

# FORM ADV PART 2A Brochure

Dated: March 1, 2019

VR Advisors, LLC  
*a Registered Investment Adviser*

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This brochure provides information about the qualifications and business practices of VR Advisors, LLC, a limited liability company (hereinafter “VR” or the “Firm”). If you have any questions about the contents of this brochure, please contact the Firm at this telephone number listed above. 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 the Firm is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The Firm is a registered investment adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

**Item 2. Material Changes**

The purpose of this page is to inform you of any material changes to this brochure. We review and update our brochure at least annually to make sure that it remains current.

On March 1, 2019, we submitted our annual updating amendment for fiscal year 2018. We amended Item 4 of our Form ADV Part 2A Brochure to reflect that as of February 20, 2019, we manage approximately \$226,438,000 in client assets on a discretionary basis and none on a non-discretionary basis

If you would like to receive a complete copy of our Form ADV Part 2 Brochure, please contact Richard Ashburn, Jr., President and Chief Compliance Officer, at (925) 297-6629 or [rick@vradv.com](mailto:rick@vradv.com).

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## Item 4. Advisory Business

VR Advisors, LLC (“VR”) offers a variety of advisory services, which include financial planning, investment management, and general financial advisory services. These services are typically offered as part of a single, all-inclusive engagement. Prior to VR rendering any of the foregoing advisory services, clients are required to enter into one or more written agreements with VR setting forth the relevant terms and conditions of the relationship (the “Advisory Agreement”).

VR also offers tax advice and tax return preparation services. Tax services are provided by Victoria A. DeMoss, CPA, an employee of VR.

VR has been registered as an investment adviser since August 2017 and is a California limited liability company wholly owned by Richard Ashburn, Jr.

This brochure generally describes the business of VR and the activities of its officers, partners, directors, employees or any other person who provides investment advice on VR’s behalf and is subject to its supervision or control.

### Financial Planning and Guidance Services

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It is our belief that no investment management engagement can be carried out without first establishing a baseline level of understanding of each clients’ unique financial situation, along with their goals and objectives. Financial planning topics include, but are not limited to, saving, spending, retirement, college funding, insurance, financial legacy, estate planning, charitable giving, and other topics that may be important to a family or individual. Financial plans are customized for each client, and these services are generally included in the standard client fee schedule as detailed in Item 5 below. While we reserve the right to do so, we do not normally undertake financial planning engagements that will not involve an ongoing investment management relationship. We may coordinate with clients’ other professionals, such as certified public accountants and attorneys. On an ongoing basis, we offer consultation on a broad range of financial matters that may arise.

### Investment Management Services

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VR manages client investment portfolios on a discretionary basis. VR primarily allocates client assets among various mutual funds, exchange-traded funds (“ETFs”), and individual debt and equity securities in accordance with their stated investment objectives. Investment management services can include:

- The development of a roadmap or benchmark based on each client’s unique circumstances, including the client’s financial status, investment objectives, and degree of risk tolerance.

- The design of an appropriate asset allocation across available asset classes and markets based on the client's goals.
- The selection of individual investments within each asset class. Such investments may include stocks and corporate bonds, treasury and municipal bonds, exchange traded funds and mutual funds. Such maintenance includes periodic portfolio adjustments to reflect changes in client circumstances, market conditions, and relative investment opportunities.

### General Notice

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In performing its services, VR is not required to verify any information received from the client or from the client's other professionals (e.g., attorney, accountant, etc.) and is authorized to rely on such information as provided. Clients must promptly notify the Firm of any change in their financial situation or investment objectives that would necessitate a review or revision by our advisors of the client's portfolio and/or financial plan.

### Assets Under Management

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As of February 20, 2019, we manage approximately \$226,438,000 in client assets on a discretionary basis and none on a non-discretionary basis.

## Item 5. Fees and Compensation

**Legacy clients of Creekside Partners Financial Advisers, LLC and Arterburn & Watters, LLP will not be charged a set-up fee and may be contracted under a previous fee schedule.**

VR is committed to the notion that clients should only pay for the services they need, and not be pushed into a one-size-fits-all fee structure.

VR offers its financial planning, investment management and financial consulting services on a fee basis, which may include fixed fees, but typically involve fees based upon assets under management or advisement. Such agreed upon fees and payment arrangements will be clearly set forth in the advisory agreement executed between the client and VR. We are a fee-only firm. This means that we do not sell any brokerage, investment, or insurance products, and we do not take commissions from investment product providers. We neither accept nor pay finder's fees; our sole source of fees is our clients. Fees are based on the following schedule for the first \$1 million under management or supervision:

	Investment-Only Services	Investment, Planning & Guidance Services
Model Portfolio	0.60%	0.80%
Custom Portfolio	0.75%	0.95%

Each of the above fee percentages is reduced by 25% for the second \$1 million and by 50% for the third \$1 million. Amounts over \$3 million are billed at a flat 0.25% in all categories.

In addition, clients new to the firm will pay a one-time 0.25% fee for account setup and relationship establishment. This fee is billed in two installments (0.125% each) in the first two quarters of working with us, and is capped at \$2 million of investment assets.

As a condition for starting and maintaining an investment management relationship, VR generally imposes a minimum quarterly fee of \$1,250. This minimum fee may cause clients with smaller portfolios to incur an effective fee rate that is higher than the Firm's stated fee schedule. VR may, in its sole discretion, elect to waive its minimum fee based upon certain criteria, including anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client, account retention, and pro bono activities.

A **Model Portfolio** is an implementation of one or more pre-constructed portfolios that VR creates and maintains. Client assets are invested into one or more of these models, consistent with their needs and objectives. The portfolios are automatically rebalanced through an intelligent software system, and VR will make tactical changes to the Model Portfolios from time to time to reflect changes in market conditions and opportunities. When such changes are made, the software system will undertake any needed rebalancing trades. A Model Portfolio can also be a pre-established model portfolio or strategy managed by an independent advisor that VR will select along with the client.

A **Custom Portfolio** is a portfolio that, for whatever reason, is not suited for one of the Artificial Intelligence Portfolios. Examples include portfolios with low-basis positions that are to be held for tax-deferral purposes, portfolios holding individual securities such as ladder municipal bonds, and other special situations to satisfy client needs and concerns. Many clients will have both Model and Custom Portfolios, depending on their specific needs.

**Planning and Guidance** are our comprehensive financial planning and management services. These include initial and ongoing financial planning, tax strategy and advice, retirement planning, insurance review and other matters related to achieving long-term financial success.

Tax Preparation services are available separately and are generally billed hourly, with a fixed quote available on request. Our Tax Preparation billing rates range from \$150 to \$300 per hour, depending on the complexity and staffing of the engagement.

In general, investment management services are prorated and charged quarterly in advance, based on the value of assets under management as of the last day of the previous quarter. Following each quarter, the advance quarterly fee charged for the prior quarter will be reconciled to a client's account for amounts deposited to and withdrawn from the client's account during the quarter. In the event that a deposit occurs during the quarter, the fee for that quarter will be recalculated at the end of the billing period and we will bill the client a second fee pro-rata, in arrears, on the additional deposits. In the event that a withdrawal occurs during the quarter, the fee for that quarter will be recalculated at the end of the billing period and the client will be credited or refunded the pro-rated fee that was attributable to the amount of the withdrawal.

In limited instances, we may consider negotiating fees depending upon the circumstances involved. For example, if a client's assets are particularly large, or if a client seeks limited services, and if we believe that it would be in the interest of the client and the firm to do so, the firm may be willing to negotiate fees or fee structure. We may also agree, from time to time, to a fixed quarterly fee subject to occasional review. In any event, we would evaluate fees and fee structure relative to the nature of the client and the intensity of the services expected to be provided.

### **Additional Fees and Expenses**

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In addition to the advisory fees paid to VR, clients may also incur certain charges imposed by other third parties, such as broker-dealers, custodians, trust companies, banks, registered investment advisors, and other financial institutions (collectively "Financial Institutions"). These additional charges may include securities brokerage commissions, transaction fees, custodial fees, charges imposed directly by a mutual fund or ETF in a client's account, as disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions.

The Firm's brokerage practices are described at length in Item 12, below.

### **Direct Fee Debit**

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Fees will be deducted from the client's account held by an independent, qualified custodian, only if the following requirements are met:

- Clients must provide written authorization permitting the fees to be paid directly from their account held by the custodian. VR will not have access to client funds for payment of fees without client consent in writing.
- VR hereby discloses that it is the client's responsibility to verify the accuracy of the fee calculation and that the custodian will not determine whether the fee is properly calculated.
- VR will send an invoice to the custodian indicating the amount of the fee to be paid by the custodian.
- The custodian will send the client a statement indicating all amounts dispersed from the account, including the amount of the advisory fee paid directly to VR. Clients should review each statement for accuracy.

### **Account Additions and Withdrawals**

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Clients may make additions to and withdrawals from their account at any time, subject to VR's right to terminate an account. Additions may be in cash or securities provided that the Firm reserves the right to liquidate any transferred securities or declines to accept particular securities into a client's account. Clients may withdraw account assets with or without notice to VR, subject to the usual and customary securities settlement procedures. However, the Firm generally designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client's investment objectives. VR may consult with its clients about the options and implications of transferring securities. Clients are advised that when transferred securities are liquidated, they may be subject to transaction fees, short-term redemption fees, fees assessed at the mutual fund level (e.g., contingent deferred sales charges) and/or tax ramifications.

### **Fees and Termination**

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VR or the clients may terminate the relationship upon written or verbal notice to other party. The Firm does not assess any fees related to termination but will be entitled to all management fees earned up to the date of termination. Any earned investment management fees owed to the Firm will be billed to the client, or where authorized, deducted from the client's account, on a pro rata basis determined on the amount of time expired in the billing period. Any unearned prepaid management fees will be refunded to the client.

For new clients of the Firm, if a copy of this Form ADV Part 2A disclosure statement was not delivered to the client 48 hours or more before the client enters into a written advisory contract with us, then the client has the right to terminate the contract without penalty within five (5) business days after entering into the contract. A contract is considered entered into when all parties to the contract have signed the contract. If the client terminates the contract on this basis, all fees paid by the client will be refunded however, any transaction costs imposed by an executing broker or custodian for



establishing the custodial account or for trades occurring during those five days may not be refundable by the custodian or broker.

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

VR does not provide any services for a performance-based fee (i.e., a fee based on a share of capital gains or capital appreciation of a client's assets).

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

VR offers services to individuals, families and their related trusts. VR also advises a limited number of nonprofit corporations (i.e., foundations) and/or other business entities, and company retirement plans. These other entities are generally connected with a family to which we also provide services.

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

### **Methods of Analysis and Investment Strategies**

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Our investment approach is primarily value-driven, with a secondary emphasis on economic cycle analysis. We attempt to move money into asset classes that we perceive as cheap (relative to fair value), and move money away from asset classes that we perceive as expensive. In any event, our goal is a low-turnover, tax-efficient strategy since the fundamental characteristics of asset class valuation do not change quickly or often.

Absent a convincing reason to over- or under-weight a particular asset class, we will structure portfolios in a diversified manner consistent with each client's particular risk and return profile.

The specific investment vehicles used will generally be mutual funds and exchange-traded funds, with a strong bias toward low-cost index instruments. A notable exception to this is our emphasis on individual municipal bonds for clients for whom these bonds are appropriate.

### **Risk of Loss**

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#### *Market Risks*

Investing involves risk, including the potential loss of principal, and all investors should be guided accordingly. The profitability of a significant portion of VR's recommendations and/or investment decisions may depend to a great extent upon correctly assessing the future course of price movements of stocks, bonds and other asset classes. There can be no assurance that VR will be able to predict those price movements accurately or capitalize on any such assumptions.

*Mutual Funds and ETFs*

An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual fund and ETF shareholders are necessarily subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains, as mutual funds and ETFs are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss.

Shares of mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value ("NAV"), plus any shareholders fees (*e.g.*, sales loads, purchase fees, redemption fees). The per share NAV of a mutual fund is calculated at the end of each business day, although the actual

NAV fluctuates with intraday changes to the market value of the fund's holdings. The trading prices of a mutual fund's shares may differ significantly from the NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's shares trading at a premium or discount to actual NAV.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed based ETFs and potentially more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their pro rata NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 20,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.

**Item 9. Disciplinary Information**

VR has not been involved in any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of its management.

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

This item requires investment advisers to disclose certain financial industry activities and affiliations. Our firm also offers tax preparation and bookkeeping services for a separate fee. The services are separate and distinct from our advisory services. Persons associated with our firm, including Richard, Ashburn, Jr., President and Chief Compliance Officer, have a financial incentive to recommend such additional services to advisory clients. Advisory clients are not obligated to utilize any services offered through affiliates of our firm. They may use any service provider they choose.

## Item 11. Code of Ethics

VR has adopted a code of ethics in compliance with applicable securities laws (“Code of Ethics”) that sets forth the standards of conduct expected of its Supervised Persons. VR’s Code of Ethics contains written policies reasonably designed to prevent certain unlawful practices such as the use of material non-public information by the Firm or any of its Supervised Persons and the trading by the same securities ahead of clients in order to take advantage of pending orders.

The Code of Ethics also requires certain of VR’s personnel to report their personal securities holdings and transactions and obtain pre-approval of certain investments (*e.g.*, initial public offerings, limited offerings). However, the Firm’s Supervised Persons are permitted to buy or sell securities that it also recommends to clients if done in a fair and equitable manner that is consistent with the Firm’s policies and procedures. This Code of Ethics has been established recognizing that some securities trade in sufficiently broad markets to permit transactions by certain personnel to be completed without any appreciable impact on the markets of such securities. Therefore, under limited circumstances, exceptions may be made to the policies stated below.

When the Firm is engaging in or considering a transaction in any security on behalf of a client, no Supervised Person with access to this information may knowingly effect for themselves or for their immediate family (*i.e.*, spouse, minor children and adults living in the same household) a transaction in that security unless:

- the transaction has been completed;
- the transaction for the Supervised Person is completed as part of a batch trade with clients; or
- a decision has been made not to engage in the transaction for the client.

These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers’ acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements; (iii) shares issued by mutual funds or money market funds; and (iv) shares issued by unit investment trusts that are invested exclusively in one or more mutual funds.

Clients and prospective clients may contact VR to request a copy of its Code of Ethics.

### Certain Conflicts of Interest from Personal Trading

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VR may buy or sell some of the same securities for clients that Firm employees hold in their accounts. Firm employees may also buy or sell for their personal accounts some of the same securities that clients already hold in their accounts. It is the Firm’s policy not to permit employees or their

immediate family members to trade in a way that takes advantage of price movements caused by transactions that the Firm initiate for its clients.

Trades for Firm accounts and those of its employees will be placed after client trades have been completed. When trading for proprietary accounts, the Firm or its employees may receive a better or worse price than that received by clients. The firm and its employees may purchase or sell specific securities for our own accounts based on personal investment considerations without regard to whether the purchase or sale of such security is appropriate for clients.

Employees may buy or sell different investments, based on personal investment considerations, which the Firm may not deem appropriate to buy or sell for clients. It is also possible that employees may take investment positions for their own accounts that are contrary to those taken on behalf of clients. Employees may also buy or sell a specific security for their personal account based on personal investment considerations aside from company or industry fundamentals, which are not deemed appropriate to buy or sell for clients. If these securities subsequently appreciate, these personal transactions could be viewed as creating a conflict of interest.

Conversely, employees may liquidate a security position that is held both for their own account and for the accounts of Firm clients, sometimes in advance of clients. This could occur when personal considerations (i.e., liquidity needs, tax-planning, and/or industry/sector weightings) deem a sale necessary for individual financial planning reasons. If the security subsequently falls in price, these personal transactions could be viewed as a conflict of interest.

## **Item 12. Brokerage Practices**

### **Recommendation of Broker/Dealers for Client Transactions**

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Client assets must be maintained in an account at a “qualified custodian,” generally a broker-dealer or bank. We routinely recommend that our clients use Charles Schwab & Co., Inc. (Schwab), a FINRA-registered broker-dealer, member SIPC, as the qualified custodian. Schwab Advisor Services (formerly called Schwab Institutional) is Schwab’s business serving independent investment advisory firms like us.

We are independently owned and operated and not affiliated with Schwab. Schwab will hold your assets in a brokerage account and buy and sell securities when we instruct them to do so. While we recommend that you use Schwab as custodian/broker, you will decide whether to do so and open your account with Schwab by entering into an account agreement directly with them. We do not open the account for you. Not all advisors require their clients to use a particular broker-dealer or other custodian selected by the advisor.

We seek to recommend a custodian/broker who will hold your assets and execute transactions on terms that are overall most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, among others, these:

- combination of transaction execution services along with asset custody services (generally without a separate fee for custody)
- capability to execute, clear and settle trades (buy and sell securities for your account)
- capabilities to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- breadth of investment products made available (stocks, bonds, mutual funds, exchange traded funds (ETFs), etc.)
- availability of investment research and tools that assist us in making investment decisions
- quality of services
- competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate them
- reputation, financial strength and stability of the provider
- their prior service to us and our other clients
- availability of other products and services that benefit us, as discussed below (see “Products and Services Available to Us from Schwab”)

Even though your account is maintained at Schwab, we can still use other brokers to execute trades for your account, as described in the next paragraph.

### **Your Custody and Brokerage Costs**

Schwab generally does not charge you separately for custody services but is compensated by charging you commissions or other fees on trades that it executes or that settle into your Schwab account. Schwab’s commission rates applicable to our client accounts were negotiated based on our commitment to maintain \$10 million of our clients’ assets statement equity in accounts at Schwab. This commitment benefits you because the overall commission rates you pay are lower than they would be if we had not made the commitment. In addition to commissions Schwab charges you a flat dollar amount as a “prime broker” or “trade away” fee for each trade that we have executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into your Schwab account. These fees are in addition to the commissions or other compensation you pay the executing broker-dealer. Because of this, in order to minimize your trading costs, we have Schwab execute most trades for your account.

### **Research and Other Soft Dollar Benefits**

Although not considered “soft dollar” compensation, VR may receive benefits from Schwab Advisor Services (formerly called Schwab Institutional) in the form of access to its institutional brokerage,

trading, custody, reporting and related services, many of which are not typically available to Schwab retail customers.

Schwab also makes available various support services. Some of those services help us manage or administer our clients' accounts while others help us manage and grow our business. Schwab's support services are generally available on an unsolicited basis (we don't have to request them) and at no charge to us as long as we keep a total of at least \$10 million of our clients' assets in accounts at Schwab. If we have less than \$10 million in client assets at Schwab, it may charge us quarterly service fees. Below is a detailed description of Schwab's support services:

*Services that Benefit You:* Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab's services described in this paragraph generally benefit you and your account.

*Services that May Not Directly Benefit You:* Schwab also makes available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts. They include investment research, both Schwab's own and that of third parties. We may use this research to service all or some substantial number of our clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- provide access to client account data (such as duplicate trade confirmations and account statements);
- facilitate trade execution and allocate aggregated trade orders for multiple client accounts;
- provide pricing and other market data;
- facilitate payment of our fees from our clients' accounts; and
- assist with back-office functions, recordkeeping, and client reporting.

*Services that Generally Benefit Only Us:* Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:

- educational conferences and events
- technology, compliance, legal, and business consulting;
- publications and conferences on practice management and business succession; and
- access to employee benefits providers, human capital consultants, and insurance providers.

Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab may also discount or waive its fees for some of these services or pay

all or a part of a third party's fees. Schwab may also provide us with other benefits such as occasional business entertainment of our personnel.

VR understands its duty for best execution and considers all factors in making recommendations to clients. These research services may be useful in servicing all VR clients, and may not be used in connection with any particular account that may have paid compensation to the firm providing such services. While VR may not always obtain the lowest commission rate, VR believes the rate is reasonable in relation to the value of the brokerage and research services provided.

**Brokerage for Client Referrals**

We do not receive client referrals from broker-dealers and custodians.

**Directed Brokerage**

In very limited circumstances, the client may direct brokerage to a specified broker/dealer other than the firm recommended by VR. It is up to the client to negotiate the commission rate, as VR will not. The client may not be able to negotiate the most competitive rate. As a result, the client may pay more than the rate available through the broker/dealer used by VR. In client directed brokerage arrangements, the client may not be able to participate in aggregated ("blocked") trades, which may help reduce the cost of execution. Where the client does not otherwise designate a broker/dealer, VR recommends a broker/dealer with competitive commission rates.

**Trade Aggregation**

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Transactions for each client generally will be effected independently, unless VR decides to purchase or sell the same securities for several clients at approximately the same time. VR may (but is not obligated to) combine or "batch" such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among the Firm's clients differences in prices and commissions or other transaction costs that might not have been obtained had such orders been placed independently. Under this procedure, transactions will generally be averaged as to price and allocated among VR' clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that the Firm determines to aggregate client orders for the purchase or sale of securities, including securities in which VR' Supervised Persons may invest, the Firm generally does so in accordance with applicable rules promulgated under the Advisers Act and no-action guidance provided by the staff of the U.S. Securities and Exchange Commission. VR does not receive any additional compensation or remuneration as a result of the aggregation.

In the event that the Firm determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include: (i) when only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates; (ii) allocations may be given to one account

when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account's assets after an order is placed); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a pro rata allocation of an execution would result in a de minimis allocation in one or more accounts, the Firm may exclude the account(s) from the allocation; the transactions may be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

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

### **Account Reviews**

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All accounts for which we charge asset management fee are monitored on a continuous basis by Mr. Ashburn, President and Chief Compliance Officer of VR. Account holdings and asset allocations are reviewed at least annually.

Reviews determine consistency with the Firm's investment strategy and with client financial condition, investment objectives, risk tolerances, and investment restrictions, if any are set. Portfolio adjustments are made in response to client investment guideline changes, client deposits and withdrawals and client liquidity needs. Additionally, client accounts are reviewed in response to changes in the financial markets and/or changes in the Firm's investment strategy. We conduct portfolio reviews in the context of prevailing economic, market and general conditions at the time of review.

Any major variances from the portfolio's goals or policies will trigger a more extensive review of the portfolio and could lead to portfolio changes.

In addition to the regularly scheduled reviews outlined above, accounts are reviewed periodically based on: (1) a change in client circumstances (e.g., inheritance, career change, marriage/divorce, home purchase, etc.), (2) a major shift in securities markets, or (3) significant tax law or regulatory changes.

We depend on clients to notify the firm in the event of changes in the client's circumstances.

### **Account Statements and Reports**

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Clients will receive transaction confirmation notices and regular quarterly account statements directly from the qualified custodian. Additionally, we may provide clients with quarterly position or performance reports.



Clients are encouraged to always compare any reports or statements provided by the Firm against the account statements delivered from the qualified custodian. If you have questions about your account statement, you should contact the Firm and/or the qualified custodian preparing the statement.

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

### **Client Referrals**

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The Firm does not currently provide compensation to any third-party solicitors for client referrals.

### **Other Economic Benefits**

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VR may receive economic benefits from non-clients, including certain Financial Institutions, for providing advice or other advisory services to clients.

This type of relationship poses a conflict of interest and any such benefits are disclosed in response to Item 12 (above).

## **Item 15. Custody**

We directly debit your account(s) for the payment of our advisory fees. This ability to deduct our advisory fees from your accounts causes our firm to exercise limited custody over your funds or securities. We do not have physical custody of any of your funds and/or securities. Your funds and securities will be held with a bank, broker-dealer, or other independent, qualified custodian. You will receive account statements from the independent, qualified custodian(s) holding your funds and securities at least quarterly. The account statements from your custodian(s) will indicate the amount of our advisory fees deducted from your account(s) each billing period. You should carefully review account statements for accuracy. If you questions regarding your account or if you did not receive a statement from your custodian, please contact us at the telephone number on the cover page of this brochure or contact your account custodian directly.

In addition, as discussed in Item 13, VR may also send periodic supplemental reports to clients. Clients should carefully review the statements sent directly by the Financial Institutions and compare them to those received from VR.

## **Item 16. Investment Discretion**

VR offers management services on a discretionary basis. Clients must grant discretionary authority in the advisory agreement. Discretionary authority extends to the types and amounts of securities to be bought

and sold in client accounts. Apart from the ability to instruct the custodian to withdraw advisory fees from client accounts, VR does not have the ability to withdraw funds or securities from client accounts.

Clients whose assets are invested in model portfolios may not set restrictions on the specific holdings or allocations within the model, nor the types of securities that can be purchased in the model. However, clients may exclude certain assets from management in our model portfolios. For assets held outside the model portfolios, you can limit our discretionary authority or you may request specific transactions by providing our firm with your restrictions, guidelines, or instructions.

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

### **Declination of Proxy Voting Authority**

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VR does not accept the authority to vote a client's securities (i.e., proxies) on their behalf. Clients receive proxies directly from the Financial Institutions where their assets are custodied and may contact the Firm at the contact information on the cover of this brochure with questions about any such issuer solicitations.

## **Item 18. Financial Information**

VR is not required to disclose any financial information due to the following:

- The Firm does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance of services rendered;
- The Firm does not have a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients; and
- The Firm has not been the subject of a bankruptcy petition at any time during the past ten years.