

Form ADV Part 2A Brochure



8620 W. 110th Street
Overland Park, KS 66210

(800) 800-3177

www.vsrfinancial.com

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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 4 – Investment Advisory Business***
We have updated this item to reflect that certain required minimums for investment programs may be waived by VSR. We have also updated this Item to reflect the current value of assets under management as of December 31, 2015.
- ***Item 5 – Fees and Compensation***
We have updated this section to include more information on mitigations of potential conflicts of interest.

- ***Item 10 – Other Financial Industry Activities and Affiliations***
We have updated this section to include more information regarding our supervision of our IARs' outside business activities.
- ***Items 12– Brokerage Practices***
We have updated these items to disclose additional brokerage practices used by VSR.
- ***Item 14 – Client Referrals and Other Compensation***
We have updated these items to describe how VSR handles solicitors' arrangements.

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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, RCS Capital Corporation (“RCAP”). VSR Financial Services along with the other affiliated broker/dealers and Registered Investment Advisers under RCAP are a part of the Cetera Financial Group (“CFG”). CFG 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.

On March 10, 2015 RCS Capital Corporation (“RCAP”) completed its acquisition of the equity of VSR Financial Services’ parent company VSR Group, Inc. through the merger of VSR Group, Inc. into a wholly owned subsidiary of RCAP. RCAP is a public reporting company (OCTPK: RCAPQ). The consummation of the transaction did not result in any change to the officers, management or supervisory personnel of VSR. VSR’s day to day operations continue to be managed by its current senior management.

RCAP indirectly owns several other holding companies that own other broker/dealers registered with the SEC and FINRA who are also dually registered with the SEC as affiliated Registered Investment Advisers. The dually registered broker/dealers and Registered Investment Advisers operate independently and are all under CFG.

Nearly all of VSR’s Investment Adviser Representatives (“IARs”) are dually registered as Registered Representatives (“RRs”) and offer securities through VSR Financial Services, and are also licensed as independent insurance agents and solicit, offer and sell insurance products in the states in which they conduct business. Therefore, IARs can potentially be acting in all three capacities when soliciting, offering and selling investment products, investment advisory services and/or insurance products to you. The dual registration as RRs and IARs and being licensed as independent insurance agents also may create a conflict of interest when they solicit, offer and sell investment and insurance products for which you would pay a commission, while also soliciting, offering and selling investment advisory services and managing the assets in your account for an investment advisory fee.

Types of Services Offered

VSR and its Investment Adviser Representatives (“IARs”) may solicit, offer and sell fee based investment advisory services, including fee based financial planning, and fee based asset managed accounts. IARs when also acting as RRs and/or independent insurance agents may also solicit, offer and sell securities and insurance products, including but not limited to individual stocks and bonds, mutual funds, closed end funds, Exchange Traded Funds (“ETFs”), fixed and variable insurance products, and non-traded alternative products, such as Real Estate Investment Trusts (“REITs”), private placements and direct participation programs (“DPPs”). Usually the client will be charged a commission when purchasing these types of securities or insurance products. Depending on the type of securities product recommended and sold, and/or the nature of the investment advisory services recommended by the IARs, clients may either be charged a commission or an investment advisory fee

or a combination of both. Commissions are most often charged for securities products purchased and sold on a transaction by transaction basis in a commission brokerage account or that are submitted and held directly with a product sponsor. An investment advisory fee is usually charged based on the amount of the client's assets under management with the IAR as agreed upon under an Investment Advisory Agreement signed by the client. See Item 5 (Fees and Compensation) for additional information on commissions and fees. Lower fees for comparable services may be available from other sources.

The IAR will make a determination based on the client's financial situation, age, income, tax status, investment objectives, and risk tolerance whether to recommend a commission product or charge an investment advisory fee or a combination of both. It is VSR's policy that some securities products, such as alternative products, can be held in advisory accounts but are excluded from billing at the firm level. Some alternative products, such as advisory versions of some products and interval funds, may be purchased and held in advisory accounts.

Background information regarding each Investment Adviser Representative is contained in the IAR's individual Brochure Supplement, which is known as the Part 2B Brochure Supplement of Form ADV. A copy of the Part 2B Brochure Supplement will be provided to each client on or before the client executes the Investment Advisory Agreement with VSR Financial Services. VSR and its IARs do not provide any advice regarding whether to participate in class action lawsuits brought by a third-party against the issuers of securities held in a client's account.

The following provides a description of the types of investment advisory services offered and provided by VSR and its IARs:

Investment Supervisory Services and Individual Portfolio Management

IARs provide continuous advice to a client regarding the investment of client funds based on the individual needs of the client. The IAR and the client discuss the client's specific financial situation, goals and investment objectives, investment experience, time horizon, liquidity needs and risk tolerance. The IAR then helps develop asset allocation strategies and/or models and makes recommendations to the client to manage the client's portfolio according to those agreed upon parameters.

Investment management services are provided under a written Investment Advisory Agreement between VSR Financial Services and the client. Under the terms of the Investment Advisory Agreement, the IAR is either authorized by the client to execute transactions on a discretionary basis without contacting the client or on a non-discretionary basis requiring the client's authorization for each investment recommendation. If the client's financial situation, investment objectives or risk tolerance change he or she should promptly notify their IAR.

Unaffiliated Third Party Custodians and/or Broker-Dealers

VSR Financial Services, Inc. ("VSR") may recommend or require that clients establish brokerage accounts with Unaffiliated Third Party Custodians and/or Broker-Dealers ("Custodians"), including but not limited to Charles Schwab & Co., Inc., TD Ameritrade, First Clearing Corporation, Pershing, LLC and Foliofn to maintain custody of clients' assets and to effect trades for their accounts. The final decision to custody assets with any Third Party Custodians and/or Broker-Dealers is at the discretion of VSR's clients, including those accounts covered under ERISA or IRA rules and regulations, in which case the client is acting as either the plan sponsor or IRA accountholder. Unaffiliated Third Party Custodians and/or Broker-Dealers provide VSR with access to its institutional trading and custody services, which are typically not available to retail brokerage clients.

For VSR client accounts maintained with Unaffiliated Third Party Custodians and/or Broker-Dealers that have custody, Custodians generally may not charge separately for their custody services, but they are compensated by account holders through commissions or other transaction-related or asset-based fees for securities trades that are executed through the Unaffiliated Third Party Custodians and/or Broker-Dealers or that settle into VSR's clients' accounts held by these Custodians.

Unaffiliated Third Party Custodians and/or Broker-Dealers may also make available to VSR other products and services that benefit VSR, but may not benefit its clients' accounts. These benefits may include national, regional or VSR specific educational events organized and/or sponsored by the Unaffiliated Third Party Custodians and/or Broker-Dealers. Other potential benefits may include occasional business entertainment of personnel of VSR by the Unaffiliated Third Party Custodian's and/or Broker-Dealer's personnel, including meals, invitations to sporting events, including golf tournaments, and other forms of entertainment, some of which may accompany educational opportunities.

Additional products and services offered through Custodians assist VSR in managing and administering its clients' accounts. These include software and other technology (and related technological training) that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of VSR's fees from its clients' accounts, and assist with back-office training and support functions, recordkeeping and client reporting. Many of these services generally may be used to service all or some substantial number of VSR's accounts, including accounts not maintained at Custodians. Unaffiliated Third Party Custodians and/or Broker-Dealers also make available to VSR other services intended to help VSR manage and further develop its business enterprise. These services may include professional compliance, legal and business consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, employee benefits providers, and human capital consultants, insurance and marketing. In addition, unaffiliated third party custodians and/or broker-dealers may make available, arrange and/or pay vendors for these types of services rendered to VSR by independent third parties.

Unaffiliated Third Party Custodians and/or Broker-Dealers may also discount or waive fees they would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to VSR. As a fiduciary, VSR endeavors to act in its clients' best interests. VSR's recommendation or requirement that clients maintain their assets in accounts at Custodians may be based in part on the benefit to VSR of the availability of some of the foregoing products and services and other arrangements and not solely on the nature, cost or quality of custody and brokerage services provided by the Unaffiliated Third Party Custodians and/or Broker-Dealers. Offering these additional services through Custodians may create a potential conflict of interest to VSR's clients. However, we attempt to mitigate this potential conflict of interest by ensuring that policies and procedures are in place requiring our IARs to exercise their fiduciary responsibilities when recommending investments to clients.

Certain of the non-wrap programs that we offer are described below. Other non-wrap programs and wrap fee programs that we offer are described in separate brochures that your IAR can provide to you upon your request. Some non-wrap programs that we offer are similar to the wrap programs that we offer. Your IAR will work with you to decide which program will best serve your needs.

Managed Asset Planning ("MAP") Program (First Clearing and Pershing as Custodian)

MAP accounts are portfolios managed by the IAR on a discretionary basis unless the client specifically signs in writing that he or she wants the MAP account managed on a non-discretionary basis. The client's MAP account is held by one of VSR's clearing firms. Clients have free internet access for all of their accounts. Each clearing firm sends monthly client statements and year-end tax summaries to the client. In addition to the quarterly investment advisory management fee on MAP accounts, clients pay a ticket charge for each transaction executed in the client's account. Certain variable annuities may be held in a

separate account but may be billed together with other advisory accounts. These accounts do not necessarily have a separate billing statement and generally are not subject to activation fees.

Investments in the MAP Account include but are not limited to: load-waived A-share mutual funds, no-load mutual funds, variable annuities, stocks, bonds, UITs and other general securities. The maximum total annual investment advisory fee is 3%, which may be negotiated to a lower rate as agreed to with the client under the MAP agreement. The minimum investment amount for a MAP account is generally \$10,000, but VSR reserves the right to waive the required minimum for certain clients. You should know that we offer a wrap version of the MAP program as well. Your IAR should consider which version of the MAP program would suit you better.

Investment Management Program (“IMP”) (Charles Schwab, TD Ameritrade and Other Custodians or Mutual Fund and Insurance Companies)

IMP accounts are portfolios managed by the IAR on a discretionary basis unless the client specifically signs in writing that he or she wants the IMP account managed on a non-discretionary basis. The IMP program is similar to the MAP Program, but includes a broader list of custodian choices. Each custodian may have their own transaction ticket charges in addition to the quarterly investment advisory fee charged by VSR.

Investments in the IMP Program are identical to that of the MAP Program unless restricted by the specific custodian chosen for the account. The maximum total annual fee is 3% and may be negotiated to a lower rate as agreed to with the client under the IMP agreement. The minimum investment amount for an IMP account is generally \$10,000, but VSR reserves the right to waive the required minimum for certain clients.

Foliofn

Foliofn is a discretionary investment advisory management program using a model based portfolio management strategy. IARs primarily manage to specific models rather than managing each client's account individually. The client's investment objectives are matched up to models managed by the IAR with a strategy of managing the accounts in one efficient trading platform. Clients may change models at any time as their risk tolerance or investment objectives change. The client must communicate those changes directly to the IAR. This Foliofn program is primarily used for stocks, ETFs and mutual funds, but other securities may also be utilized.

Foliofn include services such as FOLIO Vote (a proxy voting service), multiple tax management strategies, and reporting capabilities. The maximum total annual fee is 3% and may be negotiated to a lower rate as agreed to with the client under the Foliofn agreement. The minimum investment amount for a Foliofn account is generally \$10,000, but VSR reserves the right to waive the required minimum for certain clients.

Private Investment Management (“PIM”) (First Clearing)

PIM is a discretionary investment advisory management program where the IAR is the portfolio manager. The IAR manages the client's portfolio based on specific strategies and/or investment styles that are developed by the IAR. Asset allocation and securities selection are determined by the IAR in conjunction with client's stated investment objectives and risk tolerance.

PIM is an all-inclusive wrap program where the investment advisory fee and ticket charges are charged together (“wrapped”) under the quarterly investment advisory fee charged to the client. The PIM program is not designed for actively traded or inactive accounts and may not be suitable for all investors. The maximum total annual fee is 3% and may be negotiated to a lower rate as agreed to with each client under the PIM agreement. The minimum investment amount for a PIM account is \$50,000, but VSR reserves the right to waive the required minimum for certain clients.

Asset Advisor (First Clearing)

Asset Advisor is a non-discretionary asset-based investment advisory program. With Asset Advisor, all transaction recommendations made by the IAR must be authorized by the client. The IAR provides investment advice and recommendations based on objective research as well as profiling, asset allocation, investment selection, ongoing monitoring and rebalancing with certain securities.

Asset Advisor is an all-inclusive wrap program where the investment advisory fee and ticket charges are wrapped and charged together as a part of the quarterly investment advisory fee. Asset Advisor is not designed for actively traded or inactive accounts and may not be suitable for all investors. The total maximum annual fee is 3% and may be negotiated to a lower rate as agreed to with each client under the Asset Advisor agreement. The minimum investment amount for an Asset Advisor account is \$25,000, but VSR reserves the right to waive the required minimum for certain clients.

CustomChoice (First Clearing)

CustomChoice is a non-discretionary asset-based investment advisory program that utilizes only mutual funds as the investment option. With CustomChoice all transaction recommendations made by the IAR must be authorized by the client. The IAR provides investment advice and recommendations on the mutual funds based on objective research as well as risk profiling, asset allocation, investment selection, ongoing monitoring and rebalancing. Automatic rebalancing is available at no additional cost. The CustomChoice program is intended for the client to follow a strategic asset allocation process, which is written in the disclosure document.

The CustomChoice is an all-inclusive wrap program where the client is charged a quarterly investment advisory fee. CustomChoice is not designed for actively traded or inactive accounts and may not be suitable for all investors. The maximum total annual fee is 2.75%, which may be negotiated to a lower rate as agreed to with each client under the CustomChoice agreement. The minimum investment amount for a CustomChoice account is \$25,000, but VSR reserves the right to waive the required minimum for certain clients.

VSR Investment Program ("VIP") (First Clearing or Pershing)

VSR Investment Program ("VIP") is a discretionary investment advisory program where clients' accounts are managed by directly by VSR's portfolio manager. The program may be held at First Clearing or Pershing. Investments in the VIP Program will consist primarily of ETFs. However, in some circumstances mutual funds, closed-end funds or individual stocks may be used.

The IAR will work with the client to identify the asset allocation which best fits the client's investment objectives and risk tolerance. VSR will then manage the client's accounts to match the chosen asset allocation. IARs may view their clients' accounts continuously on-line. Clients also have free internet access to view their accounts. The clearing firm will provide monthly statements and a year-end tax summary. IARs may also choose to provide the client with quarterly performance reports created through Morningstar. The maximum total annual investment advisory fee is 2%, which may be negotiated to a lower rate as agreed to with each client under the VIP Agreement.

Schwab Institutional Intelligent Portfolios

VSR provides portfolio management services through Institutional Intelligent Portfolios, an automated, online investment management platform for use by independent investment advisors and sponsored by Schwab Wealth Investment Advisory, Inc. (the "Program" and "SWIA," respectively). Through the

Program, VSR offers clients a range of investment strategies we have constructed and manage, each consisting of a portfolio of ETFs and a cash allocation. The client may instruct VSR to exclude up to three ETFs from their portfolio. The client's portfolio is held in a brokerage account opened by the client at SWIA's affiliate, Charles Schwab & Co., Inc. ("CS&Co"). VSR is independent of and not owned by, affiliated with, or sponsored or supervised by SWIA, CS&Co or their affiliates (together, "Schwab"). The Program is described in the Schwab Wealth Investment Advisory, Inc.

Institutional Intelligent Portfolios Disclosure Brochure (the "Program Disclosure Brochure"), which is delivered to clients by SWIA during the online enrollment process.

VSR, and not Schwab, are the client's IAR are the primary point of contact with respect to the Program. VSR and its IAR are solely responsible, and Schwab is not responsible, for determining the appropriateness of the Program for the client, choosing a suitable investment strategy and portfolio for the client's investment needs and goals, and managing that portfolio on an ongoing basis. SWIA's role is limited to delivering the Program Disclosure Brochure to clients and administering the Program so that it operates as described in the Program Disclosure Brochure. VSR has contracted with SWIA to provide the technology platform and related trading and account management services for the Program. This platform enables VSR to make the Program available to clients online and includes a system that automates certain key parts of our investment process (the "System"). The System includes an online questionnaire that helps VSR determine the client's investment objectives and risk tolerance and select an appropriate investment strategy and portfolio. Clients should note that VSR and its IAR will recommend a portfolio via the System in response to the client's answers to the online questionnaire. The client may then indicate an interest in a portfolio that is one level less or more conservative or aggressive than the recommended portfolio, but VSR and its IAR then make the final decision and select a portfolio based on all the information we have about the client. The System also includes an automated investment engine through which VSR and the IAR manage the client's portfolio on an ongoing basis through automatic rebalancing and tax-loss harvesting (if the client is eligible and elects).

VSR does not receive a portion of a wrap fee for its services to clients through the Program. Clients do not pay fees to SWIA in connection with the Program, but VSR charges clients a fee for its services as described below under Institutional Intelligent Portfolios.

VSR's fees are not set or supervised by Schwab. Clients do not pay brokerage commissions or any other fees to CS&Co as part of the Program. Schwab does receive other revenues in connection with the Program, as described in the Program Disclosure Brochure. VSR does not pay SWIA fees for its services in the Program so long as VSR maintains \$100 million in client assets in accounts at CS&Co that are not enrolled in the Program. If VSR does not meet this condition, then it pays SWIA an annual fee of 0.10% (10 basis points) on the value of its clients' assets in the Program. This fee arrangement gives VSR an incentive to recommend or require that our clients with accounts not enrolled in the Program be maintained with CS&Co. Clients do not pay fees to SWIA or brokerage commissions or other fees to CS&Co as part of the Program. Schwab does receive other revenues in connection with the Program, as described in the Program Disclosure Brochure. Brokerage arrangements are further described below.

Clients eligible to enroll in the Program include individuals, IRAs and revocable living trusts. Clients that are organizations (such as corporations and partnerships) or government entities, and clients that are subject to the Employee Retirement Income Security Act of 1974, are not eligible for the Program. The minimum investment required to open an account in the Program is \$5,000. The Program Disclosure Brochure describes related minimum required account balances for maintenance of the account, automatic rebalancing, and tax-loss harvesting.

The Program Disclosure Brochure includes a discussion of various risks associated with the Program, including the risks of investing in ETFs, as well as risks related to the underlying securities in which ETFs invest. In addition, the Program Disclosure Brochure also discusses market/systemic risks, asset allocation/strategy/diversification risks, investment strategy risks, trading/liquidity risks, and large investment risks.

In addition to VSR's portfolio management and other services, the Program includes the brokerage services of CS&Co, a broker-dealer registered with the SEC and a member of FINRA and SIPC. While clients are required to use CS&Co as custodian/broker to enroll in the Program, the client decides whether to do so and opens its account with CS&Co by entering into an account agreement directly with CS&Co. VSR does not open the account for the client. If the client does not wish to place his or her assets with CS&Co, then VSR cannot manage the client's account through the Program. As described in the Program Disclosure Brochure, SWIA may aggregate purchase and sale orders for ETFs across accounts enrolled in the Program, including both accounts for our clients and accounts for clients of other independent investment advisory firms using the Program.

Schwab Advisor Services (formerly called Schwab Institutional) is Schwab's business serving independent investment advisory firms like VSR. Through Schwab Advisor Services, CS&Co provides us and VSR's clients, both those enrolled in the Program and VSR's clients not enrolled in the Program, with access to its institutional brokerage services - trading, custody, reporting and related services - many of which are not typically available to CS&Co retail customers. CS&Co also makes available various support services. Some of those services help VSR manage or administer our clients' accounts while others help VSR manage and grow our business. CS&Co's support services described below are generally available on an unsolicited basis and at no charge to VSR. The availability to us of CS&Co's products and services is not based on us giving particular investment advice, such as buying particular securities for VSR's clients.

CS&Co's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which VSR might not otherwise have access or that would require a significantly higher minimum initial investment by VSR's clients. CS&Co's services described in this paragraph generally benefit the client and the client's account. CS&Co also makes available to VSR other products and services that benefit VSR, but may not directly benefit the client or its account. These products and services assist VSR in managing and administering its clients' accounts. They include investment research, both Schwab's own and that of third parties. VSR may use this research to service all or some substantial number of its clients' accounts, including accounts not maintained at CS&Co. In addition to investment research, CS&Co also makes available software and other technology that provide access to client account data (such as duplicate trade confirmations and account statements); facilitate trade execution and allocate aggregated trade orders for multiple client accounts; provide pricing and other market data; facilitate payment of VSR's fees from our clients' accounts; and assist with back-office functions, recordkeeping and client reporting.

As described in the Program Disclosure Brochure, clients enrolled in the Program designate SWIA to vote proxies for the ETFs held in their accounts. VSR has directed SWIA to process proxy votes and corporate actions through and in accordance with the policies and recommendations of a third party proxy voting service provider retained by SWIA for this purpose. Additional information about this arrangement is available in the Program Disclosure Brochure. VSR does not vote proxies on behalf of clients.

Additional Disclosure for Schwab Institutional Intelligent Portfolios

VSR has approved its IAR, Bradley Johnston who conducts his investment advisory business under the Doing Business As (“DBA”) name of Johnston Financial Group, LLC to also operate and use the additional trade name of WealthCare360 when conducting his investment advisory activities using the Schwab Institutional Portfolios Program. Johnston Financial Group, LLC and WealthCare360 logos and business names will also be shown on Schwab and CS&Co customer account statements along with VSR Financial Services name that are sent to VSR’s and Johnston Financial Group, LLC’s clients.

Third-Party Advisers

IARs may recommend that the client engage the services of third-party investment advisers (“third-party advisers” or “money managers”) to provide investment management services regarding the client’s account. Third-party advisers will be recommended when the third-party adviser’s strategy fits within a particular client’s financial situation, investment objectives and risk tolerance. The services to be provided by the third-party adviser, the compensation to be paid, and other terms of the relationship between the client and the third-party adviser will be described in the third-party adviser’s disclosure documents and managed account agreement. VSR Financial Services will receive a portion of the investment advisory fee paid by the client to the third-party adviser.

IARs are not permitted to recommend third-party investment advisers unless the money manager has been approved by VSR. Before approving a money manager, VSR reviews and conducts due diligence on the third-party adviser concerning its programs and performance, reviews the third-party adviser’s client materials, including its Part 2A of Form ADV, disclosure documents, and the third-party adviser’s investment advisory agreement(s), performs a review of the third-party adviser’s registration history, including any complaints or disciplinary actions by regulatory bodies and interviews the third-party adviser’s personnel to discuss the third-party adviser’s overall investment style, philosophy, management and strategy to ensure that it fits with the client’s financial situation, investment objectives and risk tolerance.

VSR will not approve a money manager until it has conducted due diligence on the money manager’s knowledge, experience, investment philosophy and style and performance history. A money manager will not be recommended to a client unless the third-party adviser is registered or exempt from registration in the client’s state of residence. The amount of the investment advisory fees charged varies depending on the third party adviser and the amount of assets under management. The amount of investment advisory fees to be received is disclosed and agreed upon by the client in the third-party adviser’s Investment Advisory Agreement.

Neither VSR Financial Services nor the IAR directly supervises or is responsible for the actions or investment advice provided by any third-party advisers beyond their representatives’ activities with VSR. However, VSR does conduct periodic reviews and monitors the money managers, including their investment performance and at its discretion, VSR may terminate a money manager. IARs will review the third-party adviser’s performance, as they meet with their clients and will discuss if the third-party adviser is meeting the objectives agreed upon and whether to retain the money manager. VSR Financial Services cannot predict, assure or guarantee that any third-party adviser will continue to meet or maintain its stated investment objectives or performance.

Financial Planning

VSR and its IARs offer fee based financial planning services. Financial planning is a detailed evaluation of a client’s current and future financial situation by using current data and unknown variables to estimate

future cash flows, asset values and withdrawal plans. In general, the financial plan can address any or all of the following areas:

1. Asset Allocation: Based on the client's financial situation, investment objectives, and risk tolerance, IARs may make asset class or asset mix recommendations.
2. Education Planning: Based on the client's financial situation, investment objectives, and risk tolerance, IARs may make an analysis and recommendations as to the savings and investment goals clients would need to set in order to provide adequate capital for higher education goals.
3. Estate Planning: Based on the client's financial situation, investment and estate distribution objectives, and risk tolerance, IARs may make an analysis and recommendations for strategies to help provide clients maximum estate value retention and liquidity.
4. Financial Statements and Portfolio Reports: IARs may provide clients with a financial statement or portfolio report and analysis.
5. General Analysis and Planning: IARs can also provide planning on a more focused basis. This may include advice on only an isolated area(s) of concern such as estate planning, retirement planning or other planning service offered by VSR.
6. Insurance Profile/Analysis: IARs may make an analysis and recommendations as to the adequacy of insurance coverage and possible solutions to any perceived gaps in insurance.
7. Retirement Planning and Analysis: Based on the client's financial situation, investment objectives, and risk tolerance, IARs may make an analysis and recommendations as to the savings and investment goals clients would need to set in order to provide adequate capital and income to maintain their standard of living after retirement.
8. Business Retirement Planning: Based on a business's objective to provide or assess retirement planning opportunities for its employees and/or partners, an IAR may provide a review of a current business retirement plan, assist in the review or preparation of an Investment Policy Statement, or work with the business to install a retirement plan.

The IAR gathers required information through in-depth personal interviews. Information gathered includes the client's current financial situation, tax status, future goals, returns objectives and attitudes toward risk. The IAR will review financial documentation and statements provided by the client, and may have the client complete a risk tolerance questionnaire. Should the client choose to implement the recommendations contained in the financial plan, the IAR will recommend that the client work closely with his/her attorney, accountant, insurance agent, and/or financial professional. The implementation of financial plan recommendations by the IAR is entirely at the client's discretion. Typically the financial plan is presented to the client within 90 days of the agreement date, provided that all information and documentation needed to prepare the financial plan has been promptly provided by the client.

Any insurance recommendations will be limited to the companies the IAR is licensed to conduct business with as an insurance agent or broker.

Clients should be aware that there can be no assurance or guarantee that any of the objectives and goals outlined in the financial plan may be achieved.

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 and access in the event of a significant business disruption. The BCP may be found at www.vsrfinancial.com. It is also available upon written request.

Assets Under Management

As of December, 31 2015, VSR Financial Services has approximately \$2.3 billion of assets under managed on a discretionary basis and approximately \$800 million of assets managed on a non-discretionary basis.

Item 5 – Fees and Compensation

Description of Fees and Compensation

In general fees for VSR's investment advisory services are based on a percentage of the client's assets under management and are charged quarterly in advance by debiting the investment advisory fees from client accounts, except as otherwise specified below. Under no circumstances does VSR require or solicit payment of fees in excess of \$1,200 more than six months in advance of services rendered. Certain clients may also have specific fee arrangements, and certain fees may be negotiable between you and your IAR.

You pay us fees for our programs and services. We pay a portion of these fees to your IAR. The IAR's share of the fee may vary from one advisory program to another. This presents a conflict of interest for our IARs because they may have an incentive to recommend advisory programs that may be more profitable to them. Additional information regarding conflicts of interest is included in the Conflict of Interests section.

Financial Planning Fees

The fees for financial planning services are negotiable and depend on the nature of the financial planning services provided, the time and the complexity of each client's circumstances. All fees are agreed upon prior to entering into the Financial Planning Agreement with the client.

Fees for financial planning services may be charged in the following manner:

Hourly Fees

IARs may charge an hourly fee for financial planning services. The amount of the hourly fee is set by each IAR and is described in the Financial Planning Agreement signed by the client. The minimum charge is \$75 per hour and the maximum charge is \$350 per hour.

Fixed Fees

IARs may charge a fixed fee for particular financial planning services. The total financial planning fee will be determined based upon the nature and complexity of the financial planning services provided to the client.

The hourly or fixed financial planning fees are in addition to any commissions that may be charged by VSR and IAR in his or her capacity as an RR as a result of the client implementing any recommendations made by the IAR. Generally, financial planning fees are payable at the time the client signs the Financial Planning Agreement. However, depending on the fee and complexity of the financial planning services provided, the IAR may collect a portion of the fee upfront with the remaining portion due at the delivery of the financial plan to the client. However, payment will not exceed \$1,200 in advance for development of a financial plan that will not be completed within six months.

Clients should understand that the fixed or hourly financial planning fees charged to the client may be

higher than the financial planning fees charged by other investment advisers for similar services. Clients should consider the level and complexity of the planning services to be provided when negotiating the fee with their IAR.

The Financial Planning Agreement for financial planning services may be terminated at any time by providing written notice to the appropriate parties. Financial Planning services will be terminated upon receipt of such notice without penalty. However, the client will be charged a pro-rata portion for financial planning services rendered up to the date of termination of the agreement. After receiving notice of termination, VSR will promptly send the pro-rata refund of any financial planning fees paid in advance.

Investment Advisory Fees

VSR generally bills its investment advisory fees in advance based upon the average daily balance in the client's account, which is calculated taking the balances of each trading day and calculating the average daily balance as of each calendar quarter end.

Some accounts may be billed in arrears and are calculated taking the account value balance as of the end of a quarter or on a semi-annual basis as agreed upon in the Investment Advisory Agreement with the client. Clients may also elect to be billed directly by invoice for investment advisory fees or to authorize VSR to directly debit fees from other brokerage accounts held by VSR or one of its custodians.

In no event shall a client be required to pre-pay more than \$1,200 of investment advisory fees six or more months in advance.

Third-Party Money Managers and Wrap Fee Programs

Clients pay an investment advisory fee as described in the third-party investment advisory money manager's client agreement. The third-party money manager may establish an investment advisory fee schedule or set a minimum or maximum investment advisory fee. The investment advisory fee typically is based on the amount of clients' assets under management as calculated by the custodian and will vary by the selected third-party money manager. The investment advisory fee typically will be deducted from the client's account by the custodian and paid as of the account balance as of the end of a calendar quarter either in arrears or in advance, depending on the third-party adviser. A portion of the investment advisory fee charged by the third-party money manager is paid directly to VSR by the custodian. VSR shares a portion of the investment advisory fee with its IAR. An investment advisory account managed by a third-party money manager may be terminated pursuant to the terms outlined in the third-party adviser's client agreement. The client agreement discloses how clients can obtain a refund of any pre-paid investment advisory fees if the agreement is terminated before the end of a billing period.

There may also be other fees, charges and expenses that may be charged by other third-party advisers and/or the custodian of the client's account that may apply to the investments managed by third-party advisers. The client may be charged commissions, markups, markdowns, transaction or ticket charges, and/or account administration fees by the broker/dealer and/or custodian executing transactions in the client's account. The custodian may also charge custodial fees for assets held in the managed assets program account. These additional fees and charges are disclosed in the client agreement executed by the client when the account is opened.

If a client has elected to use a third-party money manager wrap fee program they should carefully review the third party adviser's client agreement and disclosure documents before signing them.

Accounts Subject to the Employee Retirement Income Security Act

Accounts that are subject to the Employee Retirement Income Security Act ("ERISA") may not be charged mutual fund marketing or service fees also known as 12b-1 fees. Therefore, to help avoid engaging in prohibited transactions, VSR only charges investment advisory fees for products that VSR and/or our access persons do not receive any commissions or 12b-1 fees. VSR may charge clients an Account Activation Fee for services in setting up, opening, and activating an investment advisory managed account. Unless otherwise directed by the client in writing, the Account Activation Fee will be paid from the investment advisory managed account. The amount of the Account Activation Fee may be either a fixed amount or a percentage of the value of the assets in the managed account. If charged as a percentage the amount of the Account Activation Fee shall not exceed one-half percent of the value of such assets in the managed account.

The amount charged by VSR for investment advisory fees excludes charges and costs for brokerage commissions, transaction fees, ticket charges and other account related charges and/or fees, which shall be incurred by the client. Clients may also incur certain charges imposed by custodians, brokers, and third-party advisers such as fees charged by money managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions.

Mutual funds, variable annuities and ETFs may also charge 12b-1 fees and internal management fees, all of which are disclosed in the mutual fund's prospectus or Statement of Additional Information.

Pre-paid Investment Advisory Fees

Other than the first calendar quarter when an account is opened, investment advisory management fees are billed quarterly in advance meaning that VSR deducts the investment advisory fee before the three-month billing period has begun. Fees are usually deducted from one or more accounts designated by the client. The client must consent in advance to the direct deduction of the investment advisory fees in his or her account.

For the calendar quarter in which an investment advisory agreement is terminated, the investment advisory fee will be pro-rated based upon the number of days in the billing cycle that the account has been active, and the client will receive a pro-rata refund calculated based on the number of days in the billing cycle. Pursuant to the terms of the Investment Advisory Agreement upon termination of the agreement, VSR and the IAR are no longer authorized to provide investment advice to the client. Therefore, the client's account will be transferred into a commission brokerage account and all future transactions will be charged a per transaction commission. Commission brokerage accounts are subject to the usual and customary transaction based commissions, any charges and/or fees by the clearing firm and/or custodian who holds and maintains the account on behalf of the client.

The investment advisory fee for financial plans may include billing in advance with the balance due upon delivery of the financial plan. The Financial Planning Agreement for financial planning services may be terminated at any time without penalty by providing written notice to VSR. However, the client will be charged a pro-rata amount for financial planning services rendered through the date of termination. Within 30 days after the date VSR Financial Services receives the client's notice of termination, a pro-rata amount of any prepaid fees will be refunded back to the client.

Other Compensation

Third-party advisers, mutual fund companies, insurance companies, and other product sponsors may

agree to pay directly or indirectly additional compensation where VSR Financial Services would receive a direct economic benefit. This additional compensation may include but is not limited to solicitor fees, marketing allowances and support, sponsorship at various VSR conferences, meetings and/or functions. Compensation arrangements will differ with the various third-party advisers, mutual fund companies,

insurance companies and other product sponsors that have selling agreements or arrangements with VSR. Therefore, these compensation arrangements may represent a conflict of interest, since they may affect the independent judgment of VSR Financial Services or its IARs when recommending certain investment advisory programs or products over others. However, VSR and its IARs have a fiduciary responsibility to act in the best interests of our clients when recommending investment and insurance products.

VSR and its IARs when acting in the capacity of an RR soliciting, offering and selling commission based investment products will receive commissions from the execution of securities transactions. VSR and its IARs also may receive commissions from the sale of fixed insurance products solicited, offered and sold by the IARs when they are acting in the capacity as an insurance producer. The fact that VSR Financial Services, and its IARs may receive commissions for certain securities or insurance products they recommend creates a potential conflict of interest, since they may affect the independent judgment of VSR or its IAR when recommending one securities or insurance product over another product. However, VSR and its IARs have a fiduciary responsibility to act in the best interests of our clients when recommending investment and insurance products.

Clients who invest in mutual funds or other registered investment companies are advised that such funds may pay investment advisory and/or management fees to investment advisers and others, and also may pay marketing or service fees, including 12b-1 fees to VSR. These marketing and service fees are costs to the client, and are in addition to the investment advisory fees paid to VSR Financial Services under the Investment Advisory Agreement. The receiving of 12b-1 fees may create a conflict of interest in a selection of a mutual fund or other registered investment company. However, VSR mitigates this potential conflict of interest by reviewing each new account for the suitability of such a selection. For more information, consult the Conflict of Interests section.

IARs may solicit, offer and sell securities to any client for commissions when acting in their capacity as an RR. This could be a potential conflict of interest since VSR and the Registered Representative may also receive investment advisory fees for recommendations made as an IAR. However, VSR and its IARs have a fiduciary responsibility to act in the best interests of our clients when recommending investment products.

Clients are under no obligation to accept or implement the IAR's recommendations and may use any other broker/dealer or insurance agent to implement such recommendations.

Investment Advisory Fees in General

Clients should be aware that other investment advisers may charge lower fees for similar investment advisory services. A client could also invest on his or own in a security or a portfolio of securities directly without being charged for investment advisory services. Clients should be aware that investment advisory program fees charged may be higher or lower than if the client elected to execute transactions on a commission basis for each transaction in a commission brokerage account. Investment advisory fees may be subject to negotiation depending upon a range of factors including, but not limited to account size and the type of investment advisory services provided.

Clients should consider the value of these investment advisory services when making such comparisons.

The combination of custodial, investment advisory and brokerage services may not be available separately or would require maintaining multiple accounts, documentation, and fees. Clients should also consider the amount of anticipated volume of trading activity when selecting among the investment advisory programs when assessing the overall cost. Investment advisory programs typically take into consideration certain volume of trading activity and therefore, under particular circumstances, prolonged periods of inactivity or asset allocations with significant fixed income or cash allocations may result in higher investment advisory fees being paid over time than if the client paid a commission separately for each transaction.

A portion of the investment advisory fees or commissions charged for the programs may be paid to VSR in connection with soliciting clients to third-party advisers under a Solicitor's Agreement. This compensation may be more or less than if you paid separately for the third-party money managers investment advice, brokerage, and other services, and may vary depending on the investment advisory program or services offered by the third-party adviser.

Conflicts of Interest

Your IAR will receive compensation as a result of your participation in the programs described in this brochure. The amount of this compensation may be more or less than the amount of compensation your IAR would receive if you were to pay separately for investment advice, brokerage, and other services. However, we attempt to design all of our advisory programs with pricing competitive with what a client might pay for investment advice, brokerage, and other services separately.

Your IAR may receive a higher percentage of management fees for certain programs. This presents a conflict of interest in that your IAR may benefit from recommending certain programs based on the difference in compensation he receives rather than selecting investments without regard to compensation payable to him. If your IAR qualifies for reductions in the program fee paid to us, this results in additional compensation to your IAR. To mitigate this conflict of interest, we require that any program you invest in must be suitable for your investment goals and financial needs. If your IAR qualifies for reductions in the program fee paid to us, which results in additional compensation to your IAR, your total advisory fee will not exceed the stated maximum for the programs.

In certain cases, we may be compensated by unaffiliated third-parties based on the amount of assets our IARs may place with them. This represents a conflict of interest in that your IAR may be incentivized to recommend the services of the third-party from which additional compensation may be received. In other cases, your IAR may incur fewer expenses from the third-party as a result of the amount of assets the IAR has placed with the third-party. Generally, the fees that the third-party charges will be lower as the amount of assets that is placed with them increase. Therefore, your IAR may be incentivized to recommend the services of the third-party.

Your IAR may also be registered as an independent contractor registered representative with VSR. This may create a conflict in that your IAR may be able to choose between offering you advisory programs or services and brokerage products or services. The amount and manner of compensation that your IAR receives in either of these capacities presents a conflict of interest. To mitigate this conflict of interest, we require that any advisory program or advisory service that you are offered is suitable for your investment goals and financial needs. VSR conducts suitability reviews for brokerage product solicitations.

Furthermore, your IAR may also be registered with other affiliated investment advisers and/or broker-dealers that are part of Cetera Financial Group's network of investment advisers and broker-dealers. This may represent a conflict of interest since your IAR may be incentivized to offer certain services through one entity over another. However, as a fiduciary, your IAR is required to act in your best interest.

Your IAR may have a financial interest in certain securities. We do not permit our IARs to solicit for or use discretionary trading authority in any purchases or sales in a security in which that IAR has a material financial interest. Your IAR may purchase or sell the same security he solicits for or uses discretionary trading authority for his client accounts as long as he does not have a material financial interest in the security. This presents a conflict of interest. Our Code of Ethics mitigates this conflict by detailing policies designed to ensure that clients are not disadvantaged by an IAR's trading activity.

Neither we nor our IARs accept mutual fund trailers in accounts subject to the Employee Retirement Income Security Act ("ERISA") or similar rules. Accounts subject to ERISA or equivalent rules include IRA, 401k, or other employer-sponsored retirement accounts. These trailers are credited back to the client when received or credited to the balance due for the next advisory fee. However, we and our IARs will accept trailers from mutual fund companies in non-ERISA accounts. This presents a conflict of interest in that the receipt of these mutual fund trailers may give your IAR an incentive to recommend mutual funds based on compensation to be received. We help mitigate this conflict of interest by ensuring that the mutual fund sponsor companies that we have agreements with each have versions of advisory-share class mutual funds that are available for use, when appropriate, to avoid these fees. Your IAR is not required to use advisory share class mutual funds in your account.

You may be eligible to receive breakpoints, or discounts, on the fees that you pay to purchase or hold mutual funds in your account if your total investment in one or more particular mutual fund sponsors reaches certain levels. In certain cases, you can aggregate your investments in different accounts to reach these levels. We have established surveillance systems designed to help us monitor your total investments in each mutual fund sponsor. However, the person granted trading authorization over your account may select mutual funds that prevent you from reaching a breakpoint level and taking advantage of a price break. In addition, if your account is managed by a third-party, we do not have the ability to ensure that your breakpoint levels will be a consideration in their investment decisions. For more information about breakpoints for the specific mutual funds you may hold in your account, please reference the mutual fund prospectus.

Though our advisory programs are generally only available through our IARs, similar programs or investment advice may be available from other investment advisers. In addition, you have the option to obtain similar investment products through investment advisers that are not affiliated with us. These services may cost you more or less if obtained elsewhere.

Item 6 – Performance-Based 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.

Item 7 – Types 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

Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss

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.

Item 9 – 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 Representative'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.

Item 10 – Other Financial Industry Activities and Affiliations

Financial Industry Activities

In addition to VSR Financial Services, Inc. being registered as a Registered Investment Adviser with the SEC, VSR Financial Services Inc. is also a securities broker/dealer registered with the Financial Industry Regulatory Authority ("FINRA"). As stated previously, as of March 10, 2015, RCS Capital Corporation ("RCAP") completed its acquisition of all of the equity of VSR Financial Services' parent company VSR Group, Inc. RCAP indirectly owns other broker/dealers and Registered Investment Advisors which altogether form the Cetera Financial Group.

Affiliations

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.

Item 11 – Code of Ethics, Participation in Client Transactions and Personal Trading

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 Representatives. 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 us. 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.

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, its affiliates, the IAR and/or other clients may have a position or interest.

Certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis. Generally, in such circumstances the affiliated and client accounts will share execution costs equally and receive a total average price. VSR will retain records of the trade order specifying each participating account and its allocation. Completed trade orders will be allocated according to the instructions from the initial trade order. Partially filled trade orders will be allocated on a pro-rata basis. Any exceptions will be explained on the trade order. Additional information on VSR's trade aggregation policies can be found in Item 12.

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.

Item 12 – Brokerage Practices

Research and Other Benefits

The custodians used by VSR may make available other products and services that benefit VSR, but may not directly benefit you or your account. These products and services assist VSR and the IAR in managing and administering your account. These include investment research, access to client account data (such as duplicate trade confirmations and account statements), facilitation of trade execution, allocation of aggregated trade orders for multiple client accounts, pricing and other market data, facilitation of payment of our fees from clients' accounts, assistance with back-office functions, recordkeeping, and client reporting.

Some services help VSR manage and further develop its business operations. These services include publications, educational conferences and events, and consulting on technology, compliance, legal, and other business needs.

Custodians and Clearing Firms

Information related to client referrals can be found in Item 14 of this Brochure.

VSR does not maintain custody of client assets, because the firm does not have authority to withdraw assets from client accounts to pay investment advisory fees and does not charge more than \$1,200 six months or more in advance. Your assets will be maintained in an account at a clearing firm and/or third-party custodian. Most clients' accounts are held at First Clearing Corporation or Pershing. However, VSR's IARs may recommend other custodians as noted below.

The custodians will hold your assets and buy and sell securities when instructed to do so. You will enter into an account agreement directly with the custodian. If you use a third-party money manager, they may have arrangements with a different custodian. The client agreement for that third-party manager will disclose the custodial arrangements.

Selection of Brokers/ Dealers and/or Custodians

Clients are free to select and implement investment recommendations with any broker-dealer and/or Custodian of their choice. When clients decide to implement investment advice through a VSR IAR, the

client will be required to establish an investment advisory account through a Custodian approved by VSR. VSR allows its IARs to manage accounts through a number of different Custodians. Every Custodian approved by VSR has an affiliated broker/dealer that is registered with the SEC and a member of FINRA and SIPC.

As previously stated, VSR IARs may also be RRs of VSR Financial Services. These dually registered VSR Advisory Representatives are restricted from maintaining client accounts at or executing client transactions in such client accounts through any broker/dealer or custodian that is not approved by VSR. It should be noted that not all RIAs require their clients to use specific broker-dealers and/or other custodians required by the RIA. The fees charged by other broker-dealers may be higher or lower than those charged by VSR.

VSR Financial Services may act as an introducing broker for transactions in some accounts and will be paid a portion of the ticket charge and/or commission for each transaction for your accounts that are not wrap accounts. Clients pay a ticket charge for each transaction that VSR is charged by the clearing firm. VSR does retain a portion of this ticket charge. This compensation received by VSR is not shared with the IAR providing investment advisory services to clients. The receipt of a portion of the ticket charge may represent a conflict of interest.

Brokerage and Custody Costs

The custodians generally do not have a separate charge for custodial services, but the custodians are compensated by charging you commissions or other fees on transactions executed in your account. These fees are in addition to the commissions or other compensation you pay the executing broker/dealer.

VSR or its IAR do not have the discretion to determine the broker/dealer to be used or the commission rates to be paid. However, IARs will usually recommend that the client use the brokerage services of VSR and one of our primary clearing firms as noted previously.

IARs do not negotiate commission rates with our clearing firms. Clients will pay the usual and customary brokerage commission rates charged by the designated broker/dealer unless discounted by the IAR. The decision to discount the commissions on any particular transaction will be made on a case by case basis by the IAR unless agreed otherwise in the investment advisory agreement. Insurance transactions may be executed through agencies or companies not affiliated with VSR and will be charged commissions rates set by such agencies or companies.

VSR and the IAR do not represent that the commissions or other amounts charged by VSR, any other clearing firm or any insurance agency or company are the same as or lower than commission rates charged by other broker/dealers or insurance companies. The commissions or other amounts charged by the designated clearing firm or insurance agency may be higher than those available from other clearing firms. However, the client may choose to implement securities or insurance transactions through other clearing firms or insurance agents.

Trade Aggregation

Transactions implemented for client accounts are generally executed separately, unless an IAR decides to purchase or sell the same securities for several clients at the same time. This process is referred to as aggregating orders, batch trading, or block trading. When aggregating client orders, the allocation of securities among client accounts will be done on a fair and equitable basis. Typically, the process of aggregating client orders is done in order to achieve better execution or to avoid differences in various

transaction costs than might be obtained when orders are placed separately. Under this procedure, transactions will be averaged as to price and will be allocated among the IAR's clients in proportion to the purchase and sale orders placed for each client account on any given day.

VSR does not permit its IARs to receive any additional compensation or remuneration as a result of aggregation. See the Participation in Client Transactions section of Item 11 for a description of VSR's policies regarding trade aggregation with affiliated accounts.

Best Execution

VSR owes a fiduciary duty to its clients to obtain best execution of their transactions. That duty puts forth that an Investment Adviser generally must execute securities transactions in such a manner that the total cost or proceeds in each transaction is the most favorable under the circumstances. However, clients should understand that best execution does not necessarily mean receiving the lowest available price. Trades are periodically reviewed in order to evaluate the execution services provided by the clearing firms and/or the unaffiliated broker/dealers and custodians used by VSR.

Clients should consider that based on the clearing firms and/or custodians approved that clients may pay higher commissions or trade execution charges through the clearing firms and/or custodians than through other broker/dealers and/or custodians.

When an account is being managed by a third-party adviser, VSR is not able to change the costs of execution charged by the custodian that holds the account or the quality of the execution services provided by the clearing firm used. Clients must address concerns or questions regarding the costs or quality of execution services to the clearing firm which holds the account, or the third-party adviser who manages the account.

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.

Agency Cross & Principal Transactions

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.

Unaffiliated Third Party Custodians

VSR may recommend or require that clients establish investment advisory accounts with unaffiliated third party custodians and/or broker-dealers ("Custodians"), including but not limited to Charles Schwab & Co., Inc., TD Ameritrade, First Clearing Corporation, Pershing, LLC and Foliofn to maintain custody of clients' assets and to effect trades for their accounts. The final decision to custody assets with any Custodian is at the discretion of the client, including those accounts covered under ERISA or Internal Revenue Service ("IRS") rules governing Individual Retirement Accounts ("IRAs"). Custodians provide VSR with access to its institutional trading and custody services, which are typically not available to retail commission brokerage clients.

Custodians VSR has agreements with offer brokerage services, execution, custody, research, analyses and reports, and access to mutual funds and other investments that otherwise generally available would only be made available to institutional investors.

For VSR client accounts, the Custodians generally do not charge separately for their custody services, but they are compensated by account owners through commissions and/or or other transaction-related or asset-based fees for securities trades that are executed through the Custodian.

Custodians may also make available to VSR other products and services that benefit VSR, but may not benefit the client. These benefits may include national, regional or VSR specific educational events organized and/or sponsored by the Custodians. Other potential benefits may include occasional business entertainment of personnel of VSR by the Custodians, including meals, invitations to sporting events, and other forms of entertainment, some of which may accompany educational opportunities.

Additional products and services offered through Custodians assist VSR in managing and administering its clients' accounts. These include software and other technology (and related technological training) that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of VSR's fees from its clients' accounts, and assist with back-office training and support functions, recordkeeping and client reporting. Many of these services generally may be used to service all or some substantial number of VSR's accounts, including accounts not maintained at Custodians. Custodians also make available to VSR other services intended to help VSR manage and further develop its business. These services may include professional compliance, legal and business consulting, publications and conferences on practice management, information technology, business succession, insurance, and marketing. In addition, Custodians may make available, arrange and/or pay vendors for these types of services rendered to VSR by independent third parties.

Custodians may also discount or waive fees they would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to VSR. As a fiduciary, VSR endeavors to act in its clients' best interests. VSR's recommendation or requirement that clients maintain their assets in accounts at Custodians may be based in part on the benefit to VSR of the availability of some of the foregoing products and services and other arrangements and not solely on the nature, cost or quality of custody and brokerage services provided by the Custodians. Offering these additional services through Custodians may create a potential conflict of interest to VSR's clients.

Item 13 – Review of Accounts

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.

Item 14 – Client Referrals and Other Compensation

Solicitors

Solicitors are individuals who introduce clients to an investment adviser with which the solicitor is not affiliated. Solicitor's arrangements allow individuals to receive compensation for referring a client to us. The compensation paid to a solicitor is a portion of the advisory fee that you pay. All solicitation arrangements that our IARs are involved in must be approved by us.

Solicitors to VSR

We have solicitor's arrangements with persons who are not our IARs. If a solicitor is going to receive any portion of the advisory fee that you pay, the solicitor will provide you with disclosure when he refers you to an IAR. You will sign this disclosure, acknowledging that you know a payment is being made for the introduction. We conduct a background check on solicitors to ensure they have not been disqualified from the securities industry. We mitigate any conflicts of interest in relation to these arrangements by ensuring that you will not pay higher fees because of the solicitor's agreement.

VSR Acting as a Solicitor

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.

Certain investment advisers to whom we solicit may make donations to charitable organizations as an award to us or our IARs. The award criteria may vary between investment advisers, but this award may incent our IARs to solicit to investment advisers offering a donation rather than those that do not. This conflict is mitigated by our requirement that any advisory program or advisory service that you are offered is suitable for your investment goals and financial needs and by our restriction on any of our IARs financially benefiting directly from any donations made by investment advisers either on their behalf or as a result of any solicitations.

Item 15 – Custody

Under the Investment Advisers Act, an Adviser is deemed to have custody of clients' assets if the client authorizes the Adviser to deduct investment advisory fees or other expenses directly from the client's account. Since the terms of the Investment Advisory Agreement permit VSR to deduct investment advisory fees or the expenses directly from clients' accounts, VSR is deemed to have custody of clients' assets. However, VSR and its IARs do not accept cash or hold clients' physical securities certificates and VSR does not hold funds and has no authority to obtain possession of funds either directly or indirectly for any of its clients.

Payment for the purchase of securities or to fund an account always must be made payable directly to the Custodian of the account only. The Custodian for a VSR client account will never be VSR or its IAR. Clients should be aware that IARs may not accept a check or any other form of payment for any VSR related fee or service made payable directly to the IAR (or any business owned or controlled by the IAR).

Item 16 – Investment Discretion

VSR and its IARs may execute securities transactions on a discretionary basis. Prior to executing any discretionary transactions, we will obtain written consent from the client to execute transactions in this manner. Written consent will be obtained as part of the investment advisory agreement executed by the client. If written discretionary authority is not obtained, no transactions will be executed in a client's account without obtaining specific client consent regarding the securities to be purchased or sold.

Within MAP, IMP, and Foliofn the client may authorize the IAR to have discretion over the account. This gives the IAR the authority to determine which investments to be purchased or sold and the time and the price at which they will be purchased or sold. However, the IAR will never have the authority to withdraw funds from the account or change the address of record of the account.

VSR may establish relationships with various third-party investment advisers. These third-party advisers may require that they have investment discretion over your account. The terms of the relationship between the client and the third-party adviser will be described in the third-party adviser's disclosure document and agreement with the client. The third-party money manager will not have the authority to change the address of record of the account or to withdraw funds from the account, other than to pay the agreed upon investment advisory fees.

Item 17 – 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 18 – Financial Information

This item is not applicable to VSR's Disclosure Brochure. VSR does not require or solicit prepayment of more than \$1,200 in investment advisory 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.

Currently, there are no financial conditions that would impair VSR's ability to meet our contractual commitments to you. Should any arise, we will notify you according to SEC guidelines.