

## **ITEM 1 – Cover Page**

### **Investment Adviser Brochure**

**Villanova Investment Management Company LLC**

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**&**

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**November 25, 2024**

This brochure provides information about the qualifications and business practices of Villanova Investment Management Company LLC. If you have any questions about the contents of this brochure, please contact us at (267) 923-0004 or [rberlansky@villanovainvestco.com](mailto:rberlansky@villanovainvestco.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 Villanova Investment Management Company LLC. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Registration does not imply a certain level of skill or training.

## **ITEM 2. Material Changes**

This item will be updated on an annual basis and will identify and discuss material changes that are made to the Brochure since our last annual update.

We will deliver to our clients a free annual updated Brochure that includes a summary of any material changes that are made to this and subsequent Brochures within 120 days of the close of our fiscal year.

This Brochure was updated in November 2024 to support VIMCO's updated registration to an SEC registered advisor. On November 26<sup>th</sup>, VIMCO withdrew its registration from the Commonwealth of Pennsylvania and applied for SEC registration as AUM has climbed over \$120M from a recent allocation from an institutional client. Additionally, this Brochure has been updated to reflect the updated ownership of the firm.

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#### **ITEM 4. Advisory Business**

Villanova Investment Management Company LLC (“VIMCO” or the “Firm”) was founded in 2016. The Principals & Founders of the firm are Rastislav (“Rasto”) Berlansky and Edward (“Ed”) Trumbour. Mr. Berlansky and Mr. Trumbour make up the Firm’s Investment Team. Daniel McFadden is the third principal of the firm and supports sales and marketing efforts for the firm.

*Institutional Managed Accounts:* VIMCO is an investment adviser who shall have full discretionary authority with respect to accounts, subject to limitations client may impose. Investment management is guided by the objectives articulated by the client.

As an investment adviser, VIMCO will provide discretionary advisory services to a variety of clients, including but not limited to: corporations, pension plans and charitable organizations in institutional managed accounts. Some of these accounts are individually tailored following investment objectives, strategy and restrictions directed by the client while others may follow the strategies developed for pooled vehicles. These may include the use of investment strategies that are substantially similar to those used by private funds managed by VIMCO.

VIMCO does not currently utilize any sub-advisors.

*Private Funds:* VIMCO also provides investment supervisory services on a discretionary basis to The VIMCO Founders Fund LP (the “Private Fund”), a Delaware limited partnership. Accordingly, interests in the Fund are offered and sold exclusively through the means of private placement memoranda to investors satisfying the applicable eligibility and suitability requirements. Villanova Investment Management Company LLC is the sole managing member of the Fund.

VIMCO may enter into letter agreements with certain investors in the Private Fund (“side letters”). Side letters provide such investors with additional and/or different rights or terms than those set forth in the Funds’ offering documents, such as greater portfolio transparency, reduced fees, additional rights to reports and other information and other more favorable investment terms, including withdrawal/redemption rights.

*Investment Objective and Philosophy:* The investment objective of VIMCO is to achieve superior absolute and relative returns. VIMCO will seek to accomplish this investment objective by investing in US small cap equities which trade below the Firm’s assessment of their private market value. By focusing on downside protection (i.e., capital preservation) and a disciplined investment process, VIMCO aims to generate alpha by outperforming the Russell 2000 Value index over an entire market cycle.

A cornerstone of the Firm’s investment philosophy is that markets for the equity securities of small capitalization companies are inherently inefficient and that a diligent fundamental bottom-up research effort that follows VIMCO’s well-defined investment process will lead to the discovery of high conviction investment candidates while attempting to minimize the risks of leverage, illiquidity and concentration (all or any of which could detract from VIMCO’s capital preservation objectives).

The investment focus will be on long-term fundamentals and value creation. The investment team focus will be on absolute, not relative, valuations.

***This brochure is the applicable Villanova Investment Management Company LLC Form ADV***

*disclosure document that will be provided to VIMCO's separate account investment advisory clients at least 48 hours prior to signing any contract(s); client has five business days in which to cancel the contract, without penalty.*

As of November 25, 2024, VIMCO managed \$124,230,442 of client assets on a discretionary basis.

## ITEM 5. Fees and Compensation

*VIMCO FOUNDERS FUND LP:* The Private Fund will pay a quarterly management fee equal to 0.225% (0.90% per annum) of Net Assets. The fee shall be payable quarterly in arrears within 10 days after the end of each calendar quarter, and calculated on the Net Assets in each capital account as of the end of such calendar quarter (without regard to subscriptions or withdrawals effected as of the end of such calendar quarter). Investors in the Private Fund should refer to the offering documents for additional/supplementary information regarding the various fees and charges associated with investments in the Private Fund.

The calculated for the VIMCO Founders Fund LP management fee is

$$\text{Management Fee} = \frac{\text{Month End Market Value} * \text{Annual Management Fee}}{365 \text{ days in the year}} * \# \text{ of days in month}$$

The VIMCO Founders Fund only accepts subscriptions on the first day of the month and redemptions on the last day of the quarter.

*INSTITUTIONAL MANAGED ACCOUNTS:* VIMCO's fee is calculated and payable in arrears as of the last day of each calendar month and will be prorated for partial quarters based upon the calendar quarter market value either as provided by the pricing agencies utilized by VIMCO or by the custodian when mandated by contract. Management fees for managed accounts, which are individually negotiated, are expected to range from 0.40% to 0.90% of the fair market value of the Managed Account assets on an annual basis depending on (a) the client's investment objective and investment strategy; (b) the size of the account; (c) the amount of the client's relationship assets under management; and (d) other factors. Any significant contribution or withdrawal will be prorated based on the date the money was received or withdrawn.

$$\text{Management Fee} = \frac{\text{Quarter End Market Value} * \text{Annual Management Fee}}{365 \text{ days in the year}} * \# \text{ of days in quarter}$$

If a partial withdrawal were to occur mid quarter, we would calculate the fee based off the date and amount of the withdrawal and add it to the management fee calculation above.

$$\text{Management Fee} = \frac{\text{Amount Withdrawn} * \text{Annual Management Fee}}{\quad} * \# \text{ of days in the quarter}$$

for withdrawal 365 days in the year

If a contribution were to occur mid quarter, we would calculate the fee based off the date and the amount of the contribution and subtract it from the management fee calculation above.

$$\text{Management Fee for contribution} = \frac{\text{Amount Contributed} * \text{Annual Management Fee}}{365 \text{ days in the year}} * \# \text{ of days NOT in quarter}$$

Fees are only deducted from the private fund and not from institutional managed accounts. In institutional managed accounts, the client makes arrangements for the custodial account on how the fees will be deducted whether it be electronic funds transfer, check, etc. In addition to VIMCO's fees discussed above, clients may incur transaction costs. See the section titled "Brokerage Practices" below.

VIMCO will provide Brochure Documents to all clients upon entering into an agreement. When a copy of the Brochure Document(s) is not provided to the client at least 48 hours prior to signing the contract(s), the client has five business days in which to cancel the contract, without penalty.

#### **ITEM 6. Performance-Based Fees and Side-By-Side Management**

VIMCO does not currently manage any client account that pays performance-based fees.

To the extent trades are aggregated, VIMCO has adopted trading policies that are intended to insure all trades are undertaken and, where necessary, allocated to advisory clients in a manner that fulfills VIMCO's fiduciary obligations to each client and otherwise allocates securities and other Investments on a basis that is fair, equitable, consistently applied, and does not unfairly discriminate against any client.

Instances where allocation may be necessary include, without limitation, block trades, bunching client trades, simultaneous transactions in securities or other Investments for clients and VIMCO (or an employee of VIMCO), purchases of IPOs, acquisitions of securities directly from an issuer in a private placement and disposition of unattractive securities (*e.g.*, a downgraded security). When allocation is necessary, securities or other Investments shall be apportioned among clients and others in accordance with VIMCO's trading policies and otherwise as directed by the Investment Team. In determining whether an allocation is fair, the Investment Team shall take into account the Firm's fiduciary duties to each client; potential conflicts of interest; the facts and circumstances presented in each instance; each client's individual investment objectives, mandates and suitability; eligibility to participate in the transaction; and any other considerations which, in the sole judgment of the Investment Team, are relevant and material to the overall goal of allocating securities and other Investments on a fair and equitable basis.

There are times (as noted above) when a security may be purchased for multiple accounts with the order for said security aggregating the accounts into a single trade. When a bunched order is only partially

filled, the securities purchased will be allocated on a pro-rata basis to each account participating in the bunched order based upon the initial amount requested for the account, subject to certain exceptions, such as de minimis orders, and each participating account will participate at the average share prices for the bunched order on the same business day, in accordance with VIMCO's allocation procedures. The partial fill will normally be allocated pro-rata to the intended allocation, unless prudent trade management dictates otherwise (e.g., maintenance of round lots, minimum ticket sizes, etc.). The individual placing the trade will identify guidelines that will apply to modify normal pro-rata allocation, such as round lot requirements, minimum ticket sizes, etc. Such procedures should be reviewed by VIMCO's Investment Team to ensure that they do not systematically favor or disfavor a particular account. In the case of small orders, the Investment Team has authority to reallocate based on particular circumstances.

## ITEM 7. Types of Clients

VIMCO seeks to provide investment supervisory services to a variety of clients whose types include, but are not limited to: institutions, financial advisors, banks, or thrift institutions, investment companies, pooled investment vehicles (both registered and not registered), pension and profit-sharing plans, trusts, estates or charitable organizations and corporations or other business entities.

*VIMCO Founders Fund LP:* Interest in, or units issued by the Private Fund are limited to "qualified purchasers" as defined in Section 2(a)(51)(A) of the Investment Company Act ("Qualified Purchasers") and to "knowledgeable employees" as defined in Rule 3c-5 under the Investment Company Act ("Knowledgeable Employees"). In addition to being Qualified Purchasers, investors must also be "accredited investors" within the meaning of Regulation D under the Securities Act of 1933, as amended (the "Securities Act") with whom the Private Fund or any person acting on its behalf has a substantial pre-existing relationship. More detailed information regarding the qualifications for investing in the Private Funds is found in each Fund's subscription materials.

The minimum investment for the Private Fund is:

Fund Name	Initial Investment
VIMCO Founders Fund LP	\$250,000

*Institutional Managed Accounts:* VIMCO requires a minimum investment of \$5,000,000 for a separate account, which may be waived in certain circumstances.

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

**INVESTMENT STRATEGY:** VIMCO's coverage universe emanates from a universe of approximately 2300 companies which correlate to the high and low ends of the Russell 2000 index market cap range. VIMCO's distinctive investment philosophy employs a "private market value"

approach to small cap public equities utilizing an owner-like mentality. The investment team values operating businesses as a private buyer would, while focusing on downside protection when constructing investment portfolios. VIMCO seeks to invest in high-quality companies with superior business models, distinct sustainable competitive advantages and underleveraged balance sheets that are operated by first-class managers who act as stewards of shareholders' capital. The firm has no interest in companies with inferior economics or levered balance sheets, even if they are statistically cheap. A cornerstone of VIMCO's investment philosophy is that markets for equity securities of small capitalization companies are inherently inefficient and that an exhaustive, disciplined, fundamental bottom-up research effort that follows VIMCO's well-defined investment process will lead to the discovery of attractive investment candidates, while taking advantage of behavioral biases in the market. VIMCO seeks to capitalize on its investment experience, in-depth knowledge of business models, proficiency in research analysis and extensive valuation expertise. VIMCO's investment horizon for any individual holding is typically two to five years. Free cash flow analysis is one of the foundations of VIMCO's investment philosophy and valuation assessment. In their assessment of value, the measure of a company's free cash flow generation profile is supplemented by other private market valuation metrics.

**INVESTMENT ANALYSIS:** VIMCO solely focuses on U.S. small capitalization companies; the search is for opportunities strictly within their circle of competence, which excludes certain industries not conducive to VIMCO's investment philosophy (i.e., industries that generally do not produce cash flow such as Biotech or whose fortunes are primarily determined by global macro forces such as E&P or most materials companies). VIMCO employs both quantitative screens and qualitative approaches to select candidates for further evaluation.

A critical component of the investment process is VIMCO's research engine. A potential investment is subjected to a rigorous, detailed, and team-oriented, in-house research evaluation, including an exhaustive review of all pertinent financial and operating documents, as well as thorough industry, competitive, customer and supplier analysis. Management evaluation is another key component of the investment process and is assessed through company visits, interviews, conferences and/or management calls. VIMCO invests only in companies run by management teams who it trusts with its capital and who act in the owners,' and not their own, best interests. As part of a comprehensive analysis, VIMCO builds and stress tests a model which results in an internal rate of return calculation (IRR) for each investment candidate. A unique feature of VIMCO's research is the creation of a 'qualitative scorecard' in which a numerical value is assigned to each company based on seven qualitative factors. Each potential investment is assigned a proprietary classification category: compounder, discount-to-value, or special situation.

Consistent with its focus on downside protection, another member of VIMCO's team then attempts to develop a short thesis in a quest to investigate any opposing viewpoints which must be discredited before investing. Strictly adhering to VIMCO's process, only those companies which pass a threshold for IRR, possess attractive qualitative business characteristics, and have minimum potential for permanent capital loss are considered for inclusion within the portfolio. A targeted weighting is determined by an assessment of the quantitative (i.e., the IRR) and qualitative ('Scorecard') factors, as well as relative liquidity and correlation. VIMCO also considers the historical downside capture of the stock. Investments are continuously monitored for changes to the original thesis.



**PORTFOLIO CONSTRUCTION:** The number of holdings in our client portfolios typically range from 40 to 60. VIMCO believes that this number of positions is adequately diverse to mitigate risk but concentrated enough not to dilute excess returns. Each position is assigned to a proprietary category classification: compounders, discount-to-value, and special situations (each of which has specifically defined weighting ranges).

Market cap ranges are analogous to those of the Russell 2000 Index at the time of purchase. The maximum individual position size at the time of purchase is 6% of the portfolio, with an average holding size of 2%. The maximum for sector exposure is 35% of the portfolio and the maximum industry exposure is 20% of the portfolio. The portfolio is constantly monitored to achieve optimal reward/risk characteristics and to avoid excessive correlation among the holdings.

**RISK MANAGEMENT:** VIMCO defines investment risk as the permanent loss of capital. Risk may be controlled or mitigated at the source in several ways: by a thorough and rigorous analysis prior to investing with a focus on downside protection; through a comprehensive understanding of exposures to common risks and the correlation among portfolio holdings; through strict adherence to the Firm's established investment process, the written thesis format as well as qualitative and quantitative limits; and through having clear guidelines for the three categories of investment opportunities as well as industry and sector weightings. VIMCO's risk management function is continuous via monitoring and evaluation. There is a constant review of portfolio companies for new fundamental information.

*Nature and Concentration of Investments.* VIMCO has absolute discretion with respect to the nature and concentration of the Firm's investments, and, accordingly, the total number and types of securities and other investments that the Firm holds may change substantially even over short periods of time.

### ***Risks.***

- *Risk of Loss-* Investors should understand that they can lose money by investing in any product.
- *Past Performance-* As of the date of this filing, VIMCO has a performance record which potential investors can evaluate which is available upon request. Past Performance is not indicative of future results.
- *Concentration Risk-* At times, VIMCO's investments may not be broadly diversified; rather, VIMCO may determine that it is in the clients' best interests to invest a substantial portion of portfolios in the securities of certain companies or a group of companies doing business in one industry or sector. A portfolio concentrated in the securities of certain companies or in companies doing business in specific industries or sectors presents greater risk than a portfolio that is diversified across many issuers, industries, and market sectors. As a result, performance could be substantially dependent upon the return of such concentrated positions.
- *Extraordinary Events-* There can be no assurance that interruptions caused by extraordinary events outside the control of VIMCO, including acts of god (e.g., fire, flood, earthquake, storm, hurricane

or other natural disaster), acts of war (e.g., war, invasion, acts of foreign enemies, hostilities, insurrection, or terrorist activities, whether war is declared or not) or financial system disruption (e.g., bankruptcy filing or operational failure by a major financial institution, including a bank, broker-dealer, clearing agent, administrator, investment manager, securities or derivatives exchange), would not have an adverse effect on VIMCO's ability to manage its portfolios.

- *Reliance on Corporate Management and Financial Reporting-* The investment strategies implemented by VIMCO may rely on the financial information made available by issuers in which VIMCO invests and such issuers' managers. VIMCO has no ability to independently verify the financial information disseminated by these third parties and is dependent upon the integrity of both the management of these third parties and the financial reporting process in general. Events in the past have demonstrated the material losses that investors in corporations and other investment vehicles, such as investment funds, can incur as a result of corporate mismanagement, fraud, and accounting irregularities.
- *Market Risks in General-* VIMCO's investment strategies are subject to some dimension of market risk, including among others: directional price movements, deviations from historical pricing relationships, changes in the regulatory environment, changes in market volatility, "flights to quality" and "credit squeezes."
- *Lack of Liquidity/Valuation-* Despite the generally heavy volume of trading in certain securities that may be traded by VIMCO, the market for some of these securities may have limited liquidity. Lack of liquidity can make it difficult or impossible for VIMCO to purchase or sell securities at desired prices or in desired quantities, as a result of which, among other things, it may be economically unfeasible for VIMCO to recognize profits on open positions or to close out open positions against which the market is moving. In particular, sales of illiquid securities may be possible only at a substantial discount. In addition, such securities may be difficult to value, and illiquidity can disconnect market values from the historical pricing indicators used in VIMCO's investment analysis, as the fewer transactions that take place the greater the risk of market values' not reflecting true pricing relationships or fairvalue.
- *Sector Concentration Risk-* VIMCO may concentrate its investments primarily within a handful of sectors. VIMCO's focus in a limited number of sectors may present more risks than if VIMCO were broadly diversified over a greater number of unrelated market sectors. At times, the performance of VIMCO's investments, if concentrated in a particular sector or sectors, may lag the performance of other market sectors or the broader market as a whole. Such underperformance may continue for extended periods of time.
- *Limited Capitalization Companies-* VIMCO expects to invest a substantial portion of its assets in the securities of companies with a limited market capitalization (i.e., small- capitalization companies). While VIMCO believes that such securities provide significant potential for appreciation, these securities involve higher risks in some respects than do investments in securities of larger companies. For example, stock prices of small- capitalization companies are often more

volatile and more vulnerable to adverse business and economic developments than those of medium-capitalization securities and large-capitalization securities. The risk of bankruptcy or insolvency of many smaller capitalized companies (with the attendant losses to investors) is usually higher than for larger, “blue-chip” companies. In addition, due to thin trading in certain small-capitalization securities, an investment in those securities may be illiquid, making it difficult for VIMCO to buy and sell such securities.

#### **ITEM 9. Disciplinary Information**

Nothing to report.

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

VIMCO has the following business arrangements and relationships that clients may wish to consider.

VIMCO is majority-owned by Berlansky/Trumpbour Investment Management Company LLC. The three Principals of VIMCO own Berlansky/Trumpbour Investment Management Company LLC.

VIMCO has one minority owner, Paul Hondros.

Firm’s financial industry affiliation with a pooled investment vehicle

- As noted in Item 4, VIMCO is the sole managing member of VIMCO Founders Fund LP, which is therefore affiliated with VIMCO, and which serves as the general partner of the Private Fund.

Firm’s financial industry affiliation as a broker dealer

- Donald O’Hara is CEO/CCO of PennHaven Brokerage Partners (PHBP). VIMCO may instruct trades to go to PHBP, and PHBP will provide independent Best Execution reports and Trade Cost Analysis (TCA) reports verifying PennHaven’s ability to add value to the execution and trading results for VIMCO. Mr. O’Hara doesn’t receive compensation for sales activity of PHBP. He is an owner as disclosed on Form BD. Best Execution and TCA reports also verify the ability and achievement of PHBP against peers and the VWAP. Mr. O’Hara is subject to compliance oversight and does not have a direct ownership or allocation in any private funds.
- PennHaven Brokerage Partners LLC provides support and various operational and administrative services to VIMCO. These include providing trading and portfolio management support, subscription services, compliance, bookkeeping, and other services.

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

VIMCO and its employees owe a fiduciary duty that client interests be placed ahead of personal or business interests. In an effort to ensure that VIMCO develops and maintains a reputation for integrity and high ethical standards it has adopted a Code of Ethics that establishes the standard of business conduct that all employees must follow. The Code of Ethics addresses personal trading and investments by access persons. Specifically, before transacting in any securities (other than those considered exempt under SEC definitions), access persons must obtain pre-clearance. Absent extraordinary circumstances, pre-

clearance is denied in instances where there is trading by client accounts in the same issuer on the same day. In addition, pre-clearance is required for any private placements or initial public offerings to ensure that opportunities of limited availability are first afforded to clients where appropriate. Access persons are required to acknowledge at hire and annually thereafter that they have received, read, and understood the Code of Ethics and that they agree to comply with it in all respects. Additionally, access persons submit a report of their personal transactions on a quarterly basis. In order to supervise the Code, all Covered Persons provide initial and annual securities holdings reports and quarterly transaction reports through the use of an electronic reporting system. A copy of the Code of Ethics is available to any client or prospective client upon request.

Covered Persons may buy or sell securities for their personal accounts that are identical to or different than the securities that we buy or sell for clients, but certain Covered Persons are subject to blackout periods with respect to transactions involving such securities. It is our policy that no Covered Person shall prefer his or her own interest to that of a client or make personal investment decisions based on the trading activities of our clients.

Our Code further includes a policy prohibiting the use of material non-public information and all Covered Persons are reminded periodically that such information may not be used in a personal or professional capacity. Further all Covered Persons must report the advertent or inadvertent receipt of material non- public information to the firm's Chief Compliance Officer ("CCO").

We also require that all Covered Persons act in accordance with all applicable federal and state regulations governing registered investment advisory practices. Any Covered Person who does not follow this requirement may be subject to disciplinary action, which may include termination of employment.

#### Participation or Interest in Client Transactions

VIMCO serves as General Partner in the VIMCO Founders Fund, LP in which it has a material financial interest. VIMCO employees or other related persons may have investments in this fund. These personal investments could cause the fund to receive preferential treatment over other client accounts. Potential conflicts of interest may exist as a result of the participation in these client transactions. Purchase and sale transactions in these securities may be aggregated and blocked with client transactions or executed separately from clients' transactions at "market-on-close" or "limit-on-close" transactions. We have adopted policies and procedures to address the conflicts that might arise as a result of investing in the same securities that we also recommend to clients and related trade aggregations. We will not aggregate transactions unless we believe that aggregation is consistent with our duty to seek best execution for our clients' transactions as disclosed in offering documents for the Private Funds, and the Managed Account investment advisory agreements. Each party that participates in an aggregated order will participate at the average share price for all transactions in the aggregated order for the particular security on a given business day, with transaction costs shared pro rata based on each account's participation in the order.

#### **ITEM 12. Brokerage Practices**

VIMCO requests that discretionary clients provide it with written authorization to determine which securities are bought or sold and the amounts thereof; and the broker or dealer to be utilized. VIMCO will select those brokers or dealers that will provide the best price and execution and may include PennHaven Brokerage Partners, LLC, as mentioned in Item 10, is also supervised by VIMCO's CCO, Donald O'Hara. Best price is normally an important factor in this decision, but the selection also takes into account the quality of brokerage services, including such factors as acting as originator, underwriter or market maker for relevant issues; quality of overall execution services provided by the broker-dealer; commission and transaction fees charged by the broker-dealer; promptness of execution; creditworthiness and business reputation of the broker-dealer; research (if any) provided by the broker-dealer; promptness and accuracy of oral, hard copy or electronic reports of execution; ability and willingness to correct errors; promptness and accuracy of confirmation statements; ability to access various market centers; the broker-dealer's facilities, including any software or hardware provided to the adviser; any expertise the broker-dealer may have in executing trades for the particular type of security; reliability of the broker-dealer; if applicable, the ability of the broker-dealer to use electronic trading networks to gain liquidity, price improvement, lower commission rates and anonymity; and review of financial reports of the broker-dealer. Accordingly, transactions may not always be executed at the lowest available price or commission. Typically, commissions are not generated on fixed income transactions and transaction costs are built into the execution price. VIMCO does not engage in any cross-transactions.

VIMCO's fiduciary duty to clients is especially evident when it comes to correcting errors made in placing trades for clients. A trade error is considered to have occurred if the order executed for a client materially differs from the trade instructions for that client (for reasons other than customary allocation of unfilled or partially filled orders). It is VIMCO's policy that when correcting a trading error, the client may not be disadvantaged, therefore they must be made "whole."

VIMCO may accept brokerage direction from advisory clients.

### Research and Other Soft Dollar Benefits

The receipt of research services and other products from brokers or a third party may sometimes be a factor when we select a broker that we believe will provide quality execution of transactions at competitive commission rates. This is known as a "soft dollar relationship." Such research services often will include not only a wide variety of reports, charts, publications and proprietary data on such matters as economic and political strategy, credit analysis, stock and bond market conditions and projections, but also attendance at conferences sponsored by brokers and meetings with management representatives from companies we are covering and with other analysts and specialists. Research may be used for all of our clients and our affiliates. No client is charged separately for the research, but clients may pay higher commissions than those obtainable from other brokers in return for these research products and services.

We will limit the use of "soft dollars" to obtain research and other products to services that constitute research and brokerage within the meaning of the "safe harbor" provisions of Section 28(e) of the Securities Exchange Act of 1934, as amended ("1934 Act"), and related SEC interpretive positions. The research services noted above fall within the Section 28(e) safe harbor provisions. The following brokerage services also fall within Section 28(e) safe harbor:

- o Services related to the execution, clearing and settlement of securities transactions;
- o Trading software operated by a broker-dealer to route orders;
- o Software that provides trade analytics and trading strategies;
- o Software used to transmit orders;
- o Clearance and settlement in connection with a trade;
- o Electronic communication of allocation instructions;
- o Routing settlement instructions;
- o Post trade matching of trade information; and
- o Services required by the SEC or a self-regulatory agency such as comparison services, electronic confirms or trade confirmations.

The use of client commissions to obtain research and brokerage products and services raises conflicts of interest. For example, VIMCO will not have to pay for the products and services itself. This creates an incentive for us to select or recommend a broker dealer based on our interest in receiving those products and services. In addition to limiting our use of soft dollar arrangements to only those services that are within the Rule 28(e) safe harbor, any research services that we receive will be in addition to, and not in lieu of, services required to be performed by VIMCO under its investment management agreements.

In some instances, however, we obtain a product or service that is used, in part, by VIMCO for Section 28(e) eligible purposes and, in part, for other purposes. These are referred to as “mixed use” products. In these instances, we may have a conflict of interest in allocating the costs of such services between those that primarily benefit VIMCO and those that primarily benefit our clients, which portion may be paid for with soft dollars. We will make a good faith effort to determine the relative proportion of the product or service used to assist VIMCO in carrying out its investment decision-making responsibilities and the relative proportion used for administrative or other purposes outside of Section 28(e). We will make this determination based on our actual use of the product or service. The proportion of the product or service attributable to assisting VIMCO in carrying out its investment decision-making responsibilities will be paid through brokerage commissions generated by client transactions and the proportion attributable to administrative or other purposes outside Section 28(e) will be paid for by VIMCO from its own resources.

### **ITEM 13. Review of Accounts**

Accounts are monitored by the Firm’s Investment Team on a periodic basis. Portfolio valuations, portfolio holdings, portfolio changes and reports on investment policies are provided in writing at least quarterly and more frequently if requested by client.

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

While VIMCO currently does not have any solicitor’s agreements in place, VIMCO may enter into written agreements with unaffiliated solicitors. Solicitors of governmental plans must be registered as an Investment Adviser Representative in order to do business with VIMCO. VIMCO will generally pay the

solicitor a percentage of all fees received by VIMCO from an investment advisory client for a period of twelve quarters following the date that the client retained VIMCO assuming that such retention occurred during the term of the agreement between the Firm and the solicitor. Such payment will not reduce the amount invested by a solicited investor. Solicitors are required to provide prospective investors with disclosures describing the relationship between VIMCO and the solicitor.

#### **ITEM 15. Custody**

AXOS Clearing serves as the custodian to the Private Fund. All other clients designate their own custodian and set up their own custodial accounts. Custodians supply quarterly statements. Clients should carefully review those statements and compare them with account statements sent by VIMCO. Differences may arise on account of variation in the pricing sources as well as differences in accounting (trade date versus settlement date) utilized by the custodians and VIMCO.

Assets of separately managed client accounts are held by the institution designated by the client as custodian of the account. The client should direct the custodian to provide VIMCO's separate account service provider, Ultimus Fund Services, LLC, with copies of the client's account confirmations and statements.

Due to its role as the sole managing member of the Private Fund, VIMCO is considered to have custody of the assets of the Private Fund. The Private Fund is audited annually, and financial statements are distributed to investors within 120 days of its fiscal year end starting in December 2017.

VIMCO hires an independent party to review all fees, expenses and capital withdrawals from the accounts included in the pooled investment vehicle prior to forwarding them to the qualified custodian with the independent party's approval for payment.

VIMCO sends written invoices or receipts to the independent party which describe the amount of the fees (including any formulae used to calculate the fees, the time period covered by the fees and the amount of assets under management on which the fees were based), expenses or capital withdrawals for the independent party to verify that payment of the fees, expenses or capital withdrawals is in accordance with the documents governing the operation of the pooled investment vehicle and any statutory requirements applicable thereto.

Prior to having fees deducted *via a qualified custodian*, VIMCO will:

- (a) Possess written authorization from the client to deduct advisory fees from an account held by a qualified custodian
- (b) Send the qualified custodian written notice of the amount of the fee to be deducted from the client's account.
- (c) Send the client an itemized invoice including any formulae used to calculate the fee, the time period covered by the fee, and the amount of assets under management on which the fee was based.

## **ITEM 16. Investment Discretion**

VIMCO accepts discretionary authority to manage securities accounts on behalf of clients and requests that discretionary clients provide it with written authorization to determine which securities are bought or sold. Clients may impose guidelines or restrictions on this authority, subject to VIMCO's ability to effectively manage the portfolio. Management of an account is contingent on the receipt of an executed investment management agreement and corporate resolution, trust agreement, or other documentation indicating authorized signatories.

## **ITEM 17. Voting Client Securities**

VIMCO's Investment Team has the authority to supervise the implementation and administration of the proxy policy, among other functions.

We will allow Managed Account clients to reserve the right, in writing, to vote the proxies in their accounts; however, VIMCO typically accepts authority to vote proxies for our Managed Account clients. VIMCO has been delegated authority to vote proxies for the Registered Funds and Private Fund portfolio securities. We will vote all proxies received in sufficient time prior to their deadline.

We have adopted proxy voting policies and procedures (the "Proxy Voting Policies") to make every effort to ensure that we vote proxies in the best interest of clients and the value of the investment. The Proxy Voting Policies address how we will vote proxies with regard to specific matters, such as voting rights, mergers or acquisitions, the election of board members and other issues. The Proxy Voting Policies also direct VIMCO to consider certain factors with regard to specific proxy proposals to assist the firm in voting securities properly. Under the Proxy Voting Policies, we are also permitted to delegate the responsibility to a non-affiliated third-party vendor to review proxy proposals and make voting recommendations on our behalf. We may also vote a proxy contrary to the Proxy Voting Policies if we determine that such action would be in our clients' best interest.

We may choose not to vote proxies in certain situations or for certain accounts, such as:

- o As noted above, when a Managed Account client has informed us that it wishes to retain the right to vote the proxy, VIMCO will instruct the custodian to send the proxy material directly to the client;
- o When we believe that the cost of voting would exceed any anticipated benefit to the client;
- o When a proxy is received for a security that we no longer hold in the portfolio (i.e., we have since sold the entire position); or
- o Where the exercise of voting rights could restrict the ability of a portfolio manager of Managed Account or Fund to freely trade the security in question

Conflicts of interest relating to proxy proposals will be handled in various ways depending on the type and materiality. Generally, where the Proxy Voting Policies outline our voting position, either "for" or "against" such proxy proposal, we will vote in accordance with the Proxy Voting Policies. Where the Proxy Voting Policies outline our position to be determined on a "case by case" basis for the particular proxy proposal, or the proposal is not listed in the Proxy Voting Policies, then we will choose either to vote the proxy in accordance with the voting recommendations of a non-affiliated third-party vendor,



or, for Managed Accounts, we will vote the proxy as directed by our client(s). The method that we select will depend on the facts and circumstances of each situation and the requirements of applicable law.

If you are a client of VIMCO and would like to find out how your proxies have been voted or would like a complete copy of our current Proxy Voting Policies, please send a written request to:

Villanova Investment Management Company LLC  
Attention: Compliance Department  
200 Eagle Road, Suite 230  
Wayne, PA 19087

#### **ITEM 18. Financial Information**

There is no financial condition that is reasonably likely to impair VIMCO's ability to meet contractual commitments to clients.

VIMCO has not been the subject of a bankruptcy petition within the past 10 years.

#### **ITEM 19. Requirements for State Registered Advisors**

VIMCO will provide Brochure Documents to all clients upon entering into an agreement. When a copy of the Brochure Document(s) is not provided to the client at least 48 hours prior to signing the contract(s), client has five business days in which to cancel the contract, without penalty.

- A. Identify each of your principal executive officers and management persons and describe their formal education and business background. – **Please see VIMCO's Form ADV Part 2B.**
- B. Describe any business in which you are actively engaged (other than giving investment advice) and the approximate amount of time spent on that business. **VIMCO owners, Ed Trumpbour and Rasto Berlansky do not serve any other business outside of VIMCO. VIMCO owner Daniel McFadden serves on the board of New Castle County Delaware Employee Pension Program. Donald O'Hara, VIMCO's Chief Compliance Officer, is also the CEO/CCO of PennHaven Brokerage Partners, LLC.**
- C. In addition to the description of your fees in response to Item 5 of Part 2A, if you or a supervised person are compensated for advisory service with performance-based fees, explain how these fees will be calculated. Disclose specifically that performance-based compensation may create incentive for the advisor to recommend an investment that may carry a higher degree of risk to the client. – **VIMCO does not offer or support accounts of funds with a performance-based fee.**
- D. If you or a management person has been involved in one of the events listed below, disclose all material facts regarding the event.
  - 1. An award or otherwise being found liable in an arbitration claim alleging damages in excess of \$2,500, involving any of the following.
    - a. An investment or an investment related business activity:
    - b. Fraud, false statement(s), or omissions

- c. Theft, embezzlement, or other wrongful taking of property
- d. Bribery, forgery, counterfeiting, or extortion; or
- e. Dishonest, unfair, or unethical practices

**VIMCO has not been involved in any of the above events.**

- 2. An award or otherwise being found liable in a civil, self-regulatory organization, or administrative proceeding involving any of the following:
  - a. An investment or an investment related business activity:
  - b. Fraud, false statement(s), or omissions
  - c. Theft, embezzlement, or other wrongful taking of property
  - d. Bribery, forgery, counterfeiting, or extortion; or
  - e. Dishonest, unfair, or unethical practices

**VIMCO has not been involved in any of the above events.**

- E. In addition to any relationship or arrangement described in response to item 10.C. of Part 2A, describe any relationship or arrangement that you or any of your management persons have with any issuer of securities that is not listed in item 10.C. of Part 2A. **N/A**