

# VisionQuest Wealth Management, LLC

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## **FORM ADV PART 2A BROCHURE**

This brochure provides information about the qualifications and business practices of VisionQuest Wealth Management, LLC. If you have any questions about the contents of this brochure, contact us at 919-433-3560. 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 VisionQuest Wealth Management, LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

VisionQuest Wealth Management, LLC is a registered investment adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

## Item 2 Summary of Material Changes

Form ADV Part 2 requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes.

Since our last annual updating amendment dated January 29, 2015 the following material changes have been made to the firm's Form ADV.

You may grant our firm discretion over the selection and amount of securities to be purchased or sold for your account(s) without obtaining your consent or approval prior to each transaction. You may limit our discretionary authority (for example, limiting the types of securities that can be purchased or sold for your account) by providing our firm with your restrictions and guidelines in writing. For VisionQuest to take discretion of your account, you must first sign our discretionary management agreement and provide the appropriate authorization forms for us to manage your account with discretion.

**VisionQuest will not assume discretionary authority on private equity or private debt investments.**

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## Item 4 Advisory Business

VisionQuest Wealth Management, LLC is a registered investment adviser based in Raleigh, North Carolina. Our firm is organized as a limited liability company under the laws of the State of North Carolina. We have been providing investment advisory services since 2005. Our firm is 100% owned by VQ Wealth, LLC. Stephen Peters is the principal owner of VQ Wealth, LLC.

As used in this brochure, the words "we", "our" and "us" refer to VisionQuest Wealth Management, LLC and the words "you", "your" and "client" refer to you as either a client or prospective client of our firm. Also, you may see the term Associated Person throughout this brochure. As used in this brochure, our Associated Persons are our firm's officers, partners, employees, and all individuals providing investment advice on behalf of our firm.

We provide our clients with a wide range of investment advisory services through our Value-Based Wealth Management System, including our investment management programs, non-discretionary portfolio management, and financial consulting services. Our integrated suite of services may be offered to clients on an all-inclusive or individual basis. Please refer to the description of each advisory service listed below for information on how we tailor our services based on an analysis of your financial situation, personal complexities, and individualized needs.

### **Value-Based Wealth Management System**

This system provides Advisory and Consulting Services that are designed to help you organize your financial situation and manage your wealth based on personal criteria centered on your vision of success, your values and your life and wealth goals.

Our goal is to help you make smarter choices with your money and to show you the relationship between making smart financial decisions and fulfilling your life vision, values and goals. Success in accomplishing this is contingent upon our ability to work through our System that encompasses a four-part process: Discovery, Assessment, Execution, and On-Going Service. This systematic approach is designed to help you meet your life and wealth goals through a unique and customized experience.

Our Value-Based Wealth Management System is not a product - it is a set of processes that are used throughout the client life cycle. We may use specific financial products, but only as a means of assisting you in fulfilling your vision of success, your values, and life and wealth goals. Also, we may utilize the services of affiliated or unaffiliated professional advisers (financial, legal, real estate, tax, etc.) to assist us in offering wealth management services. In such cases, we will act as a "Personal CFO" or "Financial Quarterback" to coordinate the work of the appropriate parties in a manner that is consistent with your long-term desired outcome.

In providing these services, we are not required to verify any information we receive from you or from your other professionals (e.g. attorney, accountant, etc.) and we are expressly authorized to rely on the information you provide us. You must promptly notify our firm if your financial situation, goals, objectives, or needs change.

Our focus will be in four areas of wealth management: cash flow management, wealth accumulation, wealth protection/preservation, and transfer of wealth strategies. In all cases, we attempt to meet the following needs for our clients that participate in this program:

**Goal-Based Investment Management:** We focus on implementing portfolios according to defined risk and reward measures explicitly designed to fulfill goals. This investment approach uses traditional methods while attempting to integrate behavioral finance. With this approach, investment principles are re-defined from your viewpoint, as the investor, rather than from our viewpoint as the advisor. We

evaluate your portfolio with efficiency in terms of your goals instead of relying on traditional measures of return and standard deviation. Risk management is also based on your goals, using measures to capture the risk of failing to achieve those goals. Based on our custom measures of portfolio efficiency and risk, investment solutions are created by matching each goal with an appropriate strategy rather than creating a single overall portfolio. The investment solution is re-evaluated over time, maintaining consistency with new circumstances and changing goals.

**Risk Management:** Within the mission of protecting your income, family, legacy and those things that you have accomplished, our service is designed to provide insight, counsel, and execution. Different stages of your life require different techniques and methods for valuing and addressing risk. Generally, individuals have varying levels of risk tolerance, and each individual will view risk differently. Protection of your assets and the risks that may affect you can come from a variety of different areas that may include, but are not limited to: life, loss of income, disability, health, long-term and catastrophic illness. To that end, we will work with you in an effort to manage those risks that may subject you and your loved ones to turmoil and/or catastrophe. Planning for those risks is crucial to our core mission of assisting you in making smart decisions about money. Refer to the *Methods of Analysis, Investment Strategies and Risk of Loss* section below for additional disclosures on this topic.

**Estate Planning Services:** We help you balance personal desires for control and flexibility with more pragmatic concerns such as tax efficiency, disposition of assets, and management and protection of assets. An estate plan should be a reflection of you and your family. We have developed an approach that is anchored in personal discovery, expertise, education, simplicity and flexibility. The mission is to translate your personal goals into a thoughtful plan, monitor changes in conditions, and proactively bring new strategies to you with the proper application of sophistication and simplicity.

**Other Planning Programs:** We are committed to the mission of assisting you in identifying and attaining your values and financial objectives. For many of you, we may assist in such planning programs as: stock option planning, business succession planning, educational planning, real estate ventures, private investing/venture capital, retirement planning, and other special planning programs.

These programs are offered by VisionQuest by assisting in the following:

- Data Collection
- Case Overview
- Education/Advice on Alternatives
- Development of a Project Plan with Priorities
- Strategic & Tactical Execution
- On-Going Oversight & Advice

#### **Our Value-Based Wealth Management Process**

During the Discovery and Assessment phases, we collect pertinent data regarding you, your current investments, cash flow, risks and overall family and financial status. You are provided assistance in collecting information about your current situations. Based on this data, an Assessment with action steps is developed for accomplishing your visions, values and goals.

To carry out the action plan, the next two phases of service are Execution and On-Going Servicing. We may recommend the use of one or more of the services described below. Under such arrangements, our primary objective is to align you with the appropriate service to allow you to capitalize on the opportunities that will strengthen and enhance your financial future.

## Investment Management

We rely on an investment philosophy that focuses on your life and wealth goals and objectives. This philosophy is based upon the following principles: asset allocation, portfolio structure, tax management, multiple specialist managers and the selection of sub-advisers or direct asset management. These principles all work together to deliver a program that offers you customization, diversification, coordination and management. It is a strategy that is geared towards achieving both short-term and long-term investment goals that should make sense in any financial climate.

1. Asset Allocation: The first step in the investment process is to define the objectives and then build the appropriate asset allocation strategies to support them. Asset allocation is a unique process by which your objectives are carefully defined and then aligned with multiple strategies built using various assets. The key to asset allocation is diversification among the various asset classes in accordance with your objectives.
2. Portfolio Structure: The second step in the investment process requires moving beyond asset allocation into what is called a three tiered approach; Multi-Asset, Multi-Style and Multi-Manager approach to further define the portfolio structure. This further diversifies the portfolio.
3. Tax Management: Taxes play an integral role in the investment process. We employ a special focus on tax management to control tax implications within your portfolio in an effort to help enhance after-tax returns. Tax sensitivity is an ongoing requirement of our firm.
4. Selection of Manager and Sub-Advisers "Specialists": We have entered into agreements with various specialists. We will, on an on-going basis, monitor your accounts managed by the specialists and will assume discretionary authority over the selection of specialists on your behalf. We may also assume discretionary authority to hire or fire the specialists where such action is deemed to be in your best interest. Specialist(s) will share in the fee you pay for investment management services. You are required to sign a management agreement with us and *may be* required to sign a management agreement directly with the specialist. Under such arrangements, any of the parties involved, in accordance with the provisions of the management agreement, may terminate the advisory relationship.

We believe that identifying, hiring, and managing specialist(s), helps deliver more consistent performance. This process of "managing the managers" is an area where we assist you. Sub-advisers who specialize in a particular area of a market should have the experience that is necessary to perfect a specific investment style. This type of focus can produce more consistent results than using generalist managers who tend to "roam" the markets or drift from one style to another, which may be outside their core competencies. To implement the asset allocation strategies, we utilize a network of specialists whose styles complement each other. We may use multiple specialists within each of the stock market's four major investment styles. Such advisers would be charged with the selection of managers, tracking and managing consistency regarding manager performance, risk control and daily manager monitoring.

Either party may terminate the agreement by providing written notice to the other party. You will incur a pro rata charge for services rendered prior to the termination of the portfolio management agreement, which means you will incur advisory fees only in proportion to the number of days in the quarter for which you are a client. If you have pre-paid advisory fees that we have not yet earned, you will receive a prorated refund of those fees.

## **Portfolio Management**

Natural market movements often cause portfolio allocations to "drift" from their original positions as different sectors of the market increase or decrease over time. Also your investment objectives may shift over time as your personal and financial situations change. We address such expected changes through our two-step process of discretionary or non-discretionary continuous portfolio management.

First, the asset mix is systematically rebalanced to its target points, helping reduce risk and keep your strategies on track. Second, the portfolio is monitored on an ongoing basis and manager reviews are periodically performed.

If you participate in our discretionary portfolio management services, we require you to grant our firm discretionary authority to manage your account. Discretionary authorization will allow us to determine the specific investment, and the amount of investment, to be purchased or sold for your account without your approval prior to each transaction. Discretionary authority is typically granted by the investment advisory agreement you sign with our firm and the appropriate trading authorization forms.

**We will not assume discretionary authority on private equity or debt investments.**

If your portfolio is managed on a non-discretionary basis, we must obtain your approval prior to executing any transactions on behalf of your account. You have an unrestricted right to decline to implement any advice provided by our firm on a non-discretionary basis.

We believe our goal based investment philosophy will add value by enhancing returns and reducing risk, thereby increasing the likelihood of achieving your financial goals.

Where assets are managed by unaffiliated advisers (third party advisers), these advisers may assume investment discretionary and trading authority over the managed account. We will not manage or obtain investment discretion or trading authority over the assets in any of your managed account(s). We will not share in the fee paid by you to the unaffiliated advisers.

If you are referred to third party money managers you will receive full disclosure, including services rendered, discretionary authority, if any, and fee schedules, at the time of the referral through delivery of a copy of the money managers' Form ADV Part 2 or equivalent disclosure document.

Either party may terminate the investment and portfolio management agreement by providing written notice to the other party. You will incur a pro rata charge for services rendered prior to the termination of the portfolio management agreement, which means you will incur advisory fees only in proportion to the number of days in the quarter for which you are a client. If you have pre-paid advisory fees that we have not yet earned, you will receive a prorated refund of those fees.

### **Hourly Financial Consultations**

We may provide general consulting services on securities and non-securities related investments. Consulting services are provided on a non-continuous basis such as monthly, quarterly, semi-annually or annually. The frequency of the services provided will be agreed upon in advance and shall be clearly stated in the agreement for services. Such services may include a review of your existing portfolio with asset allocation recommendations, a review/evaluation of recommendations made by other advisory professionals for suitability, management and/or monitoring of a participant's investments in a 401(k) plan, or on-going portfolio monitoring services.

Either party may terminate the consulting agreement by providing written notice to the other party. Refunds of fee paid, as disclosed in Item 5 below, are not applicable as consulting fees are payable in arrears.

### **Risk Management**

We may recommend the use and implementation of insurance as a method of transferring certain and specific risks during the planning process. Any placement fees or commissions earned on these products are separate and distinct from the fees disclosed above.



## **Types of Investments**

We recommend various types of securities and we do not necessarily recommend one particular type of security over another since each client has different needs and different tolerances for risk. When appropriate for your circumstances, we may offer advice on, for example, exchange traded funds, private debt, and private equity. Additionally, we may also advise you on any type of investment held in your portfolio at the inception of our advisory relationship, or on specific types of investments at your request.

You may request that we refrain from investing in particular securities or certain types of securities. You must provide these restrictions to our firm in writing.

## **Asset under Management**

As of January 5, 2016, we provide continuous management services for \$134,044,878 in client assets on a non-discretionary basis.

## **Item 5 Fees and Compensation**

### **Value-Based Wealth Management System**

As disclosed above at Item 4, during the Discovery and Assessment phases, we collect pertinent data regarding you, your current investments, cash flow, risks and overall family and financial status. You are provided assistance in collecting information about your current situations. Based on this data, an Assessment with action steps is developed for accomplishing your visions, values and goals.

The fee for these phases is charged as a flat fee that ranges between \$1,000 to \$5,000 depending upon your circumstances and the complexity of the information that is collected and analyzed. The fee is due and payable upon delivery of the Assessment.

To carry out the action plan, the next two phases of service are Execution and On-Going Servicing. We may recommend the use of one or more of the services described below. Under such arrangements, our primary objective is to align you with the appropriate service to allow you to capitalize on the opportunities that will strengthen and enhance your financial future.

We will charge an annual retainer fee of \$4,000 to \$250,000 for Value-Based Wealth Management services which may be negotiable. The fee is based on a fair and reasonable assessment of your complexity and the services provided by our firm. The retainer fee will be billed quarterly in advance. We will either invoice you for the payment of our management fees or payment will be made by the qualified custodian holding your funds and securities provided that the following requirements are met:

- You provide written authorization permitting the fees to be paid directly from your account held by the custodian.
- We send you an invoice showing the amount of the fee and the specific manner in which the fee was calculated.
- The custodian agrees to send you a statement, at least quarterly, indicating all amounts dispersed from the account, including the amount of the advisory fee paid directly to us.

Either party may terminate the agreement by providing written notice to the other party. You will incur a pro rata charge for services rendered prior to the termination of the portfolio management agreement, which means you will incur advisory fees only in proportion to the number of days in the quarter for which you are a client. If you have pre-paid advisory fees that we have not yet earned, you will receive a prorated refund of those fees.



## Portfolio Management

Our fee for investment and portfolio management services is based on a percentage of your assets that we manage and is set forth in the following fee schedule:

Market Value	Maximum Annual Fee
Up to \$10,000,000	1.50%
\$10,000,001 to \$25,000,000	1.25%
\$25,000,001 to \$50,000,000	1.00%
Over \$50,000,000	0.75%

Our annual investment and portfolio management fee, based on your individual contract, may be billed and payable monthly or quarterly, in advance or in arrears based on the value of your account on the last day of the previous quarter. If the portfolio management agreement is executed at any time other than the first day of a calendar quarter, our fees will apply on a pro rata basis, which means that the advisory fee is payable in proportion to the number of days in the quarter for which you are a client. Our advisory fee is negotiable, depending on individual client circumstances.

We will send you an invoice for the direct payment of our advisory fee, or we will deduct our fee directly from your account through the qualified custodian holding your funds and securities. We will deduct our advisory fee only when the following requirements are met:

- You provide our firm with written authorization permitting the fees to be paid directly from your account held by the qualified custodian.
- We send you an invoice showing the amount of the fee, the value of the assets on which the fee is based, and the specific manner in which the fee was calculated.
- The qualified custodian agrees to send you a statement, at least quarterly, indicating all amounts dispersed from your account including the amount of the advisory fee paid directly to our firm.

Either party may terminate the agreement by providing written notice to the other party. You will incur a pro rata charge for services rendered prior to the termination of the portfolio management agreement, which means you will incur advisory fees only in proportion to the number of days in the quarter for which you are a client. If you have pre-paid advisory fees that we have not yet earned, you will receive a prorated refund of those fees.

## Hourly Financial Consultations

We may provide general consulting services on securities, non-securities related investments, business consulting, business strategy, and succession planning. Consulting services are offered at an hourly rate that ranges between \$295.00 to \$495.00. The hourly rate is directly dependent upon the facts and circumstances of your consulting services, the complexity of the service requested, and the individual providing the service. In all cases, consulting fees are due and payable on completion of the consulting session, or as invoiced. Refunds are not applicable as consulting fees are payable in arrears.

## Additional Fees and Expenses

The fees that you pay to our firm for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds or exchange traded funds (described in each fund's prospectus) to their shareholders. These fees will generally include a management fee and other fund expenses. You will incur transaction charges and/or brokerage fees when purchasing or selling securities. These charges and fees are typically imposed by the broker-dealer or custodian through which your account transactions are executed. We do not share in any portion of the brokerage

fees/transaction charges imposed by the broker-dealer or custodian. To fully understand the total cost you will incur, you should review all the fees charged by mutual funds, exchange traded funds, our firm, and others. Refer to the *Brokerage Practices* section below for additional disclosures on this topic.

### **Compensation for the Sale of Insurance or Other Products**

Our firm is also a licensed insurance agency and persons providing advice on behalf of our firm are licensed as independent insurance agents. These persons will earn commission-based compensation for selling insurance products, including insurance products they sell to you. Insurance commissions earned by these persons are separate and in addition to any other advisory fees. This practice presents a conflict of interest because persons providing advice on behalf of our firm, who are insurance agents have an incentive to recommend products to you for the purpose of generating commissions. However, you are under no obligation, contractually or otherwise, to purchase insurance or any products through any person affiliated with our firm.

## **Item 6 Performance-Based Fees and Side-By-Side Management**

We do not accept performance-based fees or participate in side-by-side management. Performance-based fees are fees that are based on a share of capital gains or capital appreciation of a client's account. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees. Our fees are calculated as described in the *Advisory Business* section above, and are not charged on the basis of a share of capital gains upon, or capital appreciation of, the funds in your advisory account.

## **Item 7 Types of Clients**

We offer investment advisory services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations, and other business entities.

In general, we do not require a minimum dollar amount to open and maintain an advisory account; however, we have the right to terminate your account if it falls below a minimum size which, in our sole opinion, is too small to effectively manage.

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

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

We will use one or more of the following methods of analysis or investment strategies when providing investment advice to you:

**Executing our Goal-Based Investment Approach** -is a structured approach that incorporates an evolution of (5) key investment theories or models that have been developed over time: 1.) Modern Portfolio Theory; 2.) the Capital Asset Pricing Model; 3.) the Arbitrage Pricing Theorem; 4.) the 3-Factor Model; and 5.) the 4-Factor Model.

### **Constructing Portfolios:**

When constructing portfolios, we incorporate (5) key investment theories or models. Modern Portfolio Theory (MPT) is a theory on how risk-averse investors can construct portfolios to optimize or maximize expected return(s) based on a given level of market risk, emphasizing that risk is an inherent part of higher reward. The Capital Asset Pricing Model (CAPM) is a model that describes the relationship between risk and expected return and that is used in the pricing of securities. The general idea behind CAPM is that investors need to be compensated in two ways: time value of money and risk. The

Arbitrage Pricing Theory (APT) is an asset pricing model based on the idea that an asset's returns can be predicted using the relationship between that same asset and many common risk factors. This theory predicts a relationship between the returns of a portfolio and the returns of a single asset through a linear combination of many independent macro-economic variables. APT describes the price where a mispriced asset is expected to be and it is often viewed as an alternative to the Capital Asset Pricing Model (CAPM) since the APT has more flexible assumption requirements. We integrate both because where the CAPM formula requires the Market's expected return, APT uses the asset's expected return and the risk premium of a number of macro-economic factors. And so we can use the APT model to profit by taking advantage of mispriced securities since a mispriced security will have a price that differs from the theoretical price predicted by the model. The 3-Factor Model and the 4-Factor Model or "the Multi-Factor Models" are used to construct portfolios with certain characteristics that can be divided into three categories: macroeconomic, fundamental and statistical models. Macroeconomic models compare a security's return to such factors as employment, inflation and interest. Fundamental models analyze the relationship between a security's return and its underlying financials (such as earnings). Statistical models are used to compare the returns of different securities based on the statistical performance of each security in and of itself.

**Risk:** When constructing portfolios, nearly all of these models and theories were built off of an institutional investment approach. Individual investors versus Institutional investors are more emotional in their decision-making. Using our approach generally assumes the financial markets will go up in the long-term which may not be the case. There is also the risk that the segment of the market that you are invested in or perhaps just your particular investment will go down over time even if the overall financial markets advance. Purchasing investments may create an opportunity cost - "locking-up" assets that may be better utilized in the short-term in other investments.

**Technical Analysis** - is an approach taken when evaluating stocks or funds for clients that involves studying past price patterns, trends and interrelationships in the financial markets to assess risk-adjusted performance and predict the direction of both the overall market and specific securities.

**Risk:** The risk of market timing based on technical analysis is that our analysis may not accurately detect anomalies or predict future price movements. Current prices of securities may reflect all information known about the security and day-to-day changes in market prices of securities may follow random patterns and may not be predictable with any reliable degree of accuracy.

**Fundamental Analysis** - is an approach taken when evaluating stocks or funds for clients that involves analyzing individual companies and their industry groups, such as a company's financial statements, details regarding the company's product line, the experience and expertise of the company's management, and the outlook for the company and its industry. The resulting data is used to measure the true value of the company's stock compared to the current market value.

**Risk:** The risk of fundamental analysis is that information obtained may be incorrect and the analysis may not provide an accurate estimate of earnings, which may be the basis for a stock's value. If securities prices adjust rapidly to new information, utilizing fundamental analysis may not result in favorable performance.

**Opportunistic Investing** - this is a strategy characterized by targeting underperforming and/or under managed investments that are temporarily depressed so by using capital and leverage to acquire the entire asset or a portion of the asset with the anticipation of greater than normal gains based on the investment's current position.

**Risk:** Because of the investment's current status (being depressed), caused by under performance and/or under management, these kinds of investments are riskier. There is no guarantee that the investment's position can be cashed by simply injecting it with cash or changing the management team. With the greater change of return, there is a greater risk.

**Short-Term Purchases-** is one of the many opportunistic approaches to purchasing securities with the expectation that they will be sold within a relatively short period of time, generally less than one year, to take advantage of the securities' short-term price fluctuations.

**Risk:** Using a short-term purchase strategy generally assumes that we can predict how financial markets or a particular position will perform in the short-term which may be very difficult and will incur a disproportionately higher amount of cost and risk relative to long-term investing or a more structured approach to investing. There are many factors that can affect financial market performance and security positions in the short-term, but may have a smaller impact over longer periods of times.

Our investment strategies and advice may vary depending upon each client's specific financial situation. As such, we determine investments and allocations based upon your predefined objectives, risk tolerance, time horizon, financial information, liquidity needs and other various suitability factors. Your restrictions and guidelines may affect the composition of your portfolio. **It is important that you notify us immediately with respect to any materials changes to your financial circumstances, including for example, a change in your current or expected income level, tax circumstances, or employment status.**

#### **Tax Considerations**

Our strategies and investments may have unique and significant tax implications. However, unless we specifically agree otherwise, and in writing, tax efficiency is not our primary consideration in the management of your assets. Regardless of your account size or any other factors, we strongly recommend that you consult with a tax professional regarding the investing of your assets.

Moreover, custodians and broker-dealers must report the cost basis of equities acquired in client accounts on or after January 1, 2011. Your custodian will default to the First-In First-Out ("FIFO") accounting method for calculating the cost basis of your investments. You are responsible for contacting your tax advisor to determine if this accounting method is the right choice for you. If your tax advisor believes another accounting method is more advantageous, provide written notice to our firm immediately and we will alert your account custodian of your individually selected accounting method. Decisions about cost basis accounting methods will need to be made before trades settle, as the cost basis method cannot be changed after settlement.

#### **Risk of Loss**

Investing in securities involves risk of loss that you should be prepared to bear. We do not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. We cannot offer any guarantees or promises that your financial goals and objectives will be met. Past performance is in no way an indication of future performance.

#### **Recommendation of Particular Types of Securities**

We recommend various types of securities and we do not primarily recommend one particular type of security over another since each client has different needs and different tolerance for risk. Each type of security has its own unique set of risks associated with it and it would not be possible to list here all of the specific risks of every type of investment. Even within the same type of investment, risks can vary

widely. However, in very general terms, the higher the anticipated return of an investment, the higher the risk of loss associated with the investment. A description of the types of securities we may recommend to you and some of their inherent risks are provided below.

**The Credit Markets:** Debt securities (or "bonds") are typically safer investments than equity securities, but their risk can also vary widely based on: the financial health of the issuer; the risk that the issuer might default; when the bond is set to mature; and, whether or not the bond can be "called" prior to maturity. When a bond is called, it may not be possible to replace it with a bond of equal character paying the same rate of return.

**Mutual Funds and Exchange Traded Funds:** Mutual funds and exchange traded funds ("ETF") are professionally managed collective investment systems that pool money from many investors and invest in stocks, bonds, short-term money market instruments, other mutual funds, other securities, or any combination thereof. The fund will have a manager that trades the fund's investments in accordance with the fund's investment objective. While mutual funds and ETFs generally provide diversification, risks can be significantly increased if the fund is concentrated in a particular sector of the market, primarily invests in small cap or speculative companies, uses leverage (i.e., borrows money) to a significant degree, or concentrates in a particular type of security (i.e., equities) rather than balancing the fund with different types of securities. ETFs differ from mutual funds since they can be bought and sold throughout the day like stocks and their prices can fluctuate throughout the day. The returns on mutual funds and ETFs can be reduced by the costs to manage the funds. Also, while some mutual funds are "no load" and charge no fee to buy into, or sell out of, the fund, other types of mutual funds do charge such fees which can also reduce returns. Mutual funds can also be "closed end" or "open end". So-called "open end" mutual funds continue to allow in new investors indefinitely whereas "closed end" funds have a fixed number of shares to sell which can limit their availability to new investors.

**Limited Partnerships:** A limited partnership is a financial affiliation that includes at least one general partner and a number of limited partners. The partnership invests in a venture, such as real estate development or oil exploration, for financial gain. The general partner does not usually invest any capital, but has management authority and unlimited liability. That is, the general partner runs the business and, in the event of bankruptcy, is responsible for all debts not paid or discharged. The limited partners have no management authority and confine their participation to their capital investment. That is, limited partners invest a certain amount of money and have nothing else to do with the business. However, their liability is limited to the amount of the investment. In the worst-case scenario for a limited partner, he/she loses what he/she invested. Profits are divided between general and limited partners according to an arrangement formed at the creation of the partnership.

**Business Development Company ("BDC")** is a form of unregistered closed-end investment company in the United States that invests in small and mid-sized businesses. This form of company was created by Congress in 1980 as amendments to the Investment Company Act of 1940. Publicly filing firms may elect regulation as BDCs if they meet certain requirements of the Investment Company Act. Non-traded BDCs give individuals the ability to purchase shares in a managed portfolio of investments made to private American companies. Other potential benefits include:

- A complement to existing income-focused investments
- Institutional portfolio management
- Potential protection from rising interest rates
- Reporting transparency

Investors should consider the risks disclosed in a prospectus before investing in a non-traded BDC. Some risk considerations include:



- Limited liquidity and a redemption plan that is subject to suspension, modification and/or termination at any time
- Liquidations at less than the original amount invested
- Distributions that are not guaranteed in frequency or amount and may be paid from other sources than earnings
- Limited operating history and reliance on the advisor, conflicts of interest, and payment of substantial fees to the advisor and its affiliates

Non-traded BDCs are not suitable for all investors. Suitability standards generally require an investor to have either a net worth of at least US \$250,000, or a net worth and an annual gross income of at least US \$70,000. Additional suitability requirements are based on the investment strategy and should be discussed with a financial advisor.

## Item 9 Disciplinary Information

VisionQuest Wealth Management, LLC has been registered and providing investment advisory services since 2005. Neither our firm nor any of our Associated Persons has any reportable disciplinary information.

## Item 10 Other Financial Industry Activities and Affiliations

### Insurance Agency

Our firm is also a licensed insurance agency. Certain Associated Persons of our firm are also licensed to sell insurance products of various types through our firm in its capacity as a licensed insurance agency. Refer to the *Fees and Compensation* section above for additional disclosures on this topic.

### Arrangements with Affiliated Entities

VQ Wealth, LLC holds a majority ownership interest in our firm. Stephen Peters, Managing Member of our firm, is the principal owner of VQ Wealth, LLC.

VisionQuest Capital, LLC ("VQC") is a North Carolina company that offers equity and debt structuring consulting to individuals, corporations and other business entities. As such, VQC has invested in the past and is currently seeking to invest in companies as both an equity and debt investor. Any VisionQuest Wealth Management client, who is also an investor in any of the individuals, corporations, and other business entities that VQC has or will invest into, must recognize that the affiliation and ownership structure between VQC and VisionQuest Wealth Management presents a conflict of interest.

Also, VQC provides accounting and tax services that are designed to assist clients in the execution and filing of their tax returns. Some of our clients are clients of VQC and the affiliation and ownership structure between VQC and VisionQuest Wealth Management presents a conflict of interest. You are under no obligation to use VQC's services and may obtain comparable services and/or lower fees through other firms. Services provided and compensation received by our firm for providing investment advisory services (as disclosed above under the Advisory Business section) are separate and distinct from the services offered and related fees paid to VQC for accounting and tax services.

VQ Wealth, LLC is the majority owner in VQC and so the affiliation and ownership structure between VQC and VisionQuest Wealth Management presents a conflict of interest.

Riley Acres, LLC is a North Carolina company with the special purpose of holding real estate investments. VQ Wealth, LLC is the majority owner in Riley Acres, LLC.

Whispering Hope Stables, LLC ("WHS") is a North Carolina company that owns and runs a Raleigh-based horse boarding facility. Mr. Peters is an owner in WHS and some WHS clients are VisionQuest Wealth Management clients.

Mr. Peters is the Chairman of his daughter's charity, Sara Making a Difference ([www.saramakingadifference.com](http://www.saramakingadifference.com)), a 501-(c)-3 non-profit organization, that runs Operation Seed to Harvest ([www.operationseedtoharvest.com](http://www.operationseedtoharvest.com)). Some of VisionQuest clients participate as either a board member or volunteer to this charity and its initiatives.

### **Recommendation of Other Advisers**

We may recommend that you use a third party adviser ("TPA") based on your needs and suitability. Generally, the TPA is compensated by sharing in a portion of the advisory fee you pay our firm. However, in limited circumstances, we may receive compensation from the TPA for recommending that you use their services. These compensation arrangements present a conflict of interest because we have a financial incentive to recommend the services of the third party adviser. You are not obligated, contractually or otherwise, to use the services of any TPA we recommend.

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

### **Description of Our Code of Ethics**

We strive to comply with applicable laws and regulations governing our practices. Therefore, our Code of Ethics includes guidelines for professional standards of conduct for persons associated with our firm. Our goal is to protect your interests at all times and to demonstrate our commitment to our fiduciary duties of honesty, good faith, and fair dealing with you. All persons associated with our firm are expected to adhere strictly to these guidelines. Persons associated with our firm are also required to report any violations of our Code of Ethics. Additionally, we maintain and enforce written policies reasonably designed to prevent the misuse or dissemination of material, non-public information about you or your account holdings by persons associated with our firm.

Clients or prospective clients may obtain a copy of our Code of Ethics by contacting us at the telephone number on the cover page of this brochure.

### **Participation or Interest in Client Transactions**

As disclosed in Item 10, individuals associated with our firm are also affiliated with entities in which our clients may be invested. Some of our existing clients may also hold key positions in some of these entities. These referral arrangements we have with our affiliated entities present a conflict of interest because we may have a financial incentive to recommend our affiliates' services. Please see Item 10 for more detailed information about these relationships.

### **Personal Trading Practices**

Our firm or persons associated with our firm may buy or sell the same securities that we recommend to you or securities in which you are already invested. A conflict of interest exists in such cases because we have the ability to trade ahead of you and potentially receive more favorable prices than you will receive. To mitigate this conflict of interest, it is our policy that neither our firm nor our Associated Persons shall have priority over your account in the purchase or sale of securities.



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; (iv) shares issued by unit investment trusts that are invested exclusively in one or more mutual funds; and (v) private equity and debt.

## Item 12 Brokerage Practices

We recommend the brokerage and custodial services of Charles Schwab & Co., Inc., ("Schwab Institutional" or "Schwab") and Interactive Brokers LLC ("Interactive") securities broker-dealer(s) and members of the Financial Industry Regulatory Authority ("FINRA") and the Securities Investor Protection Corporation ("SIPC"). We believe that such brokers/custodians provide quality execution services at competitive prices. Price is not the sole factor we consider in evaluating best execution. We do not obligate ourselves to seek the lowest transaction charges in all cases except to the extent that it contributes to the overall goal of obtaining the best results for your account. We also consider the quality of the brokerage services provided by the broker/custodian, including the value of research provided, the firm's reputation, execution capabilities, commission rates, and responsiveness to our clients and our firm. In recognition of the value of research services and additional brokerage products and services broker/custodian provides, you may pay higher commissions and/or trading costs than those that may be available elsewhere.

As disclosed above, we may recommend that clients establish brokerage accounts with Schwab Institutional or Interactive to maintain custody of their assets and to effect trades for their accounts. We are not affiliated with any of these firms. These firms provides us with access to their institutional trading and operations services typically not available to their retail customers. With regard to Schwab Institutional, these services generally are available to independent investment advisors at no charge to them so long as a total of at least \$10 million of clients' account assets are maintained at Schwab Institutional. The services provided by these firms may include brokerage, custody, research, 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. These firms also make available to us other products and services from which we benefit. Some of these other products and services assist us in managing and administering clients' accounts. These include software and other technology 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 our fees from your accounts, and assist with back-office support, record keeping and client reporting. Many of these services generally may be used to service all or a substantial number of our accounts, including accounts not maintained at Schwab Institutional or Interactive.

Some of the products, services and other benefits provided by these firms benefit us but may not benefit your accounts. These benefits may include educational events organized and/or sponsored by Schwab Institutional or Interactive and occasional business entertainment of which may include meals and attendance at sporting events and concerts. Our recommendation that you place assets with any of these firms may be based in part on benefits to us, and not solely on the nature, cost or quality of custody and execution services provided.

For our client accounts maintained in custody at Schwab or Interactive, these firms generally do not charge separately for custody, but are compensated by account holders through commissions or other transaction-related or asset based fees for securities trades that are executed through their platform or that settle into Schwab or Interactive accounts.

Best execution is not measured solely by reference to commission rates. Paying a broker a higher commission rate than another broker might charge is permissible if the difference in cost is reasonably justified by the quality of the brokerage services offered.

### **Brokerage for Client Referrals**

We do not receive client referrals from broker-dealers in exchange for cash or other compensation, such as brokerage services or research.

### **Directed Brokerage**

We require that you direct our firm to execute transactions through one of our qualified custodians. As such, we may be unable to achieve the most favorable execution of your transactions and you may pay higher brokerage commissions than you might otherwise pay through another broker-dealer that offers the same types of services. Not all advisers require their clients to direct brokerage.

### **Block Trades**

We do not combine multiple orders for shares of the same securities purchased for advisory accounts we manage (the practice of combining multiple orders for shares of the same securities is commonly referred to as "block trading"). Accordingly, you may pay different prices for the same securities transactions than other clients pay. Furthermore, we may not be able to buy and sell the same quantities of securities for you and you may pay higher commissions, fees, and/or transaction costs than other clients.

## **Item 13 Review of Accounts**

The investment adviser representative assigned to your account will monitor your portfolio as part of an ongoing process while regular account reviews are conducted at least annually. You are encouraged to discuss your needs, goals, and objectives with our firm and your investment adviser representative, and to keep us informed of any changes in this information. Additional reviews may be conducted at your request, or based on various circumstances, including, but not limited to, contributions and withdrawals, year-end tax planning, market moving events, security specific events, and/or, changes in your risk/return objectives. We will review the underlying portfolio assets, current market conditions, investment results, asset allocation, etc., to ensure investment strategy and expectations remain aligned with the client's stated goals and objectives.

You will receive transaction confirmation notices and regular summary account statements, at least quarterly, directly from your account custodian. Certain clients that have contracted for the Firm's CFO services will receive Quarterly Reports that include the actions completed during the period, aggregation of investment accounts, and account performance.

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

Refer to the *Brokerage Practices* section above for disclosures on research and other benefits we may receive resulting from our relationship with Schwab Institutional and/or other account custodians.

We may, but currently do not, compensate non-employee (outside) consultants, individuals, and/or entities (Solicitors) for client referrals. In order to receive a cash referral fee from our firm, Solicitors must comply with the requirements of the jurisdictions in which they operate. If you were referred to our firm by a Solicitor, you should have received a copy of this Disclosure Brochure along with the Solicitor's disclosure statement at the time of the referral. If you become a client, the Solicitor that referred you to our firm will receive a percentage of the advisory fee you pay our firm for as long as you are a client with our firm, or until such time as our agreement with the Solicitor expires or a one-time, flat referral fee upon your signing an advisory agreement with our firm. You will not pay additional fees

because of this referral arrangement. Referral fees paid to a Solicitor are contingent upon your entering into an advisory agreement with our firm. Therefore, a Solicitor has a financial incentive to recommend our firm to you for advisory services. This creates a conflict of interest; however, you are not obligated to retain our firm for advisory services. Comparable services and/or lower fees may be available through other firms.

Solicitors that refer business to more than one investment adviser may have a financial incentive to recommend advisers with more favorable compensation arrangements.

## Item 15 Custody

As paying agent for our firm, your independent custodian will directly debit your account(s) for the payment of our advisory fees. This ability to deduct our advisory fees from your accounts causes our firm to exercise limited custody over your funds or securities. We do not have physical custody of any of your funds and/or securities. Your funds and securities will be held with a bank, broker-dealer, or other qualified custodian. You will receive account statements from the qualified custodian(s) holding your funds and securities at least quarterly. The account statements from your custodian(s) will indicate the amount of our advisory fees deducted from your account(s) each billing period. You should carefully review account statements for accuracy.

If you receive a separate report from our firm. You should compare our statements with the statements from your account custodian(s) to reconcile the information reflected on each statement. If you have a question regarding your account statement, or if you did not receive a statement from your custodian, contact us immediately at the telephone number on the cover page of this brochure.

## Item 16 Investment Discretion

Before we can buy or sell securities on your behalf, you must first sign our discretionary management agreement and the appropriate trading authorization forms. You may grant our firm discretion over the selection and amount of securities to be purchased or sold for your account(s) without obtaining your consent or approval prior to each transaction. You may limit our discretionary authority (for example, limiting the types of securities that can be purchased or sold for your account) by providing our firm with your restrictions and guidelines in writing. Refer to the Advisory Business section in this brochure for more information on our discretionary management services. **We will not assume discretionary authority on private equity or private debt investments.**

If you enter into non-discretionary arrangements with our firm, we will obtain your approval prior to the execution of any transactions for your account(s). You have an unrestricted right to decline to implement any advice provided by our firm on a non-discretionary basis.

**The firm will never take discretion over private investments (either equity or debt).**

## Item 17 Voting Client Securities

We will not vote proxies on behalf of your advisory accounts. At your request, we may offer you advice regarding corporate actions and the exercise of your proxy voting rights. If you own shares of applicable securities, you are responsible for exercising your right to vote as a shareholder.

In most cases, you will receive proxy materials directly from the account custodian. However, in the event we were to receive any written or electronic proxy materials, we would forward them directly to you by mail, unless you have authorized our firm to contact you by electronic mail, in which case, we would forward any electronic solicitations to vote proxies.

## **Item 18 Financial Information**

We are not required to provide financial information to our clients because we do not:

- require the prepayment of more than \$1,200 in fees and six or more months in advance, or
- take custody of client funds or securities, or
- have a financial condition that is reasonably likely to impair our ability to meet our commitments to you.

## **Item 19 Requirements for State Registered Advisers**

We are a federally registered investment adviser; therefore, we are not required to respond to this item.

## **Item 20 Additional Information**

### **Your Privacy**

We view protecting your private information as a top priority. Pursuant to applicable privacy requirements, we have instituted policies and procedures to ensure that we keep your personal information private and secure.

We do not disclose any non-public personal information about you to any non-affiliated third parties, except as permitted by law. In the course of servicing your account, we may share some information with our service providers, such as transfer agents, custodians, broker-dealers, accountants, consultants, and attorneys.

We restrict internal access to non-public, personal information about you to employees, who need that information in order to provide advice or services to you. We maintain physical and procedural safeguards that comply with regulatory standards to guard your non-public personal information and to ensure our integrity and confidentiality. We will not sell information about you or your accounts to anyone. We do not share your information unless it is required to process a transaction, at your request, or required by law.

You will receive a copy of our privacy notice prior to or at the time you sign an advisory agreement with our firm. Thereafter, we will deliver a copy of the current privacy policy notice to you on an annual basis. Contact our firm at 914-433-3560 if you have any questions regarding this policy.

### **Class Action Lawsuits**

We do not determine if securities held by you are the subject of a class action lawsuit or whether you are eligible to participate in class action settlements or litigation.

### **Trade Errors**

In the event a trading error occurs in your account, our policy is to restore your account to the position it should have been in had the trading error not occurred. Depending on the circumstances, corrective actions may include canceling the trade, adjusting an allocation, and/or reimbursing the account. If a trade error results in a profit, you will keep the profit.