

VSR Investment Program Wrap Fee Program Brochure

VSR Financial Services, Inc.

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This Brochure provides information about the qualifications and business practices of VSR Financial Services, Inc. If you have any questions about the contents of this Brochure, please contact us at 1-800-800-3177. 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 VSR Financial Services, Inc. also is available on the SEC's website at www.adviserinfo.sec.gov. You can search this site by using a unique identifier known as a CRD number. VSR Financial Services, Inc. CRD number is 14503.

Item 2 – Material Changes

On July 28, 2010, the United States Securities and Exchange Commission published “Amendments to Form ADV” which amends the disclosure document that we provide to clients as required by the Investment Advisers Act of 1940 (“IA Act”) rules.

Pursuant to the rule under the IA Act, VSR Financial Services, Inc. (“VSR Financial Services” or “VSR”) will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days as of the close of its fiscal year end of December 31. VSR Financial Services will provide its clients with other ongoing disclosure information about material changes to its Form ADV as necessary.

VSR will also provide you with a new Brochure as necessary based on changes or new disclosure information to its Form ADV. A brochure may be requested by contacting VSR Financial Services at 800-800-3177.

Additional information about VSR Financial Services is also available on the SEC’s website at www.adviserinfo.sec.gov. The SEC’s website also provides information about any persons affiliated with VSR Financial Services who are registered known as access persons and/or Investment Adviser Representatives (“IARs”) of VSR Financial Services.

This summary of material changes identifies, and provides information to the changes made to VSR Financial Services’ Form ADV 2A Brochure since its last update on September 30, 2015. To review all changes since the last update, please review the entire brochure.

- **Financial Industry Affiliation Update – Realty Capital Securities, LLC**
As of January 22, 2016, First Allied Advisory Services is no longer affiliated with Realty Capital Securities, LLC.
- **Financial Industry Affiliation Update – VSR Group, Inc.**
On March 10, 2015, RCS Capital Corporation (“RCAP”) completed its acquisition of all of the equity of VSR Financial Services’ parent company VSR Group, Inc., through the merger of VSR Group, Inc. into Chiefs Acquisition, LLC a wholly owned subsidiary of RCAP. RCAP is a public reporting company (OTCPK: RCAPQ). The consummation of the transaction did not result in any change in the officers, management or supervisory personnel of VSR. VSR’s day to day operations have continued to be managed by its current senior management and VSR’s business activities and product lines did not change. RCAP indirectly owns several other holding companies that own broker/dealers registered with the SEC and the Financial Industry Regulatory Authority (“FINRA”) and also their affiliated Registered Investment Advisers registered with the SEC.
- **New Registered Investment Advisory Chief Compliance Officer – Christian Ginolfi**
On January 1, 2016, Christian Ginolfi became the new Registered Investment Advisory Chief Compliance Officer.
- **Item 9 – Additional Information**
We have updated this item to include more information on procedures dealing with IARs’ outside businesses.

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Introduction

VSR Financial Services, Inc. is registered as a broker/dealer with the United States Securities and Exchange Commission (“SEC”), and the Financial Industry Regulatory Authority (“FINRA”) and is also registered as a Registered Investment Adviser with the SEC. VSR Financial Services is licensed to do business as a broker/dealer and Registered Investment Adviser in all 50 states, Puerto Rico, and the U.S. Virgin Islands. VSR Financial Services, Inc. also commonly conducts its investment advisory business under the Doing Business As (“DBA”) name of VSR Advisory Services.

VSR Financial Services is wholly owned by its parent company, VSR Group, Inc. VSR Group, Inc. may execute agreements and/or contracts on behalf of VSR Financial Services for items such as rent, office space, and equipment leases. All expenses associated with any agreements or contracts are paid by VSR Financial Services.

VSR is the sponsor and portfolio manager of the VSR Investment Program (“VIP”) wrap fee program. A wrap fee program is an investment advisory program that provides the client with investment management, brokerage, reporting, and other related services “wrapped” under one investment advisory fee. Clients who wish to participate in the VIP Program will enter into a VIP Agreement with VSR through his or her Investment Adviser Representative.

VSR Investment Program

The Investment Adviser Representative (“IAR”) will help the client to determine his or her current financial situation, liquidity needs, goals and investment objectives, risk tolerance, and investment time horizon. After gathering this information, the IAR will recommend a target asset allocation, and VSR will then manage the client’s account according to that agreed upon asset allocation.

The VIP program primarily uses exchange traded funds (“ETFs”) taking into account volatility, expected return, valuations, correlation with other assets, and other metrics. Mutual funds, closed-end funds and other securities may also be used in establishing the portfolio asset allocations. Consideration will also be given to the underlying fees with respect to these funds. When index funds are used consideration will also be given as to how well they track to the performance of their relative index. The client may impose reasonable restrictions on investing in certain types of securities or industry sectors, provided however that VSR may refuse to accept or continue to provide investment advisory services to the client with respect to if VSR determines such restrictions are unreasonable or impracticable.

When the client signs the VIP Agreement he or she gives VSR discretionary authority to make changes to his or her VIP account as the VSR portfolio manager deems necessary based on prevailing market conditions and volatility, news economic or political circumstances, and the individual characteristics and performance of the securities held in the VIP program.

The VIP program will be offered primarily to individuals and high net worth individuals, but may also be offered to businesses or entities. The VIP program is designed to continuously manage the client’s account based on the individual needs of the client.

Risk of Loss

All investments have risks, including the risk of loss of the client’s principal investment. While VSR seeks to balance potential for investment gain against the risk of loss there can be no assurance that the VIP program will achieve its investment objectives or performance.

Termination of the Advisory Relationship

A VIP Agreement may be terminated by either party for any reason at any time upon 5 days prior written notice to the other party. The client will receive a full refund of all investment advisory fees if the VIP Agreement is canceled within 5 days after the date of the agreement less any investment advisory fees actually earned by VSR during the 5-day period as a result of advisory services performed. Termination of the VIP Agreement will not affect the validity of any action taken by your IAR or VSR prior to termination of this VIP Agreement or the client's obligation to pay any investment advisory fees earned under the VIP Agreement. After receiving written notice of termination, VSR will mail the client a pro-rata refund of any fees paid in advance.

Business Continuity Plan

VSR has established a Business Continuity Plan ("BCP"). The BCP describes how VSR would respond to significant business disruptions and provide investors with alternative contact information in the event of a significant business disruption. The BCP may be found at www.vsrfinancial.com. It is also available upon written request.

VIP Program Fee Description

The total annual client wrap fee for investment advisory services under the VIP program consists of the management, custody, ticket charges, and administrative costs. The maximum total annual fee will not exceed 2.0% exclusive of any fees which may be charged by custodians, fund managers, or as described below. The wrap fee will be charged as a percentage of assets under management and will be directly debited from client account(s) after the end of each calendar quarter. If there is an insufficient cash balance in an account to pay the investment advisory fee, the account will be rebalanced so as to generate a sufficient level of cash to cover the investment advisory fee. As part of this agreement the client authorizes the custodian to deduct the wrap fee from his or your account as directed by VSR. The investment advisory fees charged and the manner in which they will be calculated will be disclosed in the client agreement.

Advisory Fees in General

Clients should note that similar advisory services may (or may not) be available from other investment advisers for similar or lower fees. A client could also invest in a security or portfolio of securities directly, without VSR's services. In that case, the client would not receive the services provided by VSR which are designed, among other things, to assist the client in determining which investments are most appropriate to each client's financial condition and objectives. Clients should be aware that investment advisory program fees charged may be higher or lower than those otherwise available if client were to open a brokerage account and negotiate commissions directly with a broker. VSR's investment advisory fee may be subject to negotiation depending upon a range of factors including, but not limited to, account size and overall range of the services provided.

Clients should consider the value of these investment advisory services when making such comparisons. The combination of custodial, advisory, and brokerage services may not be available separately or may require multiple accounts, documentation, and fees. Clients should also consider the amount of anticipated trading activity when selecting among the programs and assessing the overall cost. Investment advisory programs typically assume a normal amount of trading activity and, therefore, under particular circumstances, prolonged periods of inactivity or asset allocations with significant fixed income or cash weightings may result in higher fees than if commissions were paid separately for each transaction.

A portion of the fees or commissions charged for the programs described here may be paid to VSR and its IARs in connection with the introduction of accounts as well as for providing client-related services within the programs. This compensation may be more or less than if you paid separately for investment advice, brokerage, and other services, and may vary depending on the program or services offered.

Services Not Covered by the VIP Program Fees

VIP program investment advisory fees may not include certain securities transaction fees that may be charged by the client's custodian, broker, or regulatory authorities. These fees would be charged separately from the program fee. In evaluating such an arrangement, the client should also consider that, depending upon the level of the fee charged by the custodian or broker/dealer, the amount of portfolio activity in the client's account, and other factors, the fees may or may not exceed the aggregate cost of such services if they were to be provided separately. The IAR will review with the client any separate program fees that may be charged to him or her. In addition, the wrap fee does not include certain other account fees that may be charged, including but not limited to wire transfers, annual charges for qualified accounts, certificate issues, IRA custodial fees, safekeeping fees, interest charges on margin loans, exchange fees, and fees for transfers of securities.

Exchange Traded Funds and Mutual Funds

Shares of Exchange Traded Funds ("ETFs") held in client accounts are purchased and sold directly on one of the stock exchanges unlike mutual funds, which are purchased and sold directly from the mutual fund company. The price of ETF shares will fluctuate with market changes affecting the underlying Net Asset Value ("NAV") per share of the ETF. Therefore, ETF shares may trade at a discount or at a premium to their NAV on a daily basis.

All fees paid to VSR for investment advisory services are separate and distinct from the fees and expenses that may be charged by ETFs or mutual funds to their shareholders. These fees and expenses are described in each mutual fund's prospectus. Therefore, the client should review both the fees charged by the funds and VSR fees carefully to fully understand the total amount of fees to be paid by the client.

Conflicts of Interest

VSR and its IARs may purchase or sell the same securities or different securities from those recommended to clients for their personal accounts.

It is the policy of VSR that no person associated with the firm may purchase or sell any security immediately prior to a transaction(s) being implemented for an investment advisory account in order to prevent such employees from benefiting from transactions placed on behalf of investment advisory accounts.

Because of the single fee charged to a VIP program account, VSR may be regarded as having a conflict in interest as it may realize a greater profit on a VIP program account with a relatively low rate of portfolio turnover compared to other types of accounts, assuming the same level of fees.

IARs may receive incentive awards for attaining certain overall levels of sales achievement. These awards are not product or program specific, however the receipt of this compensation may affect an IAR's judgment in recommending products to clients.

Item 5 – Account Requirements and Types of Clients

Type of Clients

VSR provides investment advisory services to the following types of clients:

1. Individuals, including high net worth individuals
2. Pension and Profit Sharing Plans
3. Charitable Organizations
4. Corporations, Partnerships and other businesses not listed above

Account Minimums

VSR's minimum account size for the VIP program is \$10,000. Under certain circumstances, VSR will consider waiving the minimum account size requirements if possible; however, smaller account sizes could potentially be at a disadvantage regarding transaction fees and diversification, and may experience markedly different performance. Small accounts, if accepted, will likely be invested in a small number of securities, and therefore may be exposed to more risk, as well as potentially incurring higher fees as a percentage of the account value.

Item 6 – Portfolio Manager Selection and Evaluation

VSR is the investment manager for the VIP program and manages and monitors the portfolios through a disciplined and systematic process.

The VIP program is a discretionary program that enables the client to invest in actively managed portfolios comprised primarily of ETFs that are managed by a professional investment manager. Portfolios are constructed based on the clients' risk tolerance and account size.

The investment strategy determined for the client is based upon the objectives stated during discussions with the client's IAR. It is important to review investment objectives, risk tolerance, and liquidity needs with the IAR. All investments carry a certain degree of risk and no investment strategy or portfolio allocation can assure a profit or avoid a loss.

Additional review of accounts is provided by personnel located within the corporate headquarters. These reviews include, but are not limited to, suitability and concentration; however, each client has a responsibility to review their account to determine if it is being managed according to their investment objectives.

Types of Services Offered

IARs may offer advice on a variety of investment products, including stocks, bonds, mutual funds, ETFs, structured products, managed futures products, and direct participation programs, among others. Depending on the type of investment, the recommendation may be made for a commission brokerage account or a fee based investment advisory managed account or both.

The IAR determines the general investment advice to be provided to his or her clients based on information provided by the client. Background information regarding each IAR is contained in the Brochure Supplement, Part 2B of Form ADV. A copy of the Brochure Supplement will be provided to each client at or before the time that the client executes the investment advisory agreement.

VSR and the IAR will not provide any advice regarding whether to participate in class action lawsuits brought by a third-party against the issuers of securities held in an account.

VSR offers three types of investment advisory services: Fee based financial planning, fee based investment advisory managed accounts and fee based investment advisory third-party managed accounts. Descriptions of these investment advisory services are contained in VSR's Form ADV 2A Brochure and copies may be obtained from VSR or the client's IAR upon request.

Specific Advice for Each Client

IARs determine the general investment advice to be provided to their clients. The investment advice given is based on information provided by the client, and will take in to consideration the client's investment objectives, time horizon, risk tolerance, liquidity needs, and any other factors relevant to the client. Depending on the investment strategy chosen, the client may impose reasonable investment restrictions on certain securities, industries or sectors.

Investment strategies and philosophies may differ among various Advisory Representatives who are responsible for determining and implementing their own investment advice. While VSR does not consider itself as specializing in any one form of investment strategy or philosophy, certain Advisory Representatives may focus or specialize on certain types of investment strategies or philosophies over other types.

Performance Fees and Side by Side Management

VSR does not participate in any investment advisory programs that charge performance-based fees, nor does VSR permit its IARs to enter into performance-based fee arrangements with their clients.

Many IARs also manage commission based brokerage accounts for their clients. The client's investment objectives and risk tolerance in a commission brokerage account may be different than those in the client's investment advisory asset management accounts. Additionally, clients in commission brokerage accounts may receive an execution price that may be higher or lower than the execution price in an investment advisory account.

Methods of Analysis

IARs use a variety of methods to analyze a client's situation as well as economic factors to develop investment advice and recommendations. IARs may use one or more of the following methods of analysis to formulate investment advice or manage the client's account:

Charting

In this type of technical analysis, the IAR reviews charts of market and security activity in an attempt to identify when the market is moving up or down and to predict how long the trend may last and when that trend might reverse.

Fundamental Analysis

IARs evaluate economic and financial factors to determine if a security may be underpriced, overpriced or fairly priced. Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

Technical Analysis

IARs analyze past market movements and apply that analysis to the present in an attempt to recognize recurring patterns of investor behavior and potentially predict future price movement. Technical analysis does not consider the underlying financial condition of a company. This presents a risk in that a poorly-

managed or financially unsound company may underperform regardless of market movement.

Cyclical Analysis

In this type of technical analysis, IARs measure the movements of a particular stock against the overall market in an attempt to predict the price movement of the security.

Quantitative Analysis

IARs use mathematical models in an attempt to obtain more accurate measurements of a company's quantifiable data, such as the value of a share price or earnings per share, and predict changes to that data. A risk in using quantitative analysis is that the models used may be based on assumptions that prove to be incorrect.

Qualitative Analysis

IARs subjectively evaluate non-quantifiable factors and attempt to potentially predict changes to share price based on that data.

Asset Allocation

IARs attempt to identify an appropriate ratio of asset classes that are consistent with the client's investment objectives and risk tolerance.

Mutual Fund and/or ETF Analysis

IARs evaluate a variety of factors in an attempt to potentially predict the future performance of the mutual fund or ETF. The IAR may consider the experience, expertise, investment philosophy, strategy and past performance to determine if a manager has demonstrated the ability to invest over a period of time and in different market conditions. The IAR may monitor the manager's underlying holdings, strategies and concentrations. A risk of mutual fund and/or ETF analysis is that, as in all securities investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a fund or ETF, managers of different funds held by the client may purchase the same security, increasing the risk to the client if that security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund or ETF, which could make the holding(s) less suitable for the client's portfolio.

Third-Party Money Manager Analysis

VSR examines the experience, expertise, investment philosophies, and past performance of independent third-party investment managers in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. VSR may monitor the manager's underlying holdings, strategies, concentrations and the due-diligence process and survey the manager's compliance and business enterprise risks. A risk of investing with a third-party manager who has been successful in the past is that he/she may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a third-party manager's portfolio, there is also a risk that a manager may deviate from the stated investment mandate or strategy of the portfolio, making it a less suitable investment for our clients. Moreover, as VSR does not control the manager's daily business and compliance operations, VSR may be unaware of the lack of internal controls necessary to prevent business, regulatory or reputational deficiencies.

Recommendations will be based on the information provided by the client, the IARs discussions with the

client, the IARs analysis of the client's financial situation, investment objectives and risk tolerance and general economic or tax considerations. If the client's personal, financial situation, investment objectives or risk tolerance change they are advised to promptly notify their IAR. Clients should discuss with their IAR the methods of analysis and strategies used by the IAR.

Risks of Various Methods of Analysis

There are risks inherent in each type of analysis described above. For example, a risk of any method analysis that considers the past performance of investments for future performance is that past performance does not guarantee future results. Some methods of analysis, such as fundamental analysis focus on identifying the value of the company without considering external factors, such as market movements. Failure to consider external factors presents a potential risk, as the price of a security may be impacted by the overall market, regardless of the economic and financial factors

considered in evaluating the specific risk. Other methods of analysis, such as technical analysis evaluate external factors, but do not consider the underlying financial condition of the company. Failure to consider a company's underlying value presents a risk that a poorly managed or financially unsound company may under-perform regardless of positive market movements.

A risk of investing with a third-party money manager who has been successful in the past is that the manager may not be able to replicate that success in the future. Therefore, any method of analysis is not proven to work in all market conditions. All investments and investment strategies involve various risks, and there is no guarantee that any investment or investment strategy will meet its objective(s). Investing in the financial markets always involves the possible risk of loss of principal.

Risks

All investments and investment strategies involve various risks, and there is no guarantee that any investment or investment strategy will meet its objective. The Advisory Representative will keep in mind the client's investment objectives, risk tolerance, time horizon and other pertinent information when recommending an investment or investment strategy.

Investing in securities involves the risk of loss of principal that clients should be prepared to bear.

Voting Client Securities

VSR does not vote proxies on behalf of its clients. It is the responsibility of the client to vote all proxies for securities held in the investment advisory management account. All proxy materials received by VSR on behalf of a client will be sent directly to the client or a representative that has been previously designated by the client to be responsible for voting proxies. IARs may answer customer questions regarding proxy voting materials in an effort to assist the client in determining how to vote the proxy; however, the final decision of how to vote the proxy is the responsibility of the client.

Third-party investment advisers may have their own policies regarding proxy voting. Clients are advised to review the policies of their third-party adviser to determine their proxy voting policy.

Item 7 – Client Information Provided to Portfolio Managers

Clients must complete a VSR Account Information Form ("AIF"). The AIF outlines the client's personal financial situation, including information on income, tax bracket, investments and holdings, investment objectives, investment experience and risk tolerance. Clients agree to inform their IAR and VSR in writing of any material change in your financial circumstances that might affect the manner in which their assets should be invested.

Item 8 – Client Contact with Portfolio Managers

Clients should contact their IARs for information and advice regarding their VIP Program account(s).

Item 9 – Additional Information

Disciplinary Information

On December 12, 2006, the NASD accepted a settlement related to its investigation into whether a management person in VSR's trade department failed to detect and prevent trades resulting from a Registered Rep's unsuitable recommendations to a public customer. Without admitting or denying the findings, the management person consented to a \$7,500 fine and was suspended in 2007 from association with any NASD member in a principal or supervisory capacity for 15 business days.

In June 2007, NASD and NYSE merged to become the Financial Industry Regulatory Authority (FINRA). At the time of the above actions, however, NASD was the regulatory body.

On March 3, 2008, FINRA approved a settlement of FINRA's investigation into whether VSR, as a broker/dealer, failed to properly supervise a certain Registered Representative activities. The Registered Representative recommended purchasing Class B shares, despite the fact that the client was eligible to purchase Class A shares at lower cost and annual expense. Another client did not receive the sales discount, resulting in higher front-end loads. No investment advisory accounts were involved. Without admitting or denying the allegations, VSR consented to a censure and a \$20,000 fine.

On December 1, 2011, the State of Missouri found that VSR, as a broker/dealer, failed to make, maintain, and preserve records relating to private securities transactions. Without admitting or denying the allegations, VSR agreed to a censure and was ordered to pay \$55,470 to the State and its investor education fund.

On May 15, 2013, the Financial Industry Regulatory Authority (FINRA) accepted a settlement related to its assertions regarding VSR's supervisory system, and suitability related to certain sales to customers. Without admitting or denying the assertions, VSR consented to a \$550,000 fine. As part of the settlement, a senior member of VSR's management team was suspended from association with any FINRA member in a principal capacity for 45 days and was fined \$10,000.

On December 1, 2014, the State of South Dakota found that VSR, as a broker/dealer failed to review and approve some securities transactions submitted by a registered representative and that VSR's supervisory review failed to verify that the account numbers that were written on client documentation properly matched the client's name on an account. VSR agreed to and accepted a Consent Order and paid a fine of \$8,000 to settle the matter.

Financial Industry Affiliations

Investment Adviser Representatives ("IARs") of VSR are separately licensed as registered representatives of VSR Financial Services, Inc. They are also licensed insurance agents representing various insurance companies. As such, IARs are able to receive separate, yet customary commission compensation resulting from implementing securities and insurance product transactions on behalf of investment advisory clients. The clients are not under any obligation to engage the IAR when considering whether to implement any investment advisory recommendations. The implementation of any or all recommendations is solely at the discretion of the client.

While VSR and its IARs endeavor at all times to put the interest of the clients first as part of our fiduciary duty, clients should be aware that the receipt of additional compensation itself creates a conflict of interest,

and may affect the judgment of IARs when making recommendations.

Other Outside Business Activities

Some of our IARs may be involved in other outside businesses. Activities related to these outside businesses are not undertaken as part of the IAR's representation of our investment advisers. The amount of time that IARs devote to outside business activities varies. Your IAR's material outside business activities are reported on the Form ADV Part 2B Brochure Supplement that your IAR will deliver to you when he starts discussing advisory programs and services with you. Your IAR's outside business activities, including without limitation, bank or credit union responsibilities, real estate, accounting, tax and legal activities, are not endorsed or supervised by, or the responsibility of, VSR or any of our affiliates.

Some IARs own or are affiliated with independent Registered Investment Adviser ("RIA") firms. These firms are not affiliated with VSR and their activities are not supervised by VSR. Typically, IARs that own or are affiliated with an independent RIA may only offer and provide fee based financial planning services through the RIA.

Fees for financial planning services provided by the IAR through their own independent RIA are separate and distinct from any fees paid to VSR in their capacity as an IAR of VSR Advisory Services.

Clients that engage an IAR through an independent RIA firm will receive a copy of that firm's disclosure documents and execute a Financial Planning Client agreement specifying the financial planning services to be provided and fees to be charged by the independent RIA.

VSR may also enter into certain arrangements to offer brokerage and advisory services to the clients of independent unaffiliated financial institutions (credit unions, credit union service organizations, banks and savings banks). A portion of the client's investment advisory fee will be paid by VSR to the financial institution pursuant to a fee sharing arrangement as long as the agreement with the institution is in effect. The financial institution does not provide any investment advisory services to the client.

Code of Ethics

VSR has adopted a Code of Ethics that includes a Personal Trading Policy, which will apply to all of our employees and IARs. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts, the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. Upon employment or affiliation and at least annually thereafter, all supervised persons will acknowledge that they have read, understand and agree to comply with VSR's Code of Ethics.

In compliance with the Insider Trading and Securities Fraud Enforcement Act of 1988 ("ITSFEA"), VSR has established, and will maintain and enforce, written policies reasonably designed to prevent the misuse of material, nonpublic information by us or any person associated with VSR. In consideration of and in compliance with ITSFEA, we will forbid any officer or employee, either personally or on behalf of others, to trade on material, nonpublic information or to communicate such information to others in violation of the law.

An investment adviser is considered a fiduciary according to the Investment Advisers Act of 1940. As a fiduciary, it is an investment adviser's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of our clients at all times. VSR, its employees, and its IARs have a fiduciary duty to all advisory clients. To assist our employees and IARs in meeting these obligations, VSR has adopted standards of business conduct that are outlined in our Code of Ethics. VSR requires all of its supervised persons to conduct business with integrity and to comply with all federal and

state securities laws at all times.

Trading Practices

An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the investment advisory customer and for another person on the other side of the transaction (SEC Rule 206(3)-2). Agency cross transactions typically may arise where an investment adviser is dually registered as a broker/dealer or has an affiliated broker/dealer. It is VSR's policy not to engage in agency cross transactions with investment advisory customers.

A principal transaction is defined as a transaction where an adviser, acting as principal for its own account or the account of an affiliated broker/dealer buys from or sells any security to any investment advisory customer. VSR may execute riskless principal transactions with investment advisory customers meaning that VSR purchases the security from another broker/dealer into its principal trading account while simultaneously selling the security to the customer.

VSR's policy prohibits any allocation of trades in a manner such that any particular customers or group of customers receive more favorable treatment than other customer accounts.

Trade Errors

On infrequent occasions, an error may be made in a client's account. For example, a security may be erroneously purchased for a client account instead of sold. In these situations, VSR generally seeks to correct the error by placing the client account in a similar position as it would have been had there been no error.

Depending on the circumstances, corrective steps may be taken, including but not limited to, cancelling the trade, adjusting an allocation, and/or crediting the customer's account. In the event the trading error results in an erroneous profit, the erroneous profit is not allocated to the client, but retained by VSR.

Participation or Interest in Client Transactions

There may be instances where an IAR will recommend to investment advisory clients or prospective clients the purchase or sale of securities in which VSR, the IAR and/or clients may hold a position or interest.

Certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis when consistent with VSR's obligation of best execution. Generally, in such circumstances the affiliated and client accounts will share commission costs equally and receive securities at a total average price. VSR will retain records of the trade order specifying each participating account and its allocation. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the order.

Personal Trading

Subject to VSR's Code of Ethics and applicable securities laws, the employees and IARs of VSR and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased by VSR's clients. The Code of Ethics is designed to assure that the personal securities transactions of the employees and IAR of VSR will not interfere with (i) making recommendations and decisions in the best interest of investment advisory clients and (ii) when implementing such decisions allowing employees to invest for their own accounts.

VSR and the IARs may or may not maintain investment positions in their personal portfolios that are

recommended to clients. In fact, VSR and the IARs may take positions or execute transactions for their personal accounts which are materially different than the positions or transactions recommended for their clients. Employees and IARs are expected to purchase or sell a security for their personal accounts only after trading of that same security has been executed in customer accounts.

The Code of Ethics requires pre-clearance of certain transactions and restricts trading in close proximity to client trading activity. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity in clients' accounts with a security also held by an employee. Therefore, a potential conflict of interest exists when VSR and its IARs purchase and sell the same securities owned by our clients. Trading activity of IARs and employees is reviewed and monitored under the Code of Ethics to help reasonably prevent this conflict of interest in trading between VSR and its clients.

VSR's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting the firm at the address noted on the cover of this brochure.

Account Reviews

IARs are responsible for providing investment advice and conducting reviews on their client accounts on a regular basis. Reviews are generally done on a quarterly basis, and are designed to ensure that the investments and investment strategy employed remains consistent with the client's investment objectives and financial situation as provided by the client.

Account Statements

Unless noted otherwise in the Investment Advisory Agreement, statements of the client's account will be sent by the custodian that holds the client's account at such times as is provided in the client's account agreement with such custodian. Statements are sent usually no less than quarterly unless there is activity in the client's account, in which case they will be sent monthly by the custodian. Clients who have engaged a third-party adviser will receive reports from the third-party adviser as outlined in the client agreement and disclosure documents. Clients should carefully review these reports and contact the custodian or their IAR if they have any questions.

VSR or the IAR may provide other reports, including performance reports to the client. Clients should be aware that only the statements received from the custodian should be relied upon for any balance or securities positions.

Client Referrals

VSR and its IARs may act as solicitors for various third-party investment advisers who compensate VSR and the IAR soliciting a prospective client to the third-party investment adviser. Each solicitation arrangement is documented and a solicitor's disclosure statement is provided to the client.

VSR and its IARs may offer investment advisory services on the premises of unaffiliated financial institutions, such as banks or credit unions. VSR has entered into agreements with the financial institutions whereby VSR may share compensation, including a portion of the investment advisory fee, with the financial institution for the use of the financial institution's facilities and for client referrals.

Other Compensation

IARs may solicit, offer and sell securities and/or insurance products to any client for commissions in their separate capacities as Registered Representatives and insurance agents. This could represent a potential conflict of interest since VSR and the IAR could receive fees and/or commissions if the client chooses to

implement the recommendations of the IAR in his or her separate capacity as a Registered Representative and insurance agent. Clients are under no obligation to implement any recommendation through VSR or the IAR and are free to choose any broker/dealer or insurance company they wish to implement the recommendations.

Certain third-party investment advisers, product sponsors or brokerage and/or custodians may provide VSR or the IAR with economic benefits as a result of the client's purchase of investments or insurance products, including sponsorship of meetings, marketing support, an occasional dinner or ticket to a sporting event, incentive awards, and payment of travel expenses.

These arrangements may represent a conflict of interest since they may affect the independent judgment of VSR or the IAR in the recommendation of one third-party investment adviser, product sponsor or custodian over another. However, VSR and the IAR are obligated to act in the best interest of the client when recommending any particular third-party investment adviser or service.

Financial Information

This item is not applicable to our Disclosure Brochure. We do not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance therefore VSR is not required to include a balance sheet for its most recent fiscal year.

VSR is not subject to a financial condition that is reasonably likely to impair our ability to meet contractual commitments to our clients, nor have we been the subject of a bankruptcy petition at any time.

Item 10 – Requirements for State-Registered Advisers

Since VSR is registered with the United States Securities and Exchange Commission this section is not applicable.