

# **QVM ADVISORS, LLC**

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## **Form ADV Part 2A Client Brochure**

April 1, 2016

**This brochure provides information about the qualifications and business practices of QVM Advisors, LLC. If you have any questions about the contents of this brochure, please contact us at (248) 239-1420. 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.**

**QVM Advisors, LLC is a registered investment adviser. Registration with the Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.**

**Additional information about QVM Advisors, LLC is available on the SEC's website at [www.advisorinfo.sec.gov](http://www.advisorinfo.sec.gov). If you have any further questions about the contents of this brochure, please contact our Chief Compliance Officer and General Counsel, David Puro at (248) 239-1420.**

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## Item 2 Material Changes

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### Annual Update

The Material Changes section of this brochure will be updated annually.

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### Material Changes

This is the first version of the brochure so there are no material changes.

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### Full Brochure Available

Whenever you would like to receive a complete copy of our brochure, please contact us by telephone at: (248) 239-1420.

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## Item 4 Advisory Business

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### General Description of the Firm

Founded in 2016, QVM Advisors, LLC (“QVM Advisors”) was established to allow select high net worth individuals and family offices to participate in future investments made by the Skandalaris family.

QVM Advisors’ investment strategy focuses on making opportunistic investments in, private equity, venture capital, undervalued and distressed private equity, real estate, publically traded securities and debt instruments.

Allocations to publically traded securities and debt instruments are placed by QVM Advisors with third party managers.

QVM Advisors’ investment management compensation is fee and performance based and varies based on the asset class.

QVM Advisors’ consulting services focus on investment consulting, asset volatility and valuation and are fee and incentive based.

Strategic investment advice is provided to clients on a fee and incentive basis and includes but is not limited to: determination of financial objectives, valuation of current investment holdings, recommendations on new capital deployment, cash flow management and tax planning.

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### Principal Owners

Quantum Ventures of Michigan, LLC (“Quantum Ventures of Michigan”), located in Auburn Hills, Michigan, is the sole shareholder of QVM Advisors.

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### Types of Advisory Services

QVM Advisors provides investment supervisory services. This included asset management and oversight, issuing investment reports of which could include charts, graphs, formulas and research reports about investment opportunities, recommendations and capital deployment decisions.

QVM Advisors may also provide advice to clients on matters not involving specific asset or investment selection, but may also include overall risk management items such as operating investment risk, taxation and overall market exposure risk.

QVM Advisors reviews, evaluates and makes recommendations to clients related to the performance of third party managers for assets allocated to publically traded securities and debt instruments.

As of, April 1, 2016 QVM Advisors does not have any assets under management.

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**Tailored Relationships**

The goals and objectives for each client are documented in our client relationship management system. Investment policy statements are created that reflect the stated goals and objective on an individual client basis.

Clients may elect only certain limited restrictions on investing in certain assets. The restrictions available to the client are at the sole discretion of QVM Advisors and may change at any time.

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**Asset Management**

Assets are invested primarily in private equity, venture capital, undervalued and distressed private equity, real estate, publically traded securities and debt instruments.

Assets invested in publically traded securities and debt instruments are directly managed by third party managers.

Initial public offerings are not available through QVM Advisors, but could be purchased from third parties as part of its investment strategy.

## **Item 5 Fees and Compensation**

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**Description**

QVM Advisors total assets under management are determined when the investment contract is agreed upon and signed by our clients. The fee schedule includes a fee up to 2% of assets under management per year, plus an incentive fee up to 20% of the appreciation after an 8% hurdle rate has been achieved.

Fees are not negotiable, but do vary depending on the asset category.

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**Fee Billing**

QVM Advisors investment management fees for client accounts are assessed and billed quarterly. The investment management fees will be directly billed to clients in advance meaning that QVM Advisors invoices clients before the three month billing period has begun. Payment in full is expected upon invoice presentation with the account typically debited to pay the fee.

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**Termination of Agreement**

A client may not terminate any of the aforementioned agreements related to allocations to private equity, venture capital, undervalued and distressed private equity or real estate prior to the later of five years or the period specified in the investment contract.

A client may terminate agreements related to assets allocated to publically traded securities at any time by notifying QVM Advisors in writing thirty days in advance and paying the rate for the time spent on the investment advisory engagement prior to notification of termination. If the client made an advance payment, QVM Advisors will refund any unearned portion of the advance payment.

QVM Advisors may terminate agreements related to assets allocated to publically traded securities at any time by notifying the client in writing. If the client made an advance payment, QVM Advisors will refund any unearned portion of the advance payment.

## Item 6 Performance-Based Fees

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### Sharing of Capital Gains

A portion of the fees generated by QVM Advisors are based on a share of the profit, determined after an 8% preferred return is paid on invested capital, produced by investments under management at the time of disposition. Profits are split on an 80/20 basis, with at least 80% of profit being distributed to the client and up to a 20% distribution to QVM Advisors.

Disclosure: Performance-based compensation may create an incentive for the adviser to recommend an investment that may carry a higher degree of risk to the client. QVM Advisors addresses the incentive for the adviser to recommend allocations to performance-based by (i) limiting performance-based fees to allocations made by the client to private equity and real estate; and (ii) having the client approve the allocation of assets between the various classes in the client's organizational documents and/or as set forth in the investment management agreement with such client.

## Item 7 Types of Clients

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### Description

QVM Advisors generally intends to provide investment management and advisory services to high net worth individuals and family offices.

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

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### Methods of Analysis

Investment analysis methods modeling financial and operational performance include (but are not limited to) discounted cash flow, IRR, fundamental, technical, and cyclical analysis.

The main sources of information inspections of corporate activities via corporate records, due diligence in risk determination of target investments, research materials prepared by others, corporate rating services, timing services, annual reports, prospectuses, filings with the Securities and Exchange Commission, and company press releases.

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**Investment Strategies**

QVM Advisors underlying investment goal is to generate consistent investment returns exceeding the relative rate of return on similar asset classes of investments. The advisor will pursue, on behalf of its clients, investments in the follow categories:

1. Private Equity
2. Venture Capital
3. Undervalued and Distressed Private Equity
4. Real Estate
5. Publically Traded Securities
6. Debt Instruments

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**Risk of Loss**

The investment program for each client involves a substantial degree of risk. QVM Advisors has listed certain risks below; however, these risks are not comprehensive. Clients are strongly encouraged to review the risks of their investment program set forth in their organizational documents and/or as set forth in our investment management agreement with such client. In addition, while certain risks may be more important for certain investment strategies, certain risks may overlap investment strategies.

- **Interest-rate Risk:** The risk borne by an interest bearing asset due to the variability of interest rates.
- **Market Risk:** Involves the analysis and forecasting of public, private and venture capital markets as well as macro-economic analysis and sector specific environment conditions that serve to guide the timing and valuation of potential investment exits.
- **Operational Risk:** Concerns the analysis that is conducted to assess the performance of an underlying asset. These include company compliance, timely and accurate reporting, liquidity management,
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if overall macro-economic conditions are fitting.
- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.



- **Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

## Item 9 Disciplinary Information

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### Legal and Disciplinary

QVM Advisors and its owners and executive officers have not, in the prior ten years, been involved in disciplinary events related to past or present investment clients.

## Item 10 Other Financial Industry Activities and Affiliations

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### Affiliations

Quantum Ventures of Michigan has a relationship with deal sponsor PCM Partners, LLC ("PCM") whereby PCM and Quantum Ventures of Michigan present private equity opportunities to each other. QVM Advisors and Quantum Ventures of Michigan anticipate PCM will become a part of QVM Advisors when QVM Advisors obtains its first client.

Quantum Ventures of Michigan holds various investments in the private equity and real estate classes and plans to continue to manage these investments by way of organic growth as well as through acquisition, combination or addition. Clients will be required to sign a waiver acknowledging the potential conflict.

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

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### Code of Ethics

QVM Advisors adopted a Code of Ethics that is available for review by clients and prospective clients upon request.

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**Participation or Interest in Client Transactions**

QVM Advisors will not buy or sell publically traded securities and debt instruments held by third party managers. In the event QVM Advisors buys or sells non-publically traded securities for clients in which QVM Advisors has a material financial interest, that interest will (i) be disclosed prior to the proposed transaction; and (ii) be contingent on the execution of a written waiver by the client.

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**Personal Trading**

QVM Advisors will not recommend publically traded securities or debt instruments to clients or buy or sell publically traded securities or debt instruments for client accounts.

**Item 12 Brokerage Practices**

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**Selection of Brokers**

QVM Advisors obtains information as to the general level of commission rates being charged by the brokerage community from time to time, and will periodically evaluate the overall reasonableness of brokerage commissions paid on client transactions by reference to such data to ensure competitive commission rates. Accordingly, the factors that QVM Advisors considers when selecting or recommending brokers are matters that directly benefit client accounts, and consistent with obtaining the best execution of their transactions. These factors include: execution capability and available liquidity; timing and size of particular orders; commission rates; responsiveness; trading experience; reputation, integrity and fairness in resolving disputes; quality of their application programming interfaces and technology; and other factors. “Best execution” means the best overall qualitative execution, not necessarily the lowest possible commission cost.

Unlike many investment advisors, QVM Advisors does *not* engage in any “soft dollar” practices involving the receipt of research or other brokerage service in relation to client commission money, nor does QVM Advisors receive any research or other products in connection with client transactions. QVM Advisors also does not use client commission money to compensate or otherwise reward any brokers for client referrals.

**Item 13 Review of Accounts**

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**Periodic Reviews**

QVM Advisors conducts periodic reviews of client accounts placed with third party managers of publically traded securities and debt instruments. QVM Advisors does not conduct periodic reviews of client financial plans.

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**Review Triggers**

Some conditions that may trigger a review are changes in the tax laws, new investment information, and changes in a client's situation or the performance of third party managers.

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**Regular Reports**

QVM Advisors prepares quarterly reports describing the performance of the client's investments. These reports may be written or oral.

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**Item 14 Client Referrals and Other Compensation**

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**Incoming Referrals**

QVM Advisors does not compensate referring parties when a prospective client is referred to it.

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**Referrals Out**

QVM Advisors does not accept referral fees or any form of remuneration from other professionals when a prospect or client is referred to them.

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**Item 15 Custody**

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**Account Statements**

Account statements will be provided directly to clients at their address of record at least quarterly.

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**Performance Reports**

Clients are urged to compare the account statements received directly from their custodians to the performance report statements provided by QVM Advisors.

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**Item 16 Investment Discretion**

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**Discretionary Authority for Trading**

The advisor appointed as the investment manager, management company or general partner of the client with discretionary trading and investment authorization has full discretionary authority with respect to investment decisions in accordance with the investment objectives and guidelines as set forth in such client's respective private placement memoranda, investment management agreement or other organizational document. The advisor assumes discretionary authority to manage the investments through the execution of investment management agreements or through the organizational documents.

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**Limited Power of Attorney**

QVM Advisors requires a client execute a power of attorney limited to trading authorization in connection with accepting discretionary authority to manage securities that are not publically traded.

**Item 17 Voting Client Securities**

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**Proxy Votes**

QVM Advisors may vote client securities only in the private equity, venture capital and real estate classes. QVM Advisors will not accept authority to vote publically traded client securities.

**Item 18 Financial Information**

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**Financial Condition**

QVM Advisors is newly formed with no assets currently under management and thus is not required to include balance sheet information for its most recent financial year, is not aware of any financial condition reasonably likely to impair its ability to meet intended commitments to clients, and has not been the subject of a bankruptcy petition at any time during the past ten years.