

# VisionQuest Wealth Management, LLC

112 E. Hargett Street  
Suite B  
Raleigh, NC 27601

**Telephone: 919-433-3560**  
**Facsimile: 919-433-3561**

[www.vqwealth.com](http://www.vqwealth.com)

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

This brochure provides information about the qualifications and business practices of VisionQuest Wealth Management, LLC ("VQWM"). 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 VQWM is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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

## Item 2 Material Changes

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 March 20, 2017 the following material changes have been made to the firm's Form ADV:

- We have revised our brochure to reflect a shift toward more of our clients being provided investment advisory services on a discretionary basis.
- We have revised our brochure to further clarify and emphasize the conflict of interest that exists between VQWM and VisionQuest Capital, LLC ("VQC"), which is an affiliated private entity that invests in real estate and in other private companies and ventures. VQWM and VQC are solely-owned by the same parent company, VQ Wealth, LLC, and the equity of VQ Wealth, LLC is owned by Mr. Peters - who is the founder and CEO of VQWM - and certain of his related-parties.
- We have revised our brochure to further clarify and emphasize that, while Mr. Peters and other representatives of VQWM may from time to time make VQWM's clients aware of potential opportunities to invest in VQC or other privately offered investments, VQWM and its personnel do not recommend to clients that they make, or advise clients to make, specific investments in privately offered securities of closely held companies, particularly in any securities of our affiliates.

As of May 16, 2016, an amendment to the Form ADV was submitted designating Stephen Peters as Chief Compliance Officer of the firm.

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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 and is the founder and CEO of the firm.

As used in this brochure, the words "we", "our," "us", "firm" and "VQWM" 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.

We provide our clients with a wide range of investment advisory services through our Value-Based Wealth Management System, including our investment management programs, discretionary and 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. 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. While we may give limited advice with respect to privately offered securities, we do not provide recommendations with respect to investments in specific privately offered securities of closely-held companies, particularly in any securities of our affiliates. Refer to Item 10 for additional information - specifically conflicts of interest between VQWM and VQC.

Ways we may assist you in these areas include 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. 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 work together to deliver a program that offers you customization, diversification, coordination and management. This strategy is focused toward achieving both short-term and long-term investment goals.

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 the implementation of an investment strategy that attempts to balance risk versus reward by adjusting the percentage of each asset in an investment portfolio according to the investor's risk tolerance, goals and investment time-frame.
2. Portfolio Structure: The second step in the investment process requires moving beyond asset allocation into our three-tiered approach. We implement a Multi-Asset, Multi-Style and Multi-Manager approach to further define the portfolio structure and increase diversification.
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 and management is an ongoing effort of our firm.
4. Selection of Manager and Sub-Advisers "Specialists": Generally, we do not give advice with respect to the purchase of individual company stocks. We believe more consistent performance can be achieved through investments with other, more specialized investment managers. Typically, our clients invest with such managers through mutual funds, ETFs and other publicly traded investment vehicles. On occasion, our clients will have a managed account established on a sub-advisory basis. In all cases and on an ongoing basis, we will monitor investments managed by these managers and subadvisors ("specialists").

We believe that our method of identifying, hiring, and managing specialists, helps deliver more consistent performance. This process of "managing the managers" is an area where we assist you. Managers 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.

To implement our asset allocation strategies, we utilize a network of specialists whose styles complement each other. We may use multiple specialists within the stock market's major investment styles which include, but are not limited to, value, growth and blend investing in large cap, midcap, small cap and international stocks. Also, we may use specialists in fixed income and alternative asset classes. The adviser specialists will be charged with the selection of managers, tracking and managing consistency regarding manager performance, risk control and daily manager monitoring within their business framework

Often, 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 a two-step process.

First, the asset mix is systematically re-balanced to its target points, helping reduce risk and keeping your strategies on track. Second, the portfolio is monitored on an ongoing basis and manager reviews are periodically performed by our Investment Committee and the client's team. 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.

### Portfolio Management

We provide both discretionary and non-discretionary portfolio management services. If your portfolio is managed on a non-discretionary basis, we must obtain your approval prior to executing each transaction on behalf of your account. Similarly, if your portfolio is managed on a discretionary basis, but you have imposed limits on our discretion then to the extent you have limited our discretion we must obtain your approval prior to executing transactions on behalf of your account that exceed, violate or are otherwise inconsistent with those limitations. You have an unrestricted right to decline to implement any non-discretionary advice provided by our firm.

And, where assets are managed by unaffiliated advisers (third party advisers), these advisers may assume investment discretionary and trading authority over the managed account, whether or not the selection of such advisers was made by us.

Notwithstanding the foregoing, **our discretion will not extend to any privately offered securities of closely-held companies. This includes any securities that may be offered by any of our affiliates, specifically, VisionQuest Capital, LLC (VQC)**". With that, any decision by you, as our client, to make any investment in such securities, even if you become aware of the existence of the security or otherwise obtain any information about such opportunities through your relationship with VQWM, must be made by the client in its sole discretion without reference to, reliance on or other use of any advice or other communications from VQWM.

### **Hourly Financial Consultations**

We may provide general consulting services on securities and non-securities related investments. These services may occur on a one-time, monthly, quarterly, semi-annual, annual or other basis. The frequency and costs 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, monitoring a participant's investments in a 401(k) plan, personal portfolio monitoring services, or other services agreed to by you and VQWM.

### **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 herein. Refer to Item 10 for additional information.

### **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. However, we generally do not give advice with respect to the purchase of individual company stocks. Accordingly, when appropriate for your circumstances, we may offer advice on investment industry products like traditional mutual funds, exchange traded funds (ETFs), alternative investments, private debt, private equity and other financial services industry products and services. 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. **However, while our advice regarding asset allocation may include advice with respect to allocations to asset categories**



**such as private debt and private equity and we may give generalized advice with respect to such asset classes, we do not provide advice with respect to specific private offer securities of closely-held companies.** Based on individual client needs and desires, we may offer advice on other products and services which will be outlined and disclosed to applicable clients before service is rendered.

### **Assets under Management**

As of May 14, 2017, we manage \$2,100,000 in assets on a discretionary basis and \$172,800,000 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 may be developed for our use in 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.

The next two phases of service implementation 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 intended to 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. The fee is negotiable and 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 these services by providing 30 days 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 these fees only in proportion to the number of days in the quarter for which you are a client. If you have pre-paid fees for these services that we have not yet earned, you will receive a prorated refund of those fees.

### **Portfolio Management Fees**

Our fee for investment and portfolio management services is based on a percentage of your assets that we manage. These fees are negotiable, depending on individual client circumstances, but they are generally set forth in the following fee schedule:



<b>Assets Under Management</b>	<b>Annual Fee</b>
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%

### **Portfolio Management Fee Billing**

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 month or 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.

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 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 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 investment and portfolio management services 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 investment and portfolio management fee only in proportion to the number of days in the quarter for which you are a client. If you have pre-paid 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 and \$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.

Although there are no investment advisory fees charged on assets that are invested in VisionQuest Capital, LLC ("VQC"), the same ultimate parent company, VQ Wealth, LLC, owns both VisionQuest Wealth Management and VQC, and VQ Wealth, LLC is owned by Mr. Peters - who is the founder and CEO of VQWM - and certain of his related-parties. Accordingly, investments by clients in VQC provide an indirect economic benefit to affiliates of VQWM. Refer to Item 10 for additional information - specifically conflicts of interest between VQWM and VQC as well as compensation for the Sale of Insurance or Other Products and Services.

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

Form ADV Part 2 requires registered investment advisers to disclose whether they or their supervised persons accept performance-based fees, which are fees that are based on a share of capital gains or capital appreciation of a client's account. We do not charge or accept any such fees.

## 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 its value 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

VisionQuest Wealth Management, LLC utilizes an Investment Committee comprised of a Chief Investment Officer and highly qualified and experienced Investment Committee members. The Committee is responsible for all analysis of financial markets, asset classes, approved money managers and other issues related to the investment decisions VQWM makes for our clients.

We emphasize quantitative analysis and consider qualitative data combined with research and experience in decision-making for our clients. Certain committee members participate in outside manager reviews, monitoring and visitations and the overall committee provides guidance and direction based on our methodology and analysis to employees.

Individual investors receive guidance and direction from an adviser prior to entering into any managed account relationship with VQWM. VQWM manages wealth in accordance with individual life goals. Objectives, guidelines and restrictions established by each client. All client portfolios are constructed and managed based on client objectives, financial markets activity, economic data and asset class valuation expectations over a specific time horizon. Periodically, these forecasts are revised to reflect current market conditions and expectations.

Asset allocation is a dynamic (on-going) process and VQWM does not maintain a fixed allocation in its objectives or recommend primarily a particular type of security. Strategic asset allocation decisions seek long-term targets, while short-term variations may require tactical shifts among asset classes. As we seek to enhance performance and monitor risk, we may opportunistically shift the asset mix of client portfolios. Any projected potential returns are considered a forecast of possible future events. However, there can be no assurance that these forecasts will be realized. Investing involves risk and **VQWM does not guarantee that any strategy will be profitable to investors.**

VQWM portfolio objectives are not intended for market timing. Additionally, we manage your portfolio to achieve specific cash flow and financial goals based on your initial assessment and do not attempt or seek to outperform any arbitrary stock or bond market index. **Investing in any financial market, investment strategy, or security involves the risk of loss of principal.** Additional risks that may be inherent in some or all of the investments recommended by VQWM include, without limitation:

General Market Risk: Investments are inherently subject to risk, including the possibility of a loss of principal and the risk of fluctuations in the value, which may be caused by internal factors or by external factors independent of an investment's particular underlying circumstances.

Interest-Rate Risk: The risk that fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds and other fixed income securities become less attractive, causing their market values to decline.

Inflation Risk: The risk that high inflation may adversely affect future purchasing power.

Business Risk: The general risks that are associated with any given industry or any given company within an industry.

Liquidity Risk: The risk that an investment, particularly an investment that is privately (as opposed to publicly) traded, cannot be readily converted to cash.

## Item 9 Disciplinary Information

VisionQuest Wealth Management, LLC has been registered and providing investment advisory services since 2005. We do not believe that there are any legal or disciplinary events that are material to your evaluation of our advisory business or the integrity of our management. In particular, neither our firm nor any of our management personnel (including any "management person" as such term is defined by the SEC) has any reportable disciplinary information required to be disclosed here.

## Item 10 Other Financial Industry Activities and Affiliations

Form ADV Part 2 requires registered investment advisers to describe relationships or arrangements that are material to their advisory business that they have with related persons that engage in certain other types of activities in the financial industry.

### Insurance Agency

Our firm is also a licensed insurance agency and persons providing advice on behalf of our firm may hold state licenses as independent insurance agents. These persons may 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 fees and compensation for other services. 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. You are under no obligation, contractually or otherwise, to purchase insurance or any products through any person affiliated with our firm.

## **Affiliated Entities**

VQ Wealth, LLC, which is wholly-owned by Stephen Peters and his related parties, owns 100% of VQWM and VisionQuest Capital, LLC ("VQC"), a North Carolina limited liability company that offers equity and debt structuring, consulting and capital to individuals, corporations and other business entities. VQC has and is currently seeking to invest in companies as both an equity and debt investor. VQC has issued notes and the primary sources of funding for those notes have been clients of VQWM. Additionally, other clients of VQWM and personal relationships of Mr. Peters have invested in the same businesses in which VQC has invested. Since Mr. Peters and his related parties own all the equity in VQC and stand to benefit from investments made by VQC, they also stand to benefit from the issuance by VQC and its portfolio companies of promissory notes or other securities, and this presents a conflict of interest when our clients are considering investments in VQC or its portfolio companies. Specifically, VQC aims to invest its resources, including capital provided by VQC's debt holders, in investments that not only enable VQC to make interest and (when due) principal payments on those notes, but also turn a profit for VQC and VQ Wealth.

VQWM addresses these conflicts by (i) making certain that our clients are aware of the common ownership interest and the resulting conflict of interest, (ii) by not providing specific investment advice and/or recommendations with respect to VQC, (iii) making certain that clients understand that they must conduct their own due diligence on VQC and decide whether to invest on their own without any advice or recommendations from VQWM, and (iv) providing only general advice with respect to asset classes and providing other options to clients. VQWM and its representatives cannot, and have not, conducted an independent evaluation of securities issued by VQC or any other affiliated party. All investors in VQC must conduct their own due diligence on VQC and decide whether to invest in VQC on their own, without any advice or recommendation from VQWM. Clients and prospective clients should also be aware that VQWM's staff are encouraged to make VQWM's clients aware of the opportunity to invest in VQC promissory notes and that VQWM's staff may earn bonuses that are influenced, albeit indirectly and informally, by the success of the entire VisionQuest organization. When clients are discussing potential investments in VQC with Mr. Peters or other authorized representatives of VQC (who generally do not include investment advisory personnel of VQWM), clients must be aware that Mr. Peters and such other representatives of VQC are dealing with the client in their capacities as representatives of VQC and not as representatives of VQWM.

Outside of equity and debt structuring and investments, VQC provides accounting and tax services that are designed to assist clients in the execution and filing of their tax returns and some VQWM clients are clients of VQC. Again, this common ownership of VQC and VQWM, presents a conflict of interest when our clients are considering using VQC as a provider of accounting and tax services. VQWM addresses these conflicts by (i) making certain that our clients are aware of the common ownership interest and the resulting conflict of interest, and (ii) ensuring that clients are aware that they are under no obligation to use VQC's accounting and 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.

***WARNING: Any decision by a client to make any investment in VQC or any of its portfolio companies, must be made by the client in its sole discretion without reference to, reliance on VQWM.***

## **Recommendation of Other Advisors**

We may recommend that you use a third party adviser ("TPA") based on your needs and suitability. Generally, the TPA is compensated by sharing 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. If you use an outside TPA when you become a client of VQWM we will evaluate your situation on an individual basis and provide information and disclosure as appropriate.

## **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. At all times, our goal is to protect client interests and to demonstrate our commitment to our fiduciary duties of honesty, good faith, and fair dealing. 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 the Chief Compliance Officer, Stephen Peters, at the telephone number on the cover page of this brochure or by email at [SPeters@vqwealth.com](mailto:SPeters@vqwealth.com)

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

As disclosed in Item 10, our clients may invest in the securities of other entities with which we are affiliated or in business in which such affiliates invest, which presents a conflict of interest we address through disclosure.

### **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 personnel 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 may recommend the brokerage and custodial services of Charles Schwab & Co., Inc., ("Schwab Institutional" or "Schwab"), Interactive Brokers LLC ("Interactive"), other regulated securities broker-dealer(s), custodians 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 they provide, 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 others to maintain custody of their assets and to effect trades for their accounts. We are not affiliated with any of these firms. These firms provide 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 as long as a total of at least \$50 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, and others. We may receive occasional business entertainment 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 or other custodians 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 custodial 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**

Generally, we require that you direct our firm to execute transactions through your custodian or their affiliates. 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. Certain clients that have contracted for the Firm's CFO services will receive Quarterly Balance Sheet Reviews that include the actions completed during the period and aggregation of accounts and assets.

**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. 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 of your choice, subject to certain requirements in your advisory agreement. 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.

## Item 16 Investment Discretion

VQWM may be given discretion over specific clients' accounts as directed by the client. When the client selects a specific investment objective(s), VQWM will buy or sell securities for the client's account in accordance with the investment objectives of the client and in accordance with the terms of the client contract and/or Investment Policy Statement (IPS).

When discretion is granted, VQWM will invest and reinvest the client's account to achieve the investment objective designated by the client. When we have discretionary authority to manage your accounts this allows us to determine the specific investments and the amount of each investment to be purchased or sold without your approval prior to each transaction. Discretionary authority also permits us to select managers and sub-advisers on your behalf. When managing your account on a discretionary basis, you may limit our discretionary authority (for example, limiting the types of securities that can be purchased or sold for your account) by providing us with your restrictions and guidelines in writing which may include notations in our Investment Policy Statement. A typical Investment Policy Statement will set targets and boundaries on asset allocations and impose restrictions on certain types of securities, but each client's Investment Policy Statement is developed individually with that client. **We will not assume discretionary authority on private equity or debt investments; and when discretion is granted, VQWM is not authorized to withdraw any money, securities, or other property either in the name of the client or otherwise.**

If your portfolio is managed on a non-discretionary basis, we must obtain your approval prior to executing each transaction on behalf of your account. VQWM provides both discretionary and non-discretionary investment management services and are migrating our business to where more of our clients are served on a discretionary basis. **Notwithstanding the foregoing, our discretion will not extend to, and we will not invest any portion of your assets in or be deemed to give investment advice to you on any privately offered securities of closely-held companies and this includes any of our affiliates and specifically VisionQuest Capital, LLC ("VQC").** Any decision by a client to make any investment in such securities must be made by the client in its sole discretion without reference to, reliance on or other use of any advice or other communications from us.

All clients must first sign and agree to the terms of our client contract before we can buy or sell securities on behalf of your investment account.

## **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**

Form ADV Part 2 requires registered investment advisers to provide a balance sheet to their clients if they require the prepayment of more than \$1,200 in fees and six or more months in advance. We are not required to provide this information since we do not require the prepayment of more than \$1,200 in fees and six or more months in advance.

Form ADV Part 2 also requires registered investment advisers who have discretionary authority or custody with respect to client assets to disclose any financial condition that is reasonably likely to impair its ability to meet its contractual commitments to its clients. We have no such financial conditions that would impair our ability to meet our contractual commitments to our clients.

Form ADV Part 2 also requires registered investment advisers to disclose if they have been the subject of any bankruptcy petition during the last ten years and VQWM has not.

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

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