



**Vector Money Management, Inc.**

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3/25/2013

**FORM ADV PART 2A  
Firm Brochure**

This is a brochure which provides information about the qualifications and business practices of Vector Money Management, Inc. If you have any questions about the contents of this brochure, please contact us at the above number. 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 Vector Money Management, Inc. is also available on the SEC's website at [www.advisorinfo.sec.gov](http://www.advisorinfo.sec.gov). The searchable IARD/CRD number for Vector Money Management, Inc. is 108192.

Vector Money Management, Inc. is a Registered Investment Advisor. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

## Material Changes

### Form ADV Part 2A, Item 2

This page in our ADV Part 2A is reserved for telling our clients and prospective clients about any material changes that have occurred regarding such issues as changes in personnel (especially changes in principles), changes in conflicts of interest, or changes in how we charge or get paid since the last publication of our ADV Part 2.

This page is included to allow individuals who are familiar with our business and business model to quickly ascertain whether or not any significant changes have occurred since the last reporting period.

To that end, the only material change Vector Money Management, Inc. has incurred since the publication of our last ADV Part II in March of 2012 is a change of physical address. Our old address was: 4266 I-55 North, Suite 102, Jackson, MS, 39211. Our new address (which can be found on the cover page of this submission and at the bottom of every other page) is: 750 Woodlands Parkway, Suite 201, Ridgeland, MS, 39157.

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**Advisory Business**Form ADV Part 2A, Item 4

Vector Money Management, Inc. was incorporated in Mississippi in November of 1988 and is 100% owned by Ashby M. Foote, III. Our mission, from the inception of the company, has been to provide independent investment advisory and portfolio management services to the Mississippi marketplace and, when the opportunity presents, areas outside Mississippi.

All of our accounts are discretionary accounts, which means that when we deem a trade is appropriate for an account, we do not solicit permission from our clients prior to making the trade. Our portfolio management services consist of three basic investment strategies. For more on these strategies and our methods of analysis, please see *Item 8* on page 9.

We are neither a custodian nor a broker-dealer. Our clients' accounts are held at a third party custodian (of their choice) in the name of the client. We are assigned limited power of authority over the account by the client for discretionary trading. That means that our authority over client accounts is limited to making equity, option, and fixed income trades in client accounts on their behalf. We do not have control of client funds or assets.

As of December 31, 2012, Vector Money Management, Inc. had \$82,279,806 in client assets under discretionary management.

## Fees and Compensation

### Form ADV Part 2A, Item 5

Annually, Vector Money Management, Inc. charges a management fee based upon the amount of assets under management (AUM). Billings for this fee are performed quarterly and will be billed on a forward basis. The basis for the AUM for each quarterly billing cycle is the value of the account on the ending day of the just ended quarter. Our current fee schedule is below. Please note that when fees are calculated, a family of accounts which combine to meet a discounted fee rate are treated the same as an individual account that reaches that level. To an extent, fees are negotiable if the asset size is large enough or if other factors warrant a change in fee structure.

<u>ASSETS UNDER MANAGEMENT</u>	<u>EQUITY &amp; BALANCED ACCOUNTS</u>	<u>FIXED INCOME ACCOUNTS</u>
Up to <b>\$1,000,000.00</b>	1.00%	.75%
On the next <b>\$9,000,000.00</b>	.75%	.50%
Anything over <b>\$10,000,000.00</b>	Negotiable	Negotiable

We do not require fees in advance, however, because we bill on a forward basis, an account activated with us during a billing period would be subject to being billed on prorated basis for the remainder of that billing period. For billing purposes in such instance, the start date of your contract will be determined by your account being funded and capable executing trades rather than any earlier date on which you may have signed a contract. At the same time, the contract may be terminated by either party upon 30 days written notice. Upon this notice, Vector Money Management, Inc. will refund the client a prorated fee for the time remaining in the current quarter.

Fees can be paid in one of two ways. Clients can elect for their fees to be deducted directly from the account(s) that we manage for them, or they can choose to be billed and pay their management fees themselves. Approximately 90% of our clients choose to have their fees deducted from their accounts. In these cases, the client grants Vector Money Management, Inc. limited authorization to withdraw the contractually agreed upon fees from their account. We then notify the client, in writing, of the exact amount of the withdrawal and the specific manner and basis on which the fee was calculated. The custodian of these accounts is advised, in writing, of the limitation on Vector's access to these accounts.

## Fees and Compensation

### Form ADV Part 2A, Item 5, cont.

Other expenses that clients may incur while having their investments managed by Vector include trade execution charges (commissions) charged by the client's custodian. These charges depend upon factors such as size of transaction, custodian, and type of security. Clients should also be aware that some custodians charge other, custodian dependent fees such as account maintenance fees. We recommend that clients evaluating potential custodians check to determine if any of these type fees would apply to them and that they compare commission schedules. Vector Money Management, Inc. does not receive any compensation from the sale of securities or any other investment product. For more on brokerage, please see *Item 12, Brokerage Practices* on page 14.

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

Form ADV Part 2A, Item 6

Vector Money Management, Inc. does not accept *performance-based fees* of any kind – that is, fees based on a share of capital gains on or capital appreciation of the assets of a client. For more on how we do get paid, please refer to *Fees and Compensation* on page 5.

## **Types of *Clients***

Form ADV Part 2A, Item 7

Vector provides portfolio management services to a wide array of clientele. Our clients include individuals (both taxable and IRA accounts), trusts, corporations, institutions and foundations. We have a minimum starting account value of \$100,000, but we may waive this condition depending upon the situation and/or needs of the client.



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

### Form ADV Part 2A, Item 8

At Vector Money Management, Inc., we utilize a "top-down" investment approach based upon a Classical Economic Model. Our model incorporates the price trends of gold and other commodities to assess the effectiveness of the Federal Reserve's monetary policy. Our model also closely watches Fiscal, Trade, and Regulatory policy as indicators of economic change. Based on this assessment, we seek to identify sectors and industries that are best positioned for growth. Finally, we use a number of resources including independent, sell-side research, Thomson Reuters Baseline, earnings conference calls, and in house research to uncover individual stocks suitable for investment. We offer three distinct investment options and within these offerings, it is our goal to align our strengths with the individual needs of our clients. These offerings are as follows:

a. Equity – As the name implies, this strategy consists of building a client portfolio consisting solely of individual, publicly traded stocks. We offer both a Growth and a Conservative approach to equity investing, depending upon the client's needs and tolerance of risk. Both the Growth and Conservative portfolios are constructed using the same top-down, supply-side economic framework noted above. Conservative portfolios focus more on income and capital preservation after inflation while Growth portfolios are invested with an eye toward long-term capital appreciation. Our approach to Equity investing is "long" only, which means that the portfolios we manage are positioned to gain in value when the stocks they hold gain in value. We do not take "short" positions, i.e. position portfolios to prosper from falling asset values. We do, however, on occasion, sell covered call options for some accounts (this creates a "short" position). We do this to 1) generate income; 2) provide downside protection; or 3) close a position that has reached its target price. This is the only type option strategy we employ.

b. Balanced (stocks & bonds) – Balanced portfolios involve a mixture stocks and bonds. The final allocation of assets in this type of portfolio may be established by anything from an institution's investment policy statement to an individual's needs. The primary objectives of the Balanced portfolio are to protect the assets from the vagaries of inflation via long-term capital appreciation (stocks) while meeting the short-term income requirements of the client.

c. Fixed Income – We use a mixture of publicly available fixed income securities to meet our clients' needs, including U.S. Treasury securities, Treasury Inflation Protected Securities (TIPS), U.S. government agency securities, mortgage-backed securities, investment grade corporate debt, investment grade convertible bonds, and, for tax sensitive clients, investment grade municipal bonds. Although the investments we make are often limited by various investment policy statements, our general fixed income

**Methods of Analysis, Investment Strategies & Risk of Loss**Form ADV Part 2A, Item 8, *cont.*

investment philosophy is that the biggest threat to a bond portfolio, over time, is inflation, which erodes purchasing power. Our economic model plays a key role in providing the inflation outlook that drives the duration decisions in our fixed income portfolios.

In the nearly 23 years since Vector Money Management, Inc. was founded, the markets have found a wide variety of reasons to fall severely – from war, sovereign insolvency, and fear of inflation and deflation to banking, housing, and telecom busts. In the process, we at Vector Money Management, Inc. have built up a wealth of experience in both good times and bad. It is our goal and serious intent for that experience to manifest as good and seasoned judgment on the behalf of our clientele. Nonetheless, regardless of the time, energy, and resources expended, investing in publicly traded instruments involves the potential for and risk of loss. Clients should be prepared to bear this risk before investing with Vector.

### **Disciplinary Information**

Form ADV Part 2A, Item 9

There have been no criminal or civil actions against Vector Money Management, Inc. or any of its personnel. Furthermore, neither Vector Money Management, Inc nor any of its personnel has had any violations of investment-related statutes or regulations.

## **Other Financial Industry Activities & Affiliations**

### Form ADV Part 2A, Item 10

Vector Money Management, Inc. functions solely as an independent Registered Investment Advisor. We have no affiliate offices nor do we have any affiliation with any broker-dealer. We do not recommend or select other, third party investment advisors for our clients.

**Code of Ethics, Participation or Interest in *Client* Transactions & Personal Trading**Form ADV Part 2A, Item 11

As a registered investment advisor, we have adopted a code of ethics (pursuant to SEC rule 204A-1). This code covers guidelines for Vector's employees to follow in areas such as: *Insider Trading, Prohibited Activities, Conflict of Interest, Confidentiality, Violation Reporting, Recordkeeping, and Regulatory Compliance*. A copy of our code of ethics is available to any client or prospective client upon request.

Vector Money Management, Inc. does not buy or sell for client accounts, securities in which any person at Vector (or any related person) has a material financial interest. Employees may, on occasion, buy or sell securities for our own, personal accounts which we may be buying or selling in our clients' accounts. In order to eliminate any potential conflict of interest and to ensure that client's get first chance, we employ a firm-wide rule which states: **All client trades in any given security must be settled (usually 3 trading days) prior to any participation in that security by Vector personnel, regardless of the security.**

## Brokerage Practices

### Form ADV Part 2A, Item 12

For our client accounts where we provide ongoing money management and investment advice with ongoing supervision, Vector will maintain a limited power of authority over client accounts with respect to securities to be bought and sold and the amount of securities to be bought and sold. This authorization is based within predetermined guidelines agreed upon by both parties. As a general rule, we allow our clients to use their custodian of choice, however, if a client does not have one, we will suggest a custodian based on factors including transaction fees, relationship, best trade executions, and reliability.

Vector Money Management, Inc. has no formal **Soft Dollar Benefit (SDB)** agreements. SDBs are benefits (proprietary research, conferences, trips, etc.) given to a firm by a broker-dealer or other financial institution in exchange for commission mark-ups (paying more for trade execution than you might otherwise), an agreed upon amount of business, or future business. Currently, several brokerage firms offer Vector Money Management, Inc. proprietary research in an attempt to generate business for their firm. We, however, rarely use third-party brokers and execute trades primarily through our clients' custodian. When we do utilize a third-party broker, it is to acquire securities that are not as readily available to our clients' through their custodian's desk, not because we receive research. In all other cases of third party broker use, minimizing client transaction cost and obtaining best execution price are the primary determinants in how we choose the broker/brokerage. The research that we receive, when used, is used for the benefit of all our clients. We do not receive any client referrals from any qualified custodians, banks, or broker-dealers, third-party or otherwise.

## Review of Accounts

### Form ADV Part 2A, Item 13

The securities in the accounts of Vector Money Management, Inc.'s clients are monitored on a continuing basis. Also, all accounts are formally reviewed at least quarterly. We utilize a matrix system when evaluating the appropriateness of the securities held in our portfolio offerings. For more on our portfolio offerings, please see *Item 8* on page 9.

Account reviews can also be triggered by any one or more of the following events: 1) changes in the client's personal circumstances; 2) changes in the economy or turmoil in the markets; 3) changes in tax law/client tax status; and 4) quarterly.

Clients receive written reports from Vector on a quarterly basis. These reports contain account **performance** (for the quarter and year to date), an **appraisal** (a statement of all the holdings in the account along with the cost basis of each asset, current value of each asset, yield of each asset, and total value of the account), **realized gains and losses** (for the given quarter), and **income and expenses** (for the quarter). After the completion of the December quarter, a comprehensive annual report which contains all the above information for the entire year is sent to each client. Each client should also receive a statement monthly from their custodian. For more on that, please see *Item 15 Custody* on page 17.

***Client Referrals and Other Compensation***Form ADV Part 2A, Item 14

We currently have in place written agreements with two entities (neither of which is a broker-dealer) in which we have agreed to compensate them for client referrals. In reality, they facilitate meetings with potential clients who they feel could benefit from our services. In exchange, if the potential client becomes a client, we pay these entities a quarterly fee (25% of the fee we charge on the referred accounts) based upon the assets under management of the client(s) they refer. Currently, we have two clients who have been referred to us by these entities under the agreement.



## Custody

### Form ADV Part 2A, Item 15

All clients of Vector Money Management, Inc. will receive a monthly statement of account directly from their qualified custodian, broker-dealer, or bank. We also send account statements to our clients on a quarterly basis. We urge our clients to carefully review the statements they receive from their qualified custodian and recommend that they compare the statement they receive from us to the one they receive from their qualified custodian to ensure that holdings are consistent. If any questions regarding their statement arise, clients should contact us immediately.

**Investment Discretion**Form ADV Part 2A, Item 16

Vector Money Management, Inc. only accepts client assets on a discretionary basis. This discretionary authority is, however, limited in its scope by the investment ranges discussed with the client prior to any contract being in place. Clients do not typically put any other limitations on our discretionary authority; however, if a client has a reasonable request, we will ensure that it is fulfilled. For example, if a client were in the restaurant business and did not want to hold shares of publicly traded companies in the restaurant business, we would honor their request. In order for us to assume discretionary authority to manage the securities on behalf of our clients, they sign a Limited Power of Authority (LPOA) on the account granting us, Vector Money Management, Inc., discretion. The contract, and by extension this LPOA, can be struck at the client's written request.

**Voting Client Securities**Form ADV Part 2A, Item 17

At Vector Money Management, Inc., we will accept authority to vote client securities, but leave it up to the individual client to decide whether they want defer this authority to us or retain it themselves. It is our policy, when given the authority, to take reasonable steps under given circumstances to ensure that proxies are voted in the best interest of our clients, which generally means voting proxies with a view toward enhancing the value of the shares of stock held in the clients' accounts. The financial interest of our clients is the primary consideration in determining how proxies are voted.

If our clients have deferred their vote to us on a particular security, but feel strongly enough about a proxy matter that they would like to have a voice in the vote, we encourage their input. Clients are welcome to call us at any time regarding any matter, including proxy voting. Their input will be taken into account when we vote. To this point, we have never had a conflict of interest between us and our clients with respect to voting securities and we do not foresee any in the future.

We are required to maintain records regarding how we voted securities for our clients. Any client whom we represented in a security proxy can obtain information about how we voted that security by sending us a written request. In a similar fashion, clients may obtain a copy of our proxy voting policies and procedures via a written request.

**Financial Information**

Form ADV Part 2A, Item 18

Vector Money Management, Inc. does not require any prepayments of fees from clients.

## Brochure Supplement

Form ADV Part 2B

### EDUCATION & BUSINESS BACKGROUND

Name: **Ashby Minor Foote, III**

Education Background: United States Military Academy, West Point, NY  
Bachelor of Science - Engineering - 1974

Business Background:

1988 - Present: Vector Money Management, Inc.  
President, Chief Investment Officer (CIO)

1984 - 1988: Sunburst Bank  
Trust Officer

1980 - 1984: McLarty & Duddleston  
Securities Broker

1974 - 1980: United States Army  
Artillery Officer

Name: **Joseph David Delaski**

Education Background: United States Naval Academy, Annapolis, MD  
Bachelor of Science - Economics - 1995

Millsaps College, Else School of Management, Jackson, MS  
Master of Business Administration - Finance - 2003

Business Background:

2006 - Present: Vector Money Management, Inc.  
Chief Operating Officer, Assistant Portfolio Manager

2003 - 2006: University Of Mississippi Medical Center  
Certified Research Coordinator, Department of Orthopaedics