

**Form ADV Part 2A – Firm Brochure**

**Item 1 – Cover Page**

**Vann Equity Management, LLC**

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This brochure provides information about the qualifications and investment advisory business practices of VEM Investment Counsel and Advisors LLC. If you have any questions about the contents of this brochure please contact us at 469-583-4125. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority.

Additional information about our investment advisory business is also available on the Internet at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can view our information on this website by searching for “Vann Equity Management, LLC.” You can also search using the Firm’s CRD number. The CRD number for the Firm is **174239**.

Registration as an investment adviser does not imply a certain level of skill or training.

## **Item 2 – Material Changes**

This is our initial Form ADV brochure so there are no material changes from prior filings. In the future, we will list material changes since our last Form ADV filed here.

On December 31, 2019, our assets under management were \$464,862,058.

On March 31, 2020, we submitted an annual filing updating our industry affiliates in Item 10 of Part2A removing common control between VEM and Fusion Capital Management.

We will ensure that you receive a summary of material changes, if any, to subsequent disclosure brochures within 120 days after our fiscal year ends. Our fiscal year ends on December 31 so you will receive the summary of material changes, if any, no later than April 30 each year. At that time we will also offer a copy of the most current disclosure brochure. We may also provide other ongoing disclosure information about material changes as necessary.

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## **Item 4 – Advisory Business**

### **Introduction**

Vann Equity Management LLC (referred to as “VEM”, the “Firm”, “us” and “we” in this Disclosure Brochure), is an investment adviser registered with the United States Securities and Exchange Commission (“SEC”) and is a Limited Liability Company formed under the laws of the State of Texas.

- The Firm is owned and controlled 100% by LFAM Investment Counsel and Advisory LLC.
- We provide fee-only investment advisory services through VEM. The nature and extent of the specific services provided to clients, including you, will always depend on each client’s financial status, objectives and needs, time horizons, concerns, expectations and risk tolerance.

### **Client Assets Managed by VEM**

The amount of client assets managed by VEM totaled approximately \$464,862,058 as of August 3, 2018. \$464,862,058 is managed on a discretionary basis and \$0 is managed on a non- discretionary basis.

### **Tailor Advisory Services to Individual Needs of Clients**

VEM’S services are always provided based on the individual needs of each client. VEM Advisory Representatives are instructed to consider the individual needs of each client when recommending an advisory platform. Clients are given the ability to impose restrictions on their accounts including specific investment selections and sectors. Restrictions on investments in certain securities or types of securities may not be possible due to the level of difficulty this would entail in managing the account. Restrictions are limited to our Asset Management Services.

When client accounts are managed using models, investment selections are based on the underlying model and we do not develop customized (or individualized) portfolio holdings for each client. However, the determination to use a particular model or models is always based on each client’s individual investment goals, objectives and mandates.

### **General Description of Primary Advisory Services**

The following are brief descriptions of VEM’S primary services. A detailed description of our services is provided in *Item 5 – Fees and Compensation* so that clients and prospective clients can review the services and description of fees in a side-by-side manner.

VEM’S Advisory Representative will conduct a complimentary initial meeting with the client for an information and data-gathering session. At this initial meeting, the Advisory Representative will assist the client in determining the advisory services needed.

**Financial Planning Services** – VEM provides advisory services in the form of financial planning services. Financial planning services do not involve the active management of client accounts, but instead focuses on a client’s overall financial situation. Financial planning can be described as helping individuals determine and set their long-term financial goals, through investments, tax planning, asset allocation, risk management, retirement planning, and other areas. The role of a financial planner is to find ways to help the client understand his/her overall financial situation and help the client set financial objectives.

**Asset Management Services** – VEM provides advisory services in the form of Asset Management Services. Asset Management Services involve providing clients with continuous and on-going

management over client accounts. This means that VEM will continuously monitor a client's account and make trades in client accounts when necessary, in accordance with the client's investment objective.

**Third-Party Money Managers** – VEM provides advisory services by referring clients to outside, or unaffiliated, money managers that are registered or exempt from registration as investment advisers. Third-party money managers are responsible for continuously monitoring client accounts and making trades in client accounts when necessary, in accordance with the client's investment objective.

**Retirement Plan Services** – VEM provides several advisory services for corporate retirement plans such as pension, profit sharing and 401(k) plans. Such services are specific to the plan and may include working with individual participants.

### ***Types of Investments.***

With some exceptions, our Advisory Representatives are available to offer advice on most types of investments owned by a client and, at the specific request of a client, will explore investment options not currently owned by a client. Advisory Representatives providing asset management services may develop a portfolio consisting of some or all of the following securities; individual mutual funds, exchange traded funds, stocks, bonds, options and other public or private securities or investments.

When using Sub-advisers selected by VEM, VEM introduces clients to investment managers who provide discretionary management of individual portfolios of equity and/or fixed income securities.

Please refer to Item 8 for information on the types of investments recommended by VEM.

## **Item 5 – Fees and Compensation**

In addition to the information provided in Item 4 – Advisory Business, this section provides details regarding VEM'S services along with descriptions of each service's fees and compensation arrangements. Clients are advised that they may pay more or less than other clients for similar services, however the fees clients will pay for advisory services will not exceed the fees established in the descriptions below.

### **Portfolio Management Services and Wrap Fee Program**

If you decide to engage VEM for portfolio management services, we will charge an annual fee based upon a percentage of the market value of the assets being managed. Our fee for portfolio/asset management services is set forth in the following fee schedule:

Minimum Amount		Max Amount	Fee (%)
<b>\$ 0</b>	<b>to</b>	<b>\$ 2,500,000.00</b>	1.50%
<b>Accounts over \$2,500,000</b>			Negotiable

You will be charged a 1.5% advisory fee when your account is valued at \$2,500,000 or less. If the value of your account is greater than \$2,500,000. If greater than \$2,500,000 the fees are negotiable. Please note that we use Fusion Capital Management for operational and back office support for VEM. They will receive a portion of that fee for this service.

Our fees are negotiable. As such, the exact fee you will pay may be different from those reflected above. The fees you will pay will be clearly stated in the advisory agreement that you sign with our firm. Advisor has the ability to reduce, not increase, at their own discretion.

To determine the advisory fees you will be charged, we will combine the value of all accounts maintained by you and your family members (a process commonly referred to as “householding”). For example, if you had four accounts that had a combined total of just over \$1 million dollars, each account will be charged based on the over \$1 million threshold noted in the fee schedule above. In combining accounts for purposes of determining the amount of the advisory fee that will be charged, while we will normally include your accounts, the accounts of your spouse, the accounts for the benefit of your minor children, and the accounts of any relatives supported by you, we will add the accounts of any other relatives you identify.

None of our advisory fees are calculated based on the performance of your account.

VEM will deduct advisory fees directly from your account. Fees are billed monthly, in advance and are based on the average daily balance of your account during the preceding month. If fees are in excess or fall short of the monthly fee that is billed in advance, the fees will be reconciled the following month with either an additional debit or a credit to your account.

If insufficient cash is available in your account to pay the fee charged to your account, we will sell investments from your account in an amount sufficient to pay the fee.

The custodian holding your account will send you an account statement on a monthly basis which provides details of all activity in your account, including the advisory fees that were deducted. Please review each statement for accuracy. VEM will have access to copies of your account statements from the custodian.

You should note that our portfolio management and advisory fees do not include custodial fees, brokerage commissions/transaction fees, or any other related costs and expenses which you may be charged. We do not receive any portion of those fees. Please see Item 12 – Brokerage Practices for further information on brokerage and transaction costs.

When you establish an investment advisory relationship with VEM, your first month’s advisory fee will be pro-rated based on the number of days your account was under our management. Similarly, when you terminate your advisory relationship with VEM, your last month’s advisor fee will be prorated based on the number of days your account was under our management. Upon the opening of a client account we will not begin the average daily balance calculation until the account or sleeve is funded.

The advisory agreement you enter into with VEM will continue to be in effect until either you or VEM terminates that agreement. You may terminate that agreement in accordance with the requirements set forth in the agreement.

VEM Investment Advisor Representatives (“IAR’s”) are compensated based on the total fees charged by VEM. We also take into consideration special situations or conflicts of interest where charging a fee is prohibited under ERISA law. The type of fee charged will be indicated in your Retirement Plan Services Agreement.

### **Financial Planning Services Fees**

VEM may provide its clients with financial planning and consulting services. VEM will charge a fixed fee and/or hourly fee for consulting services. Our consulting fees are negotiable. We utilize the following financial planning fee schedules:

- *Fixed Fees:* VEM will charge a fixed fee that ranges from \$1000.00 to \$20,000.00, for broad based planning services. *In limited circumstances*, the total cost could potentially exceed \$20,000.00. In such cases, we will notify the client and may request that the client pay an additional fee.

- *Hourly Fees:* VEM charges an hourly fee of \$350 for clients who request specific services (such as a modular plan or hourly consulting services) and do not desire a broad based written financial plan.

Prior to engaging VEM to provide consulting services, the client will generally be required to enter into a written agreement with us. The agreement will set forth the terms and conditions of the engagement and describe the scope of the services to be provided and the portion of the fee that is due from the client. Generally, VEM requires one-half of the consulting fee to be paid upon entering the written agreement. The balance is generally due upon the completion of the agreed upon services. Either party may terminate the agreement by written notice to the other. In the event the client terminates VEM's consulting services, the balance of VEM's unearned fees (if any) shall be refunded to the client.

### **Additional Fees and Expenses**

In addition to the advisory fees we charge, VEM also assesses an annual technology and administrative fee to each individual account. The amount of that fee is determined based on the platform under which the account is managed, as follows:

Account Fee per Registration - \$55.00

This flat fee will be charged in addition to our advisory fees and will be charged regardless of the value of each account. Upon a client terminating their relationship with VEM, the annual technology fee will be prorated for the time the account is active during the current calendar year. .

All fees paid to VEM for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds or exchange traded funds that may be purchased for your account. These fees and expenses are described in each fund's prospectus. These fees generally include a management fee, other fund expenses, early redemption fee and a possible distribution fee. You could invest in a mutual fund directly, without the services of VEM. In that case, you would not receive the services provided by VEM which are designed, among other things, to assist you in determining which mutual fund or funds are most appropriate to your financial circumstances and objectives. Accordingly, you should review both the fees charged by the funds and the fees charged by VEM to fully understand the total amount of fees to be paid.

The manner in which we manage your investments is based on the financial information and other circumstances that you disclose to us. Certain assumptions may be made with respect to interest and inflation rates and the use of past trends and performance of the market and economy. Past performance is in no way an indication of future returns. As your financial situation, goals, objectives, or needs change, it is important that you notify us promptly of those changes.

All conflicts of interest of which we are aware between you and our firm, and the Associated Persons of our firm, are outlined in this Brochure. If additional conflicts arise in the future, we will notify you in writing or supply you with an updated Brochure.

### **1. Retirement Plan Services**

VEM offers retirement plan services to retirement plan sponsors and to individual participants in retirement plans. For a corporate sponsor of a retirement plan, our retirement plan services can include, but are not limited to, the services detailed below. The exact suite of services provided to a client will be listed and detailed in the Retirement Plan Services Agreement.

#### **A. Discretionary Management Services**

- Discretionary Investment Management Service. VEM provides Discretionary Investment Management Services by which we monitor the investment options of the Plan in order to add or remove investment options for the Plan and actively manage the assets of the Plan. VEM will be granted discretionary authority to make all decisions regarding the investment options held in the Plan for Plan participants.

If you elect to utilize any of VEM'S Discretionary Management Services, then VEM will be acting as an Investment Manager to the Plan, as defined by ERISA section 3(38), with respect to our Fiduciary Management Services. Accordingly, VEM will act in a manner consistent with the requirements of a fiduciary under ERISA for all Discretionary Management Services. VEM does not serve as administrator or trustee of the plan nor do we serve as custodian for any client account.

#### B. Consulting Services

VEM provides the following Retirement Plan Consulting Services:

- Investment Policy Statement Preparation. VEM will help you develop an investment policy statement. The investment policy statement establishes the investment policies and objectives for the Plan. You will have the ultimate responsibility and authority to establish such policies and objectives and to adopt and amend the investment policy statement.
- Non-Discretionary Investment Advice. VEM will provide you with general, non-discretionary investment advice regarding assets classes and investment options, consistent with your Plan's investment policy statement.
- Investment Due Diligence Review. VEM will provide you with a one-time review and recommendation regarding the Plan's reports and investment options. Where applicable, VEM will review consistency with ERISA section 404(c) and the Plan's investment policy statement.
- Ongoing Investment Monitoring. VEM will assist in monitoring investment options by preparing periodic investment reports that document investment performance, consistency of fund management and conformation to the guidelines set forth in the investment policy statement and VEM will make recommendations to maintain or remove and replace investment options.
- Non-Discretionary Model Portfolios. VEM will recommend, for consideration and approval by the Client: 1) Asset allocation target-date or risk-based model portfolios for the Plan to make available to Plan participants and 2) Funds from the line-up of investment options chosen by the Client to include in such model portfolios.
- Default Investment Alternative Advice. VEM will provide you with non-discretionary investment advice to assist you with the development of qualified default investment alternative(s) ("QDIA"), as defined in DOL Reg. Section 2550.404c-5(e)(4)(i), for participants who are automatically enrolled in the Plan or who otherwise fail to make an investment election. You will retain the sole responsibility to provide all notices to participants required under ERISA section 404(c)(5).
- Individualized Participant Advice. Upon request, VEM will provide one-on-one advice to Plan participants regarding their individual situations.

VEM acknowledges that in performing the Consulting Services listed above that it is acting as a "fiduciary" as such term is defined under Section 3(21)(A)(ii) of Employee Retirement Income Security Act of 1974 ("ERISA") for purposes of providing non-discretionary investment advice only. VEM will act in a manner consistent with the requirements of a fiduciary under ERISA if, based upon the facts and circumstances, such services cause VEM to be a fiduciary as a matter of law. However, in providing the Consulting



Services, VEM (a) has no responsibility and will not (i) exercise any discretionary authority or discretionary control respecting management of Client's retirement plan, (ii) exercise any authority or control respecting management or disposition of assets of Client's retirement plan, or (iii) have any discretionary authority or discretionary responsibility in the administration of Client's retirement plan or the interpretation of Client's retirement plan documents, (b) is not an "investment manager" as defined in Section 3(38) of ERISA and does not have the power to manage, acquire or dispose of any plan assets, and (c) is not the "Administrator" of Client's retirement plan as defined in ERISA.

### C. Administrative Services

VEM provides clients with the following Non-Fiduciary Retirement Plan Administrative Services:

- Participant Education. VEM will provide education services to Plan participants about general investment related information Education presentations will not take into account the individual circumstances of each participant and individual recommendations will not be provided unless otherwise agreed upon. Plan participants are responsible for implementing transactions in their own accounts.
- Participant Enrollment. VEM will assist you with group enrollment meetings designed to increase retirement plan participation among.
- Qualified Plan Development. VEM will assist you with the establishment or amendment of the plan by working with you and a selected Third Party Administrator. If you have not already selected a Third Party Administrator, we shall assist you with the review and selection of a Third Party Administrator for the Plan.
- Plan Fee and Expense Review. VEM will provide you with periodic due diligence reviews of your Plan's fees and expenses and your Plan's service providers.
- Benchmarking. VEM will provide you benchmarking services and will provide analysis concerning the operations of the Plan.
- Standard of (k)are™ Software. Upon request, Client may have access to the Standard of (k)are™ software and hosted services. Any such access will be subject to the terms of the Standard of (k)are™ End User License Agreement, which the Client must execute for access to Standard of (k)are™.

Although an investment adviser is considered a fiduciary under the Investment Advisers Act of 1940 and required to meet the fiduciary duties as defined by the Advisers Act, the services listed here as non-fiduciary should not be considered fiduciary services for the purposes of ERISA since VEM is not acting as a fiduciary to the Plan as the term "fiduciary" is defined in Section 3(21)(A)(ii) of ERISA.

### Fee Information

In consideration for the above services, VEM charges a one-time fixed fee, an annual fixed fee, a percentage-based fee or both, depending upon the services provided. The fee charged is determined (and may be negotiated with you) based upon the complexity of the plan, the size of the plan assets, the actual services requested and the representative providing the services. We also take into consideration special situations or conflicts of interest where charging a fee is prohibited under ERISA law. The type of fee charged will be indicated in your Retirement Plan Services Agreement.

## **2. Unaffiliated Third Party Money Managers**

VEM may refer clients to unaffiliated money manager firms that offer asset management services to clients. VEM is paid a portion of the fee charged and collected by the third-party money manager in the form of

solicitor fees or consulting fees. VEM, through its own due diligence, will approve the use of, and enter into an agreement with, all unaffiliated money managers. Advisory Representatives will solicit the services of the recommended money managers on a consulting basis. A client may select a recommended money manager based upon the client's needs. Clients will enter into an agreement directly with the unaffiliated money managers. Client reports will depend upon the money manager.

Advisory Representatives will be available to answer questions the client may have regarding their Account and act as the communication conduit between the client and the manager. Third party managers may take discretionary authority to determine the securities to be purchased and sold for the client. Neither VEM nor its Advisory Representatives will have any trading authority with respect to client's managed Account with the third-party manager(s).

Third party managed programs generally have account minimum requirements that will vary from manager to manager. Account minimums are generally higher on fixed income accounts than equity based accounts. A complete description of the money manager's services, fee schedules, and account minimums will be disclosed in the third party manager's Disclosure Brochure which will be provided to clients at the time an agreement for services is executed and the Account is established.

Clients are advised that Advisory Representatives may have a conflict of interest in only offering those third party managers that have agreed to pay a portion of their advisory fee to VEM and its Advisory Representatives. Clients are advised there may be other third party managed programs that may be suitable to the client and that may be more or less costly. No guarantees can be made that a client's financial goals or objectives will be achieved. Further, no guarantees of performance can be offered. Investments involve risk, including the possible loss of principal.]

### **3. Other Types of Fees or Expenses**

VEM and its Advisory Representatives may include mutual funds and exchange traded funds, (ETFs) in asset management strategies. Mutual Fund and ETF expense ratios are in addition to our fee, and we do not receive any portion of these charges. The expense ratio is the annual fee that all mutual funds or ETFs charge their shareholders. It expresses the percentage of the assets deducted each fiscal year for fund expenses, including 12b-1 fees, management fees, administrative fees, operating costs, and all other asset-based costs incurred by the fund. Some fund families offer different classes of the same fund and one share class may have a lower expense ratio than another share class. The expenses come from the client assets which could impact the client's account performance. All mutual fund expenses and fees are disclosed in the respective mutual fund's prospectus.

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

Item 6 of the Form ADV Part 2 instructions is not applicable to this Disclosure Brochure because VEM does not charge or accept performance-based fees which can be defined as fees based on a share of capital gains on or capital appreciation of the assets held within a client's account.

### **Item 7 – Types of Clients**

VEM generally provides investment advice to the following types of clients:

- Individuals
- Pension and profit sharing plans
- Trusts and estates

- Foundations
- Endowments
- Public sponsored retirement plans
- Corporations or business entities other than those listed above

### **Minimum Investment Amounts Required**

In general, there is no minimum for Wealth Management Program, Participant Asset Management Program and Digital Advice Program accounts. For accounts managed in investment strategies developed by the VEM Investment Committee, a minimum of \$40,000 is required for asset allocation models and \$250,000 for equity portfolios. A minimum of \$50,000 is required for Unified Managed Account Program accounts. Exceptions to these minimums may be granted at the discretion of VEM.

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

VEM Advisory Representatives use various methods of analysis and investment strategies. Methods and strategies will vary based on the VEM Advisory Representative providing advice. Models and strategies used by one Advisory Representative may be different than strategies used by other Advisory Representatives.

Some VEM Advisory Representatives may use just one method or strategy while other Advisory Representatives may rely on multiple. VEM does not require or mandate a particular investment strategy be implemented by its Advisory Representatives. Further, VEM has no requirements for using a particular analysis method and VEM Advisory Representatives are provided flexibility (subject to VEM supervision and compliance requirements) when developing their investment strategies.

Numerous model portfolios are developed by VEM at any one time, but generally speaking, portfolios will be designed based on the following objectives:

- Large cap growth
- Large cap value
- International
- Asset allocation

### **Risk of Loss**

VEM primarily recommends mutual funds to meet the needs of its clients, although exchange traded funds, stocks and bonds may also be used. A mutual fund's investment objective and its holdings are influential factors in determining how risky a fund is. Mutual funds face risks based on the investments they hold. For example, a bond fund faces interest rate risk and income risk. Similarly, an equity sector fund is at risk that its price will decline due to developments in its industry. Overall market risk is defined as the possibility that stock or bond fund prices overall will decline over short or even extended periods. Finally, principal risk, or the possibility that an investment will go down in value, or "lose money," from the original or invested amount, is a risk faced by investors.

Clients must understand that past performance is not indicative of future results. Therefore, current and prospective clients (including you) should never assume that future performance of any specific investment or investment strategy will be profitable. Investing in securities (including stocks, mutual funds, and bonds) involves risk of loss. Further, depending on the different types of investments there may be varying degrees of risk. Clients and prospective clients should be prepared to bear investment loss including loss of original principal.

Because of the inherent risk of loss associated with investing, our Firm is unable to represent, guarantee, or even imply that our services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or declines.

### **Item 9 – Disciplinary Information**

This item is not applicable to our brochure because there are no legal or disciplinary events listed at Item 9 of the Form ADV Part 2 instructions that are material to a client's or prospective client's evaluation of our business or integrity.

### **Item 10 – Other Financial Industry Activities and Affiliations**

VEM is **not** and does **not** have a related company that is a (1) municipal securities dealer, government securities dealer or broker, (2) investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund), (3) futures commission merchant, commodity pool operator, or commodity trading advisor, (4) banking or thrift institution, (5) pension consultant, (6) real estate broker or dealer, (7) sponsor or syndicator of limited partnerships, or (9) law firm.

#### **Other Business Activities**

VEM'S only business is providing advisory services and investment advice to clients.

#### **Accounting Services**

Some of VEM'S Advisory Representatives may establish relationships with CPA firms not related to VEM and may provide advisory services to clients of these accounting firms. Some of those accountants may also be licensed as registered representatives. In their capacities as registered representatives, the Advisory Representatives may implement securities transactions on behalf of CPA firm clients and share the usual and customary commissions received with the licensed accountants. Clients are not obligated to use the services of the CPA firm or VEM'S Advisory Representatives.

Some of VEM'S Advisory Representatives may also be separately licensed as Certified Public Accountants or Enrolled Agents with the Internal Revenue Service. They may provide accounting or tax preparation services to clients. If appropriate, advisory clients may be referred to these individuals for accounting or tax preparation services, but they are not obligated to use these services. If clients do elect to use these services, charges for tax or accounting services provided will be separate from fees charged for advisory services.

#### **Third-Party Money Managers**

As described in *Item 4 – Advisory Business* and *Item 5 – Fees and Compensation*, VEM has formed relationships with independent, third-party money managers. When we refer clients to a third party manager through our programs, you need to know that our Firm will receive a portion of the fee charged. Therefore, we have a conflict of interest in that we will only recommend third party money managers available through the programs described in Item 5 of the Disclosure Brochure.

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

### **Code of Ethics Summary**

According to the *Investment Advisers Act of 1940*, an investment adviser is considered a fiduciary. As a fiduciary, it is an investment adviser's responsibility to provide fair and full disclosure of all material facts. In addition, an investment adviser has a duty of utmost good faith to act solely in the best interest of each of its clients. VEM and its Advisory Representatives have a fiduciary duty to all clients. VEM has established a Code of Ethics which all Advisory Representatives must adhere to. They must execute an annual acknowledgment agreeing that they understand and agree to comply with that Code of Ethics.

The fiduciary duty of VEM and its Advisory Representatives to clients is considered the core underlying principle for VEM'S Code of Ethics and represents the expected basis for all dealings the Advisory Representatives have with clients. VEM has the responsibility to make sure that the interests of clients are placed ahead of it or its Advisory Representatives' own investment interests. All Advisory Representatives will conduct business in an honest, ethical and fair manner. All Advisory Representatives will comply with all federal and state securities laws at all times. Full disclosure of all material facts and potential conflicts of interest will be provided to clients prior to services being conducted. All Advisory Representatives have a responsibility to avoid circumstances that might negatively affect or appear to affect the Advisory Representatives' duty of complete loyalty to their clients.

This section is only intended to provide current clients and potential clients with a description of VEM'S Code of Ethics. If current clients or potential clients wish to review VEM'S Code of Ethics in its entirety, a copy may be requested from any of VEM'S Advisory Representatives and a copy will be promptly provided.

### **Affiliate and Employee Personal Securities Transactions Disclosure**

VEM, our Advisory Representatives and/or our personnel may buy or sell securities in their personal accounts that we may also recommend to clients. Because this policy may create a conflict between the interests of clients and the personal investing opportunities of our personnel, we have established several procedures to control for the apparent conflict of interest.

- VEM is and shall continue to be in compliance with *The Insider Trading and Securities Fraud Enforcement Act of 1988*. Personnel shall not buy or sell securities for their personal account(s) where their decision is derived, in whole or in part, from information obtained as a result of his/her employment unless the information is also available to the investing public upon reasonable inquiry.
- It is our policy that no Advisory Representative shall prefer his or her own interest to that of the advisory client.
- Our personnel may not purchase or sell any security traded over an exchange (such as a stock position) prior to transactions in the same securities are implemented for an advisory client account.
- Most investments owned by our personnel are publicly traded and widely available (such as mutual funds).

## **Item 12 – Brokerage Practices**

### **Broker-Dealer Selection Process**

Clients often grant VEM the authority to select the broker-dealer to be used for the purchase and sale of securities. When evaluating best execution, we will consider the following factors in broker selection:

- Financial stability
- Reputation
- Quality of research available
- Type and size of both securities traded and markets traded on

- Liquidity
- History of execution speed and price improvement
- Competitiveness of commission rates compared to other brokers

### **Research and Other Soft Dollar Benefits**

VEM's primary objective in broker-dealer selection is to comply with its duty to obtain the best execution for clients. Best execution does not necessarily mean the lowest commission, but instead involves consideration of many factors, listed above.

A statutory "safe harbor" allows broker-dealers to be paid with commission dollars, also referred to as soft dollars, in exchange for statistical research and information. Soft dollar transactions generally cause clients to pay a commission rate higher than would be charged for execution of the trade only.

At times, VEM may select a broker-dealer that charges a commission in excess of that which another broker-dealer may have charged for executing the same transaction. VEM is not obligated to simply choose the broker-dealer with the lowest commission rate if, within reasonable judgment, we believe the total cost or proceeds may be less favorable for the client that what may be obtained by a broker-dealer offering soft dollar services.

Research related products and services provided by the broker-dealer may include both 1<sup>st</sup> and 3<sup>rd</sup> party research covering analysis and pricing, trading markets, legislative developments, economic and financial trends, and research or analytical computer software utilized in the investment management process.

VEM is able to obtain such products and services through the use of Soft Dollars which reduces the need for VEM to produce the same research through hard dollars. Thus, the use of soft dollars can provide economic benefits to VEM and its clients.

Research products and services may be useful in servicing some or all of the Advisor and its affiliates' client accounts but may not be used by the Advisor in servicing the actual client accounts whose commission dollars generated and provided such research. Due to custodian restrictions, not all clients will be part of the soft dollar arrangement or pay for these services.

Although not considered "soft dollar compensation, VEM may receive benefits from TD Ameritrade for research services to include reports, software, and institutional trading support. The receipt of additional benefits could be a conflict of interest because it may give us an incentive to require that you maintain your account with TD Ameritrade based on our interest in receiving TD Ameritrade's services. We believe, however, that the scope and quality of the services provided by TD Ameritrade (which are offered to all investment advisers that use TD Ameritrade for custody and execution services and not just VEM) is ultimately in the best interests of our clients. To mitigate this conflict, on a periodic basis we conduct a review of the full range and quality of TD Ameritrade's services, including execution quality, commission rates, the value of research provided, its financial strength and its responsiveness to our requests for trade data and other information.

VEM periodically reviews performance of broker-dealers and the items previously discussed to other broker-dealers to ensure that we are providing clients with the best execution available for those services.

### **Aggregation of Client Orders-Block Trading Policy**

In some instances, trades for more than one client's account may be aggregated ("block trades") and executed as a single trade in order to provide fair and equitable prices among managed client accounts. All clients will receive equal treatment when VEM and its Advisory Representatives perform block trades

for managed accounts. Securities purchased or sold using block trades will then be allocated in a fair and equitable manner to all client accounts involved in the block trade. If for any reason the entire block trade cannot be completed on the day the trade is placed, client accounts will receive an equal pro-rata portion of the securities traded. VEM will keep records of all block trades executed and the allocations for each client account that participates in the block trade. VEM and its Advisory Representatives will not receive additional compensation as a result of block trading.

### **Trade Errors**

Based on industry practice and SEC guidance to broker-dealers, a trade error under this policy is defined as including:

- Inaccurate transmission or execution of any term of an order including, but not limited to: price; number of shares or other unit of trading; identification of the security; identification of the account for which securities are purchased or sold; short sales that were instead sold long or vice versa; or the execution of an order on the wrong side of a market;
- Unauthorized (because of misunderstanding or mistake) or unintended purchase, sale or allocation of securities, or the failure to follow specific client instructions; and
- Incorrect entry of data into relevant systems, including reliance on incorrect cash positions, withdrawals or securities positions reflected in an account.

VEM has implemented procedures designed to prevent trade errors; however, trade errors in client accounts cannot always be avoided. Consistent with its fiduciary duty, it is the policy of VEM to correct trade errors in a manner that is in the best interest of the client. In cases where the client causes the trade error, the client will be responsible for any loss resulting from the correction. Depending on the specific circumstances of the trade error, the client may not be able to receive any gains generated as a result of the error correction. In all situations where the client does not cause the trade error, the client will be made whole and any loss resulting from the trade error will be absorbed by VEM if the error was caused by the Firm. If the error is caused by the broker-dealer, the broker-dealer will be responsible for covering all trade error costs. VEM will never benefit or profit from trade errors.

### **Brokerage for Client Referrals**

We do not have any arrangements with TD Ameritrade or any other third-party under which we give or receive compensation in any form for the referral of clients.

### **Directed Brokerage**

We do not permit clients to direct the execution of investment transactions (referred to as “directed brokerage”) to any broker-dealer other than TD Ameritrade.

## **Item 13 – Review of Accounts**

### **Account Reviews and Reviewers**

VEM recommends that clients have their financial situation reviewed and updated at least annually. Unless clients contract for annual consulting services, financial planning services terminate upon the presentation of the plan or completion of the consultation. If clients elect to have VEM perform this review and update, a new client agreement will be required and additional fees may be charged.

Managed accounts are reviewed at least quarterly. Accounts at third party money managers are reviewed when a statement is received from the manager, usually quarterly.

The calendar is the main triggering factor for reviews, although client requests, a change in client circumstances or objectives, and unusual market activity can also trigger reviews.

### **Statements and Reports**

Clients receive account statements directly from the client's qualified custodian. Statements will be delivered at least quarterly. In addition, VEM may provide performance or position reports of their accounts managed by VEM.

Finally, at their discretion VEM may provide written performance and/or position reports to clients in addition to the statements and reports discussed above. Clients are strongly urged to compare all reports prepared by VEM against the account statements received from the client's broker/dealer or qualified custodian.

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

VEM does not currently pay any third parties for client referrals [and does not receive compensation from other parties for referring clients.]

### **Item 15 – Custody**

Custody, as it applies to investment advisers, has been defined by regulators as having access or control over client funds and/or securities. In other words, custody is not limited to physically holding client funds and securities. If an investment adviser has the ability to access or control client funds or securities, the investment adviser is deemed to have custody and must ensure proper procedures are implemented.

VEM is deemed to have custody of client funds and securities whenever VEM is given the authority to have fees deducted directly from client accounts. However, this is the only form of custody VEM will ever maintain. It should be noted that authorization to trade in client accounts is not deemed by regulators to be custody.

VEM has established procedures to ensure all client funds and securities are held at a qualified custodian in a separate account for each client under that client's name. Clients or an independent representative of the client will direct, in writing, the establishment of all accounts and therefore are aware of the qualified custodian's name, address and the manner in which the funds or securities are maintained. Finally, account statements are delivered directly from the qualified custodian to each client, or the client's independent representative, at least quarterly. **Clients should carefully review those statements and are urged to compare the statements against reports received directly from VEM.** When clients have questions about their account statements, they should contact VEM or the qualified custodian preparing the statement.

### **Item 16 – Investment Discretion**

VEM may provide asset management services on a **discretionary** basis. VEM'S discretionary authority must be granted by the client in the client agreement. When discretionary authority is granted, it is limited in that VEM will only be given discretionary trading authority. This authority will allow VEM to determine the type of securities and the amount of securities that can be bought or sold for the client portfolio without obtaining the client's consent for each transaction.

### **Item 17 – Voting Client Securities**



It is the policy of VEM to not vote proxies for clients. Upon special request, VEM will vote a proxy for clients under their discretionary management duties.

As a general policy, proxies will be voted in accordance with management recommendations. However, the Investment Committee has discretion to deviate from these guidelines in certain situations where it is determined that the management recommendation is not consistent with its client's interests.

### **Conflicts of Interest**

VEM understands that in certain circumstances, we may face conflicts of interest in making decisions on how proxies should be voted. If a material conflict exists, the proxy will not be voted until it has been determined that the conflict is not material or appropriate steps have been taken to resolve the conflict of interest.

If a material conflict of interest is identified, VEM will use one of the following methods to resolve the conflict:

- Disclosing the conflict to the client and obtaining the client's consent before voting
- Provide the client an opportunity to vote the proxies themselves
- Receive an independent third-party voting recommendation
- Such other method deemed appropriate under the circumstances, given the nature of the conflict.

Clients may obtain a copy of their proxy voting records as well as our voting policy and procedure by written request to the address at the beginning of this brochure.

## **Item 18 – Financial Information**

We are required in this Item to provide you with certain financial information or disclosures about Fusion's, financial condition. Fusion has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has not been the subject of a bankruptcy proceeding.

**Item 1. Cover Page**

**Vann Equity Management LLC**

Part 2B of Form ADV  
Brochure Supplement  
for

**John A. Vann**

4975 Preston Park Blvd #490  
Plano, TX 75093

Phone: 214-983-0346  
FAX: 210-880-6151

Updated: March 31, 2020

This brochure supplement provides information about John A. Vann. It supplements the accompanying Form ADV brochure for Vann Equity Management LLC (the “**Adviser**”). You should have received a copy of that brochure. Please contact John Vann at 469-583-4125 if you did not receive the Adviser’s brochure, if you have any questions about the Adviser’s brochure or this supplement, or if you would like to request additional or updated copies of either document.

Additional information about John A. Vann and the Adviser is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2. Educational Background and Business Experience**

John Allen Vann, Born 1947

### *Education*

Bear Creek High School. 1966  
University of Colorado, BS 1970  
New York Institute of Finance. 1972  
University of Pennsylvania, Wharton School of Business Graduate Executive Program. 1992

### *Business Background*

LFAM Investment Counsel and Advisors LLC, Chief Executive, 8/2018 - Present  
Level Four Advisory Services, LLC, Investment Advisor Representative, 11/2015 - 8/2018  
Level Four Advisory Services, a division of Carr, Riggs & Ingram Capital, LLC, Chief Investment Officer, 11/2015 - 07/2018  
Banyan Partners, CIO/Advisor Board, 10/2013-11/2015  
Rushmore Investment Advisors, CIO/Advisor Board, 6/1996 – 9/2013

Mr. Vann has been continuously involved in the Securities industry since 1972 holding Officer Positions with EF Hutton, Boettcher and Company, Dean Witter and since 1996.

## **Item 3. Disciplinary Information**

Investment Advisor Representatives are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Mr. Vann and Van Equity Management. Mr. Vann has no required disclosures in relation to this item.

## **Item 4. Other Business Activities**

There are no additional investment-related or non-investment related outside business activities.

## **Item 5 Additional Compensation**

If someone who is not a client provides an economic benefit to Mr. Vann for providing advisory services, we are required to disclose such compensation. At this time, Mr. Vann has no additional compensation to disclose in this regard.

## **Item 6. Supervision**

Jon Cravens is the Chief Compliance Officer of Vann Equity Management. In this role, Mr. Cravens is responsible for the monitoring of client portfolios for investment objectives and other supervisory reviews. Jonathan Solo, President, supervises Mr. Cravens' personal transactions. Mr. Cravens may be contacted at the phone number of the main office as shown on the cover page.

Mr. Cravens adheres himself to Vann Equity Management's code of ethics and compliance manual as mandated. Clients may contact Mr. Cravens at (866) 254-4235 to obtain a copy of Vann Equity Management's code of ethics.

## **Item 7. Requirements for State-Registered Advisers**

Vann Equity Management is SEC registered.

## PRIVACY POLICY

VEM is committed to safeguarding the confidential information of its clients. VEM holds all personal information provided to it in the strictest confidence. Except as required or permitted by law, VEM does not share confidential information about clients with nonaffiliated third parties. In the unlikely event there were to be a change in this fundamental policy that would permit additional disclosures of confidential client information, VEM will provide written notice to clients, and they will be given an opportunity to direct whether such disclosure is permissible.

### ***AN IMPORTANT NOTICE CONCERNING CUSTOMER PRIVACY***

Customer Information Collected VEM collects and develops personal information about clients and some of that information is non-public personal information (Customer Information). The essential purpose for collecting Customer Information is to provide and service the appropriate financial products and services clients obtain from the Firm. The categories of Customer Information collected by VEM depend upon the scope of the engagement with VEM and are generally described below. As an investment adviser, VEM collects and develops Customer Information about clients in order to provide investment advisory services. Customer Information collected includes:

- Information received from clients on financial inventories and questionnaires through consultation with VEM's Advisory Representatives. This Customer Information may include personal and household information such as income, spending habits, investment objectives, financial goals, statements of account, and other records concerning clients' financial condition and assets, together with information concerning employee benefits and retirement plan interests, wills, trusts, mortgages and tax returns.
- Information developed as part of financial plans, analyses or investment advisory services.
- Information concerning investment advisory account transactions.
- Information about clients' financial products and services transactions with VEM.

Data Security VEM and its affiliated companies restrict access to Customer Information to those Advisory Representatives and employees who need the information to perform their job responsibilities within the Firm. VEM maintains agreements, as well as physical, electronic and procedural securities measures that comply with federal regulations to safeguard Customer Information about clients.

Use and Disclosure of Customer Information to Provide Customer Service for Client Accounts To administer, manage and service customer accounts, process transactions and provide related services for client accounts, it is necessary for VEM to provide access to Customer Information within the Firm and its affiliated companies and to non-affiliated companies other investment advisers, other broker-dealers, trust companies, custodians and insurance companies. VEM may also provide Customer Information outside of the Firm as permitted by law, such as to government entities, consumer reporting agencies or other third parties in response to subpoenas.

Former Clients If clients close an account with the Firm, VEM will continue to operate in accordance with the principles stated in the Notice.

Requirements of Federal Law In November of 1999, Congress enacted the *Gramm-Leach-Bliley Act* (GLBA). The GLBA requires certain financial institutions, including broker-dealers and investment advisers, to protect the privacy of Customer Information. To the extent a financial institution discloses Customer

Information to non-affiliated third parties, other than as permitted or required by law, customers must be given the opportunity and means to opt out (or prevent) such disclosure. Please note that other than what is described below in **When Advisory Representatives Leave VEM**, VEM does not disclose Customer Information to non-affiliated third parties except as permitted or required by law (e.g., disclosures to facilitate service of client accounts or to respond to subpoenas).

#### **When Advisory Representatives Leave VEM**

VEM understands that the relationship clients have with their Advisory Representative is important. If a client's Advisory Representative ends his or her affiliation with VEM and he or she chooses to move to a different investment adviser, or if an Advisory Representative's relationship with VEM is terminated, the VEM Advisory Representative may be allowed to take with him or her copies of all client and account documentation (including but not limited to: account applications; customer statements; and other pertinent forms related to the advisory services provided to the client by VEM), so the Advisory Representative is able to continue the relationship with his or her client and continue providing advisory services through his or her new advisory firm. VEM will also retain copies of its client and account documentation. Clients do not need to take action if it is their choice to allow their VEM Advisory Representative to keep copies of their confidential information should he or she leaves VEM.

**If you do not want your Advisory Representative to keep copies of your confidential information should he or she decide to end the relationship with VEM in the future, you have the right to opt out. If VEM provides services to a joint account, VEM will treat the opt-out request by a joint account owner as applying to all owners on the account(s) managed or serviced by VEM. If you choose to opt out now; at any time in the future; or wish to withdraw your opt out request, contact us at 469-583-4125. If it is your choice to opt out there will be a 30-day period before your opt out will take effect.**

If you have questions about your personal information we have on file, your request should be directed to:

VEM's Chief Compliance Officer at 469-583-4125.

**Please include all investment advisory account numbers you maintain with VEM with your correspondence.**