a member of his/her household has a direct or indirect beneficial interest in.

Related persons of our firm may buy or sell securities and other investments that are also recommended to clients. In order to minimize this conflict of interest, our related persons will place client interests ahead of their own interests and adhere to our firm's Code of Ethics, a copy of which is available upon request.

Likewise, related persons of our firm may buy or sell securities for themselves at or about the same time they buy or sell the same securities for client accounts. In order to minimize this conflict of interest, our related persons will place client interests ahead of their own interests and adhere to our firm's Code of Ethics, a copy of which is available upon request. Further, our related persons will refrain from buying or selling the same securities prior to buying or selling for our clients in the same day. If related persons' accounts are included in a block trade, our related persons will always trade personal accounts last.

### **Review of Accounts**

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Our firm's Chief Compliance Officer, Thomas Haynes, review accounts on at least a semiannual basis for our Wrap Asset Management clients. The nature of these reviews is to learn whether clients' accounts are in line with their investment objectives, appropriately positioned based on market conditions, and investment policies, if applicable.

Our firm may review client accounts more frequently than described above. Among the factors which may trigger an off-cycle review are major market or economic events, the client's life events, requests by the client, etc. Our firm does not provide written reports to clients, unless asked to do so. Verbal reports to clients take place on at least an annual basis when our Wrap Asset Management clients are contacted.

### **Client Referrals & Other Compensation**

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We may receive from LPL Financial or a mutual fund company, without cost and/or at a discount non soft-dollar support services and/or products, to assist us to better monitor and service client accounts maintained at such institutions. Included within the support services we may receive products used by us to assist us in our investment advisory business operations including but not limited to the following:

- investment-related research,
- pricing information and market data,
- software and other technology that provide access to client account data,
- compliance and/or practice management-related publications,
- discounted or gratis consulting services,
- Discounted and/or gratis attendance at conferences, meetings,
- And other education and/or social events
- Marketing support
- Computer hardware and/or software and/or other.

We do not pay referral fees (non-commission based) to independent solicitors (non-registered representatives) for the referral of their clients to our firm in accordance with relevant state statutes and rules.

## **Financial Information**

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Our firm is not required to provide financial information in this Brochure because:

- Our firm does not require the prepayment of more than \$500 in fees and six or more months in advance.
- Our firm does not take custody of client funds or securities.
- Our firm does not have a financial condition or commitment that impairs our ability to meet contractual and fiduciary obligations to clients.

Our firm has never been the subject of a bankruptcy proceeding.

## **Item 10: Requirements for State-Registered Advisers**

Our firm is State registered and has responded to this in Item 9 of this Brochure.