

# Disclosure Brochure

**March 13, 2024**

## **Van Leeuwen & Company, LLC**

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This brochure provides information about the qualifications and business practices of Van Leeuwen & Company, LLC. If you have any questions about the contents of this brochure, please contact the Firm at (609) 580-0088. 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 Van Leeuwen & Company, LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Van Leeuwen & Company, LLC is an SEC registered investment adviser. Registration does not imply any level of skill or training.

## Item 2. Material Changes

This item discusses material changes that are made to Van Leeuwen & Company LLC's ("VLC") Disclosure Brochure (the "Brochure") and provides readers with a summary of such changes. The following material changes were made since our last annual update of this Brochure dated **March 9, 2023**:

### **No material changes since our last annual update of this Brochure.**

The foregoing is only a summary of the material changes to the Brochure. It does not purport to identify every change to the Brochure since the last annual update (e.g., format changes). This summary of material changes is qualified in its entirety by reference to the full discussion in this Brochure. Clients are encouraged to read the Brochure in detail and contact their account representative with any questions.

We will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. Furthermore, we will provide you with other interim disclosures about material changes as necessary.

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## Item 4. Advisory Business

Van Leeuwen & Company, LLC (“VLC” or the “Firm”) is an investment adviser registered with the SEC since April 2015, and is a Limited Liability Company formed under the laws of the State of New Jersey. The Firm is wholly owned by Kenneth W. Van Leeuwen.

Since September 1997, VLC and its representatives have been providing clients with financial planning, consulting, and investment management services. Prior to the rendering of any of the below advisory services, clients are required to enter into one or more written agreements with VLC setting forth the relevant terms and conditions of the advisory relationship (the “*Agreement*”).

Prior to 2015, VLC’s investment adviser representatives provided clients with investment management services in their capacities as investment adviser representatives of LPL Financial LLC (“*LPL Financial*”). VLC is providing investment management services directly to its clients. As of December 31, 2023, the Firm had \$308,556,260 of assets under management, all of which are managed on a discretionary basis.

This Disclosure Brochure describes the business of VLC. Certain sections will also describe the activities of *Supervised Persons*. *Supervised Persons* are any of VLC’s officers, partners, directors (or other persons occupying a similar status or performing similar functions), or employees or any other person who provides investment advice on VLC’s behalf and is subject to the Firm’s supervision or control.

### **Financial Planning and Consulting Services**

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VLC offers clients a range of financial planning and consulting services, which includes any or all of the following functions:

- Business Planning
- Cash Flow Forecasting
- Asset Allocation
- Retirement Planning
- Estate Planning
- Financial Reporting
- Investment Consulting
- Insurance Needs Analysis
- Retirement Plan Analysis
- Charitable Giving
- Risk Management
- Distribution Planning

While each of these services is available on a stand-alone basis, certain of them can also be rendered in conjunction with investment portfolio management. In performing these services, VLC is not required to verify any information received from the client or from the client’s other professionals (e.g., attorneys, accountants, etc.) and is expressly authorized to rely on such information.

VLC recommends the services of itself, its *Supervised Persons* in their individual capacities as insurance agents or registered representatives of a broker-dealer and/or other professionals, to implement its recommendations. Clients are advised that a conflict of interest exists if clients engage VLC to provide

additional fee-based services. Clients retain absolute discretion over all decisions regarding implementation and are under no obligation to act upon any of the recommendations made by VLC under a financial planning or consulting engagement or to engage the services of any such recommended professionals, including VLC itself. Clients are advised that it remains their responsibility to promptly notify the Firm of any change in their financial situation or investment objectives for the purpose of reviewing, evaluating or revising VLC's previous recommendations and/or services.

## **Investment Management Services**

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VLC manages client investment portfolios on a discretionary basis.

VLC primarily allocates client assets among mutual funds, exchange-traded funds ("ETFs"), and individual debt and equity securities, in accordance with the investment objectives of its clients. Where appropriate, the Firm also provides advice about any type of legacy position or other investment held in client portfolios, but clients should not assume that these assets are being continuously monitored or otherwise advised on by the Firm unless specifically agreed upon. VLC may also allocate all or part of a client assets to a third-party investment manager or investment management program, to be managed in accordance with your investment needs and in your best interest.

VLC tailors its advisory services to meet the needs of its clients and continuously seeks to ensure that client portfolios are managed in a manner consistent with their specific investment profiles. VLC consults with clients on an initial and ongoing basis to determine their specific risk tolerance, time horizon, liquidity constraints and other qualitative factors relevant to the management of their portfolios. Clients are advised to promptly notify VLC if there are changes in their financial situation or if they wish to place any limitations on the management of their portfolios. Clients may impose reasonable restrictions or mandates on the management of their accounts if VLC determines, in its sole discretion, the conditions would not materially impact the performance of a management strategy or prove overly burdensome to the Firm's management efforts.

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

VLC offers its services on a fee basis, which includes hourly and/or fixed fees, as well as fees based upon assets under management. Additionally, certain of VLC's *Supervised Persons*, in their individual capacities, offer securities brokerage services and insurance products under a separate commission arrangement.

### **Financial Planning and Consulting Fees**

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VLC generally charges either a negotiable hourly and/or fixed fee to provide clients with stand-alone financial planning or consulting services. These fees are largely determined by the scope and complexity of the agreed upon services, but generally range from \$500 to \$20,000 on a fixed fee basis and \$250 on an hourly basis.

The specific terms and fee structure are negotiated in advance and set forth in the *Agreement* with VLC. Generally, VLC requires one-half of the financial planning or consulting fee payable upon execution of the

*Agreement* and the balance due at the time the financial plan is delivered or the underlying services are rendered to completion, not to exceed six months. If the client engages VLC for additional investment advisory services, VLC may offset all or a portion of its fees for those services based upon the amount paid for the financial planning and/or consulting services.

### **Investment Management Fees**

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VLC provides investment management services for an annual fee based on the amount of assets under the Firm's management. Our asset-based fee for the Investment Management Services will be 1.00% per annum (annual).

The annual fee is prorated and charged quarterly, in advance, based upon the market value of the assets being managed by VLC on the last day of the previous billing period.

If assets are deposited into or withdrawn from an account after the inception of a billing period, the fee payable with respect to such assets is adjusted to reflect the change in portfolio value. For the initial period of an engagement, the fee is calculated on a *pro rata* basis. In the event the *Agreement* is terminated, the fee for the final billing period is prorated through the effective date of the termination and the unearned portion is refunded to the client, as appropriate.

VLC may delegate the management of all or part of the Assets to one or more independent investment managers or independent investment management programs ("Independent Managers"). The Independent Managers may be hired under separate written agreements and may charge fees in addition to our Management Fee.

### **Fee Discretion**

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VLC, in its sole discretion, may negotiate to charge a lesser fee based upon certain criteria, such as anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing/legacy client relationship, account retention and *pro bono* activities.

### **Additional Fees and Expenses**

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In addition to the advisory fees paid to VLC, clients also incur certain charges imposed by other third parties, such as broker-dealers, custodians, trust companies, banks and other financial institutions, including those recommended by the Firm (collectively "*Financial Institutions*"). These additional charges 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.

## **Fee Debit**

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Clients generally provide VLC and/or the *Financial Institutions* with the authority to directly debit their accounts for payment of the Firm's investment advisory fees. The *Financial Institutions* that act as qualified custodian for client accounts have agreed to send statements to clients not less than quarterly detailing all account transactions, including any amounts paid to VLC. As required by applicable state securities laws, VLC also sends clients an itemized summary detailing the advisory fees deducted from their accounts. Alternatively, clients may elect to have VLC send them an invoice for direct payment.

## **Account Additions and Withdrawals**

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Clients may make additions to and withdrawals from their account at any time, subject to VLC'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 decline to accept particular securities into a client's account. Clients may withdraw account assets on notice to VLC, subject to the usual and customary securities settlement procedures. However, VLC designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client's investment objectives. VLC 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, fees assessed at the mutual fund level (i.e., contingent deferred sales charge) and/or tax ramifications.

## **Commissions or Sales Charges for Recommendations of Securities**

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Clients can engage certain persons associated with VLC to render securities brokerage services under a separate commission-based arrangement. Clients are under no obligation to engage such persons and may choose brokers or agents not affiliated with VLC.

Under this arrangement, the Firm's *Supervised Persons*, in their individual capacities as registered representatives of *LPL Financial*, an SEC registered broker-dealer and member of FINRA, may provide securities brokerage services and implement securities transactions under a separate commission-based arrangement. *Supervised Persons* are entitled to a portion of the brokerage commissions paid to *LPL Financial*, as well as a share of any ongoing distribution or service (trail) fees from the sale of mutual funds. VLC may also recommend no-load or load-waived funds, where no sales charges are assessed. Prior to effecting any transactions, clients are required to enter into a separate account agreement with *LPL Financial*.

A conflict of interest exists to the extent that a *Supervised Person* of VLC recommends the purchase or sale of securities through a brokerage relationship where that *Supervised Person* receives commissions or other additional compensation as a result of that recommendation (the "Brokerage Relationship").

Because the *Supervised Persons* receive compensation in connection with the sale of securities in the Brokerage Relationship, a conflict of interest exists as such *Supervised Persons* have an incentive to recommend more expensive securities or services to clients where such *Supervised Persons* earn more compensation with respect to the sale of such securities through the Brokerage Relationship rather than through an advisory relationship with the Firm. The Firm has procedures in place to ensure that any recommendations made by such *Supervised Persons* to engage in the Brokerage Relationship are in the best interest of that client. Clients should understand that the investments made in the Brokerage Relationship are not receiving advisory services from the Firm. Therefore, the Firm does not have a fiduciary duty over the Brokerage Relationship recommendations.

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

VLC does not provide any services for performance-based fees. Performance-based fees are those based on a share of capital gains on or capital appreciation of the assets of a client.

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

VLC provides its services to individuals, pension and profit-sharing plans, trusts, estates, charitable organizations, corporations and business entities.

#### **No Minimum Account Requirements**

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VLC does not impose a stated minimum fee or minimum portfolio value for starting and maintaining an investment management relationship.

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

#### **Methods of Analysis**

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VLC generally utilizes fundamental methods of analysis when analyzing investments.

Fundamental analysis involves an evaluation of the fundamental financial condition and competitive position of a particular fund or issuer. For VLC, this process typically involves an analysis of an issuer's management team, investment strategies, style drift, past performance, reputation and financial strength in relation to the asset class concentrations and risk exposures of the Firm's model asset allocations. A substantial risk in relying upon fundamental analysis is that while the overall health and position of a company may be good, evolving market conditions may negatively impact the security.

#### **Investment Strategies**

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VLC is a long-term investor that looks for value throughout the global markets. The Firm's discipline dictates that it acts only when it believes the odds of success are strongly in its favor. Once VLC has identified appropriate opportunities, the Firm executes its strategy by seeking to use the best



available investment vehicles. The Firm determines the “best” possible vehicles through rigorous quantitative and qualitative research. Risk control is also a critical element of the Firm's process. VLC manages the probability of risk through diversification & ongoing scenario analysis. Portfolio management is a dynamic process, which calls for constant attention and a sound, repeatable discipline.

### **Step One: Establish Required Rate of Return**

The first step of the Firm's process is to determine the client's long-term financial goals and the rate of return that is required to help each client achieve those goals.

### **Step Two: Coordinate the Required Rate of Return with Risk Tolerance**

The second step of the Firm's process is to determine if its clients are comfortable with the probability of risk that is associated with attempting to achieve their required rate of return.

VLC measures the probability of risk for various rates of return through the historical analysis of the risk and return relationship between mature asset classes over long periods of time. The Firm also takes into consideration whether or not these historical relationships appear to be realistic and reasonable expectations going forward.

### **Step Three: Act Only When Faced with Extreme Over- or Under-Valuations**

VLC's discipline dictates that it only “swings” when it has very strong indications that the odds are heavily in clients' favor because the markets do not appear to be priced rationally. This could be a rare occurrence and lead to little activity over a period of time. However, the Firm believes fear and greed will always move markets over the short-term and provide long-term investors with tremendous opportunities for return. However, this takes discipline and patience.

### **Step Four: Scenario Analysis**

The Firm uses scenario analysis to assess the risk exposure in each of its model portfolios. Generally, VLC considers different scenarios and the probability of those scenarios occurring over a five-year time horizon. This also allows VLC to qualitatively assess the downside for stocks, bonds and other assets classes to determine the overall risk of our portfolios. This may lead the Firm to be more or less defensive at a given time.

### **Step Five: Fund Selection and Implementation**

In general, VLC's first level of analysis in selecting funds is to evaluate the underlying investment manager's record and the fund's expenses. The Firm looks for long and consistent periods of outperformance that have been obtained through a disciplined and repeatable approach. The Firm looks for managers who are obsessive in seeking an edge and nurture an ethical and stable culture within those managers' firms. The Firm also strives to pay very close attention to the quality of the analyst team

supporting management and the degree of shareholder advocacy apparent in their actions. Also, the Firm looks for managers who invest alongside of their shareholders.

### Risks of Loss

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#### *General Risk of Loss*

Investing in securities involves the risk of loss. Clients should be prepared to bear potential losses.

#### *Market Risks*

The profitability of a significant portion of VLC's recommendations may depend to a great extent upon correctly assessing the future course of price movements of stocks and bonds. There can be no assurance that VLC will be able to predict those price movements accurately.

#### *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 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

VLC 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

### Registered Representatives of Broker Dealer

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Certain of VLC's *Supervised Persons* are registered representatives of *LPL Financial*, and in such capacity may recommend the securities brokerage services of *LPL Financial*. A conflict of interest exists to the extent that VLC recommends *LPL Financial's* securities brokerage services where VLC's *Supervised Persons* receive commissions.

### Receipt of Insurance Commission

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Certain of VLC's *Supervised Persons*, in their individual capacities, are also licensed insurance agents with various insurance companies, and in such capacity, may recommend, on a fully-disclosed commission basis, the purchase of certain insurance products. A conflict of interest exists to the extent that VLC recommends the purchase of insurance products where VLC's *Supervised Persons* receive insurance commissions or other additional compensation.

## Item 11. Code of Ethics

VLC 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*. VLC'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 of securities ahead of clients in order to take advantage of pending orders.

The *Code of Ethics* also requires certain of VLC's personnel (called "*Access Persons*") to report their personal securities holdings and transactions and obtain pre-approval of certain investments (e.g., initial public offerings, limited offerings). However, VLC's *Supervised Persons* are permitted to buy or sell securities that it also recommends to clients if done in a manner 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 *Access Persons* to be completed without any appreciable impact on the markets of such securities. Therefore, under certain 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 where there may be a potential for conflict, no *Access Person* may knowingly effect for themselves or for their

immediate family (i.e., spouse, minor children and adults living in the same household as the *Access Person*) a transaction in that security unless:

- the transaction has been completed;
- the transaction for the *Access Person* is completed as part of a batch trade (as defined below in Item 12) 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 VLC to request a copy of its *Code of Ethics*.

### Item 12. Brokerage Practices

VLC generally recommends that clients utilize the brokerage and clearing services of *LPL Financial* for investment management accounts.

Factors which VLC considers in recommending *LPL Financial* or any other broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research and service. The commissions and/or transaction fees charged by *LPL Financial* may be higher or lower than those charged by other *Financial Institutions*.

The commissions paid by VLC's clients comply with the Firm's duty to obtain "best execution." Clients may pay commissions that are higher than another qualified *Financial Institution* might charge to effect the same transaction where VLC determines that the commissions are reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a *Financial Institution's* services, including among others, the value of research provided, execution capability, commission rates and responsiveness. VLC seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

VLC periodically and systematically reviews its policies and procedures regarding its recommendation of *Financial Institutions* in light of its duty to obtain best execution.

The client may direct VLC in writing to use a particular *Financial Institution* to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that *Financial Institution* and the Firm will not seek better execution services or prices from other *Financial Institutions* or be able to "batch" client transactions for execution through other *Financial*

*Institutions* with orders for other accounts managed by VLC (as described below). As a result, the client may pay higher commissions or other transaction costs, greater spreads or may receive less favorable net prices, on transactions for the account than would otherwise be the case. Subject to its duty of best execution, VLC may decline a client's request to direct brokerage if, in the Firm's sole discretion, such directed brokerage arrangements would result in additional operational difficulties or violate restrictions imposed by other broker-dealers (as further discussed below).

Transactions for each client generally will be effected independently, unless VLC decides to purchase or sell the same securities for several clients at approximately the same time. VLC 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 VLC'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 VLC's clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that VLC determines to aggregate client orders for the purchase or sale of securities, including securities in which VLC's *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. VLC 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 a potential execution would result in a *de minimis* allocation in one or more accounts, VLC 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 small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

Certain mutual funds and their share classes are included in *LPL Financial's* Zero Transaction Charge Funds List, and others are not and subject to a transaction charge. When recommending mutual fund investments to advisory clients, VLC conducts an analysis of the expenses of available share classes, including whether there is a transaction charge, and makes a determination regarding which share class is in the best interest of the client. Neither the Firm, nor any of its *Supervised Persons*, receive any benefit for choosing a Zero Transaction Charge Fund or fund with transaction charges.

## **Commissions or Sales Charges for Recommendations of Securities**

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As discussed above, certain *Supervised Persons* in their respective individual capacities, are registered representatives of *LPL Financial*. These *Supervised Persons* are subject to FINRA Rule 3040 which restricts registered representatives from conducting securities transactions away from their broker-dealer unless *LPL Financial* provides written consent. Therefore, clients are advised that certain *Supervised Persons* may be restricted to conducting securities transactions through *LPL Financial* if they have not secured written consent from *LPL Financial* to execute securities transactions through a different broker-dealer. Absent such written consent or separation from *LPL Financial*, these *Supervised Persons* are prohibited from executing securities transactions through any broker-dealer other than *LPL Financial* under *LPL Financial's* internal supervisory policies. VLC is cognizant of its duty to obtain best execution and has implemented policies and procedures reasonably designed in such pursuit.

## **Software and Support Provided by Financial Institutions**

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VLC receives from *LPL Financial*, without cost to VLC, computer software and related systems support, which allow VLC to better monitor client accounts maintained at *LPL Financial*. VLC receives the software and related support without cost because VLC renders investment management services to clients that maintain assets at *LPL Financial*. The software and support is not provided in connection with securities transactions of clients (i.e., not "soft dollars"). The software and related systems support may benefit VLC, but not its clients directly. In fulfilling its duties to its clients, VLC endeavors at all times to put the interests of its clients first. Clients should be aware, however, that VLC's receipt of economic benefits from a *Financial Institution*, including *LPL Financial*, creates a conflict of interest since these benefits may influence VLC's choice of one *Financial Institution* over another that does not furnish similar software, systems support or services.

Specifically, the Firm receives the following benefits from *LPL Financial*: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk that exclusively services its institutional participants; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and access to an electronic communication network for client order entry and account information. Clients should be aware, however, that the receipt of economic benefits by VLC or its related persons in and of itself creates a potential conflict of interest and may indirectly influence VLC's recommendation of *LPL Financial* for custody and brokerage services.

In addition, the Firm has engaged *LPL Financial* for Virtual Chief Financial Officer ("VCFO") services. The services include access to certain financial solutions, including lines of credit and business loans. While the terms of the financing may be favorable, the Firm is responsible for paying back any amounts borrowed (i.e., these are not forgivable loans). However, the payment accelerates if the Firm or its *Supervised Persons* are no longer associated with *LPL Financial*. As such, the receipt of such benefits creates conflicts of interest because it creates a financial incentive for the Firm and/or its *Supervised*

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*Persons* to recommend clients maintain their advisory or brokerage accounts with *LPL Financial*. VLC seeks to mitigate these conflicts of interest by evaluating *LPL Financial's* services to determine that the recommendation is based on the best interest of clients, rather than the benefits received by the Firm or its *Supervised Persons*.

These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a certain amount of the advisor's clients' assets are maintained in accounts at *LPL Financial*. *LPL Financial's* services include brokerage services that are related to the execution of securities transactions, custody, research, including that in the form of advice, analyses and reports, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

For client accounts maintained in its custody, *LPL Financial* generally does not charge separately for custody services but is compensated by account holders through commissions or other transaction- related or asset-based fees for securities trades that are executed through *LPL Financial* or that settle into *LPL Financial* accounts.

*LPL Financial* also makes available to the Firm other products and services that benefit the Firm but may not benefit its clients' accounts. These benefits may include national, regional or Firm specific educational events organized and/or sponsored by *LPL Financial*. Other potential benefits may include occasional business entertainment of personnel of VLC by *LPL Financial* personnel, including meals, invitations to sporting events, including golf tournaments, and other forms of entertainment, some of which may accompany educational opportunities. Other of these products and services assist VLC in managing and administering clients' accounts. These include software and other technology (and related technological training) that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of the Firm's fees from its clients' accounts, and assist with back-office training and support functions, recordkeeping and client reporting. Many of these services generally may be used to service all or some substantial number of the Firm's accounts, including accounts not maintained at *LPL Financial*. *LPL Financial* also makes available to VLC other services intended to help the Firm manage and further develop its business enterprise. These services may include professional compliance, legal and business consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, employee benefits providers, human capital consultants, insurance and marketing. In addition, *LPL Financial* may make available, arrange and/or pay vendors for these types of services rendered to the Firm by independent third parties. *LPL Financial* may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to the Firm. While, as a fiduciary, VLC endeavors to act in its clients' best interests, the Firm's recommendation that clients maintain their assets in accounts at *LPL Financial* may



be based in part on the benefits received and not solely on the nature, cost or quality of custody and brokerage services provided by *LPL Financial*, which creates a potential conflict of interest.

### Item 13. Review of Accounts

#### Account Reviews

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For those clients to whom VLC provides investment management services, VLC monitors those portfolios as part of an ongoing process while regular account reviews are conducted on at least a quarterly basis. For those clients to whom VLC provides financial planning and/or consulting services, reviews are conducted on an “as needed” basis. Such reviews are conducted by an investment adviser representative of the Firm. All investment advisory clients are encouraged to discuss their needs, goals and objectives with VLC and to keep VLC informed of any changes thereto. The Firm contacts ongoing investment advisory clients at least annually to review its previous services and/or recommendations and to discuss the impact resulting from any changes in the client’s financial situation and/or investment objectives.

#### Account Statements and Reports

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Clients are provided with transaction confirmation notices and regular summary account statements directly from the *Financial Institutions* where their assets are custodied. From time-to-time or as otherwise requested, clients may also receive written or electronic reports from VLC and/or an outside service provider, which contain certain account and/or market-related information, such as an inventory of account holdings or account performance. Clients should compare the account statements they receive from the *Financial Institutions* where their assets are custodied with those they may receive from VLC or an outside service provider.

Those clients to whom VLC provides financial planning and/or consulting services will receive reports from VLC summarizing its analysis and conclusions as requested by the client or as otherwise agreed to in writing by VLC.

### Item 14. Client Referrals and Other Compensation

#### Client Referrals

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

#### Other Compensation for Referrals

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In addition, as disclosed in Item 10, above, certain of VLC’s *Supervised Persons*, in their individual capacities, are also licensed insurance agents. The Firm or the *Supervised Persons* may receive fees for referring insurance business to another agency which results in a conflict of interest in referring the business to that agency.



## Other Economic Benefits

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The Firm receives economic benefits from *LPL Financial*. The benefits, conflicts of interest and how they are addressed are discussed above in response to Item 12.

## Item 15. Custody

VLC's *Agreement* and/or the separate agreement with any *Financial Institution* authorize VLC through such *Financial Institution* to debit the client's account for the amount of VLC's fee and to directly remit that management fee to VLC in accordance with applicable custody rules.

The *Financial Institutions* recommended by VLC have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to VLC.

## Standing Letters of Authorization

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VLC also has custody due to clients giving the Firm limited power of attorney in a standing letter of authorization ("SLOA") to disburse funds to one or more third parties as specifically designated by the client. In such circumstances, the Firm will implement the steps in the SEC's no-action letter on February 21, 2017 which includes (in summary): i) client will provide instruction for the SLOA to the custodian; ii) client will authorize the Firm to direct transfers to the specific third party; iii) the custodian will perform appropriate verification of the instruction and provide a transfer of funds notice to the client promptly after each transfer; iv) the client will have the ability to terminate or change the instruction; v) the Firm will have no authority or ability to designate or change the identity or any information about the third party; vi) the Firm will keep records showing that the third party is not a related party of the Firm or located at the same address as the Firm; and vii) the custodian will send the client an initial and annual notice confirming the SLOA instructions

## Item 16. Investment Discretion

VLC is given the authority to exercise discretion on behalf of clients. VLC is considered to exercise investment discretion over a client's account if it can effect transactions for the client without first having to seek the client's consent. VLC is given this authority through a power-of-attorney included in the *Agreement* between VLC and the client. Clients may request a limitation on this authority (such as certain securities not to be bought or sold). VLC takes discretion over the following activities:

- The securities to be purchased or sold;
- The amount of securities to be purchased or sold; and
- When transactions are made.

### Item 17. Voting Client Securities

VLC is required to disclose if it accepts authority to vote client securities. VLC does not vote client securities on behalf of its clients. Clients receive proxies directly from the *Financial Institutions*.

### Item 18. Financial Information

VLC is not required to disclose any financial information pursuant to this Item 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.