
Item 1: Cover Page

Appendix 1 of Part 2A
Virtue Capital Management, LLC
Wrap Fee Program Brochure

August 18, 2020

Virtue Capital Management, LLC
SEC File No. 801-79938

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This wrap fee program brochure provides information about the qualifications and business practices of Virtue Capital Management, LLC. If you have any questions about the contents of this brochure, please contact us at 615-340-0801 or via email to jsmith@virtuecm.com. 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. Registration with the SEC or state regulatory authority does not imply a certain level of skill or expertise.

Additional information about Virtue Capital Management, LLC is also available on the SEC's website at www.adviserinfo.sec.gov. Please use the firm's SEC File No. 801-79938 in the applicable search field.

Item 2: Material Changes

This Firm Brochure is our disclosure document that we seek to prepare pursuant to relevant regulatory guidelines provided by the SEC under the Investment Advisers Act of 1940, as amended. Below is a brief summary of the relevant changes since VCM's last annual updating amendment to its wrap fee program brochure filed on or about March 30, 2019, which it will provide to VCM's clients within 120 days of the close of our business fiscal year. Other changes made were primarily to provide additional clarifications and to better organize this disclosure document:

Item 4:

VCM no longer lists all the individual names of each investment manager and strategy available through its investment platform within its ADV Part 2A. Strategies are now described more generally and by category. Further, specific fees associated with each strategy are provided to clients in documents apart from the ADV Part 2A.

Item 6:

VCM no longer lists all the individual names of each investment manager and strategy available through its investment platform within its ADV Part 2A. Strategies are now described more generally and by category. Further, specific fees associated with each strategy are provided to clients in documents apart from the ADV Part 2A.

Risks associated with various types of investment products and investment activity have been expanded and simplified.

Item 9:

Any disclosures regarding any affiliated broker-dealer have been removed since all remaining interests in such broker-dealer are no longer held by any owners of VCM.

VCM has a referral agreement with an unaffiliated, independent FINRA broker-dealer, LifeMark Securities Corp., through which some of VCM's investment adviser representatives may be dually registered.

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Item 4: Services, Fees and Compensation

Virtue Capital Management, LLC ("VCM") is a limited liability company organized in the state of Tennessee. Virtue Financial Holdings, LLC ("VFH"), which owns 100% of Virtue Capital Management, LLC, is owned by Jeremy Rettich, Matthew Rettich, and James Webb. Jeremy Rettich and Matthew Rettich are the control persons of VFH. VCM has been offering investment advisory services since October 2013.

A. VCM Wrap Fee Program

VCM generally provides continuous and regular supervisory or management services. VCM gives continuous advice to its clients through its investment adviser representatives based on the individual needs of each client. VCM manages client accounts on a discretionary basis. VCM has discretionary authority regarding the securities to be bought or sold, the amount of securities to be bought or sold as well as the authority to hire and terminate third-party money managers. Account supervision is generally guided by the stated objectives of the client (e.g., capital appreciation, growth, income, or growth and income). Consideration is also generally given to the allocation of assets among securities-based investment strategies and managers and recommendations and selections are generally tailored to the client's overall investment objectives and risk profiles. VCM's investment committee also seeks to perform due diligence on third-party money managers and investment solutions prior to these being offered through the VCM platform and then strives to perform ongoing due diligence as to such managers and solutions.

A wrap fee program is a program where VCM "wraps" both the asset management fees for advisory services and the transaction fees for execution services into a single fee charged to the client. Under a wrap fee arrangement, a client's costs are the same regardless of the number of transactions in an account.

Pursuant to the Agreement signed by each client, the client will pay VCM a monthly Management/ Wrap Program Fee, payable in arrears, based on the accounts average daily balance, prorated based on the amount of the assets to be managed by the adviser as of the opening of business on the first business day of each month. In the event a client should withdraw from a strategy mid-month, the prorated advisory fee will be charged at that time. The wrap program does not cover anything held outside a VCM Model, such as a legacy position or client-initiated purchases.

These fees cover (i) an initial analysis and periodic re-evaluation of the client's investment objectives and needs, and discretionary allocation among portfolio managers, (ii) all advisory services, including fees of portfolio managers, (iii) account statements, (iv) execution, and (v) custody.

As you are participating in a wrap fee program, you will not be charged brokerage commissions; however, please note that your brokerage account may be charged a service charge by the clearing firm, as well as potential account opening, closing, or similar servicing fees, in addition to your wrap fees. Certain IRA accounts may be charged custodial or other service fees as well. If

your account is invested in mutual funds, the mutual fund company may assess administrative charges against your investment in that fund. These fees are not charged by VCM, but rather by the product sponsor, brokerage firm, or custodian firm. In the normal course of effecting transactions, prices for certain trades made on behalf of your account may include mark-ups, mark-downs and spread differentials.

Please be advised that the major custodians including ours have eliminated transaction-based charges for equity and ETF transactions. In this regard, we have moved our equity and ETF managed model portfolios to a non-wrap fee program account. With respect to our mutual fund models, we continue to offer a wrap fee program for mutual funds that exclude any “no transaction fee” funds. Be mindful that limiting our mutual fund wrap program to transaction fee only funds limits the universe of mutual funds in our program.

VCM's fee for investment management services is an asset-based fee calculated as a percentage of the value of the managed assets, pursuant to a negotiated asset management agreement and fee schedule negotiated and fully disclosed at the time a client contracts with VCM or a client contracts with an independent investment adviser that in turn contracts with VCM to act as a subadvisor. Please note that the client may be able to obtain comparable services elsewhere at more favorable pricing. All VCM fees and those of its investment adviser representatives or the independent investor advisers it works with are negotiable.

Asset-based fees are generally subject to an investment advisory agreement between the client and VCM or the client and their independent registered investment adviser that in turn contracts with VCM as a subadvisor. Such fees are payable monthly in arrears and are based on the average daily balance of the account during the month. Related accounts may be combined for fee paying purposes. VCM may combine the account valuations to assist a client in meeting fee breakpoints and therefore lowering the overall fee level. This option is generally extended to accounts residing in the same household and certain members of the same family. The fees are usually prorated if the investment advisory relationship commences other than at the beginning of a calendar month. In the event a client should withdraw from a strategy mid-month the prorated advisory fee will be charged at that time.

The client authorizes the qualified custodian to automatically deduct the fee and all other charges payable hereunder from the assets in the account when due with such payments to be reflected on the next account statement sent to the client. If insufficient cash is available to pay such fees, securities in an amount equal to the balance of unpaid fees will be liquidated to pay for the unpaid balance. VCM may modify the fee at any time upon 30 days' written notice to the client. In the event the client has an ERISA-governed plan, fee modifications must be approved in writing by the client.

A client investment advisory agreement may be canceled at any time by the client, or by VCM with 30 days' prior written notice to the client. Upon termination, any earned, unpaid fees will be due and payable. The client has the right to terminate an agreement without penalty within five business days after entering into the agreement.

A.1. Regulatory Fees

To facilitate the execution of trades, regulatory Trading Activity Fees (TAF) may be added to certain applicable sales transactions. The Securities and Exchange Commission (SEC) regulatory fee is assessed on client accounts for sell transactions, and a FINRA fee is assessed on client accounts for sell transactions, for certain covered securities. TD Ameritrade, the custodian that VCM primarily uses, is a FINRA member firm. These fees recover the costs incurred by the SEC and FINRA, for supervising and regulating the securities markets and securities professionals.

The fee rates vary depending on the type of transaction and the size of that transaction. Trading Activity Fees rates, though subject to change, are: \$0.000119 per share for each sale of a covered equity security, with a maximum of \$5.95 per trade, \$0.002 per contract for each sale of an option, \$0.00075 per bond for each sale of a covered bond with a maximum charge of \$0.75 per trade. All charged fees will be rounded to the nearest penny using natural rounding logic. For a rounding example, \$0.004 rounds to \$0.00 and \$0.016 rounds to \$0.02.

As an example of an equity TAF, if 100 shares of a covered equity were sold, the fee would be $\$0.000119 \times 100$ which equals \$0.0119, which would be rounded to \$0.01.

For more information on the SEC and FINRA fees, please visit their websites:

www.sec.gov/fast-answers/answerssec31htm.html

www.finra.org/industry/trading-activity-fee

A.2. Important Disclosure – Custodian Investment Programs

Please be advised that the firm utilizes certain custodians/broker-dealers. Under this arrangement VCM can access certain investment programs offered by our custodian that offer certain compensation and fee structures that create conflicts of interest of which clients need to be aware. Please note the following:

Limitation on Mutual Fund Universe for Custodian Investment Programs: Please note that as a matter of policy we prohibit the receipt of revenue share fees from any mutual funds utilized for our advisory clients' portfolios. Nonetheless, if the firm decides to take these 12b-1 fees in the future, please note the following: There are certain programs offered by our custodian in which the firm participates that limit the types of mutual funds and mutual fund share classes to those in which our custodian has negotiated the receipt of 12b-1 and/or other revenue sharing fee payments from the mutual fund issuer or sponsor. As such, a client's investment options may be limited in certain of these programs to those mutual funds and/or mutual fund share classes that pay 12b-1 fees and other revenue sharing fee payments, and the client should be aware that the firm is not selecting from among all mutual funds available in the marketplace when recommending mutual funds to the client. Such fees are deducted from the net asset value of the mutual fund and generally, all things being equal, cause the fund to earn lower rates of return than those mutual funds that do not pay revenue sharing fees. The client is under no obligation to utilize such programs or mutual funds. Although many factors will influence the type of fund to be used, the client should discuss with their investment adviser representative whether a share class from a comparable mutual fund with a more favorable return to investors is available that does not include the payment of any 12b-1 or revenue sharing fees given the client's individual

needs and priorities and anticipated transaction costs. In addition, the receipt of such fees can create conflicts of interest in instances (i) where our adviser representative is also licensed as a registered representative of a broker-dealer and receives a portion of 12b-1 and or revenue sharing fees as compensation – such compensation creates an incentive for the investment adviser representative to use programs which utilize funds that pay such additional compensation; and (ii) where the broker-dealer receives the entirety of the 12b-1 and/or revenue sharing fees and takes the receipt of such fees into consideration in terms of benefits it may elect to provide to the firm, even though such benefits may or may not benefit some or all of the firm clients.

Additional Disclosure Concerning Wrap Programs: In addition, our custodian offers certain wrap fee programs that (i) allow our investment adviser representatives to select mutual fund classes that either have no transaction fee costs associated with them but include embedded 12b-1 fees that lower the investor's return ("sometimes referred to as "A-Shares," depending on the mutual fund issuer), or (ii) allow the use of mutual fund classes that have transaction fees associated with them but do not carry embedded 12b-1 fees (sometimes referred to as "I-Shares," depending on the mutual fund sponsor). Our wrap fee programs offer investment services and related transaction services for one all-inclusive fee (except as may be described elsewhere in the applicable Brochure). The trading costs are typically absorbed by the firm and/or the investment representative. If a client's account holds A-Shares within a wrap fee program, the firm and/or its investment adviser representative avoids paying the transaction fees charged by other mutual fund classes, which in effect decreases the firm's costs and increases its revenues from the account. Effectively the cost is transferred to the client from the firm in the form of a lower rate of return on the specific mutual fund. This creates an incentive for the firm or investment adviser to utilize such funds as opposed to those funds that may be equally appropriate for a client but do not carry the additional cost of 12b-1 fees borne by the client. As a policy matter, the firm generally does not allow funds that impose 12b-1 or revenue sharing fees on the client's investment within its wrap fee programs. Should a client prefer an A-Share class or mutual fund share class that has embedded 12b-1 and/or revenue sharing fees, then the utilization of such funds within the wrap fee program requires specific written client consent acknowledging the conflict. Clients should understand and discuss with their investment adviser representative the types of mutual fund share classes available in the wrap fee program and the basis for using one share class over another in accordance with their individual circumstances and priorities.

A.3. Selection of Other Advisers and Fees

VCM may use third-party money managers as sub-advisers or direct clients to third-party money managers. VCM will be compensated via a fee share from these advisers and this relationship will be memorialized in each contract between VCM and each third-party adviser. The fees shared will not exceed any limit imposed by any regulatory agency. The payment of fees for third-party investment advisers will depend on the specific sub-adviser/third-party adviser selected. Clients may terminate the contract with VCM without penalty, for a full refund, within five business days of signing the contract. Thereafter, clients may terminate the contract at any time. If a client invests with a few days left in the month, they would be billed for the actual days in which they are invested in the models. In addition, if they are in a non-wrap account, they would be responsible for any trading costs incurred.

B. Disclosure of Cost Difference if Services Purchased Separately

Depending on a number of factors, such as the number, size, and nature of the securities transactions in an advisory account, the overall fees and charges borne by the client over time could be more or less than what these fees and charges would be if the same services were provided on a separate basis. Bundled fees generally provide an economic incentive for the advisory firm to select investments and strategies that minimize trading costs. Frequent trading in an account, where transactions fees are included as part of the overall advisory fee to the client, drive trading costs higher and reduce the overall fee revenue to the advisor. As a result, higher trading costs in a bundled fee account have a negative impact on the advisory firm's profitability.

C. Additional Client Fees and Terms of Payment

C.1. Client Payment of Fees

VCM requires clients to authorize the direct debit of fees from their accounts. Exceptions may be granted subject to the firm's consent for clients to be billed directly for VCM's fees. For directly debited fees, the custodian's periodic statements will show each fee deduction from the account. Clients may withdraw this authorization for direct billing of these fees at any time by notifying VCM or their custodian in writing.

VCM will deduct advisory fees directly from the client's account provided that (i) the client provides written authorization to the qualified custodian, and (ii) the qualified custodian sends the client a statement, at least quarterly, indicating all amounts disbursed from the account.

The client is responsible for verifying the accuracy of the fee calculation and we recommend they do this, as the client's custodian will not verify the calculation.

C.2. Prepayment of Client Fees

VCM does not require the prepayment of its investment advisory fees. VCM's fees will either be paid directly by the client or disbursed to VCM by the qualified custodian of the client's investment accounts, subject to prior written consent of the client. The custodian will deliver directly to the client an account statement, at least quarterly, showing all investment and transaction activity for the period, including fee disbursements from the account. A client investment advisory agreement may be canceled at any time by the client, or by VCM with 30 days' prior written notice to the client. Upon termination, any earned, unpaid fees will be immediately due and payable. The client has the right to terminate an agreement without penalty within five business days after entering into the agreement.

C.3. Additional Fees

All fees paid to VCM for investment advisory services are separate and distinct from any fees and expenses charged by mutual funds, exchange traded funds (ETFs), variable annuities, and other investment managers, broker/dealers and custodians retained by clients, if any. Such fees and expenses are described in each mutual fund's and variable annuity's prospectus, each manager's Form ADV Part 2A, Wrap Brochure or similar disclosure statement, and by any broker/dealer or

custodian retained by a client. Mutual funds, ETFs, variable annuities, and managers generally include a management fee, fund expenses, and related fees. If a mutual fund also imposes sales and or early redemption charges, a client may pay an initial or deferred sales charge as further described in the Fund's prospectus. Refer to any respective mutual fund or variable annuity prospectus for a complete description of fees and services.

Additionally, each household will be charged a monthly \$12 technology fee, subject to change based on the terms, conditions, and fees of providers. The technology fee will be billed and deducted each month from each account within the household based on each account's corresponding percentage of total household value from the date the household account is initially established with VCM. These fees will be deducted automatically from client accounts and may be used by VCM to utilize software allowing the firm and its IARs to consolidate all accounts through a portfolio accounting system and create consolidated, on-demand performance reports. Moreover, clients will have the capability to create an online profile allowing them to login to VCM's portfolio accounting system and view their own account in "real time" on a consolidated basis.

Certain ETFs pay advisory fees to their investment advisers, which reduces the net asset value of the ETF. Some ETFs are organized as unit investment trusts and do not have an investment adviser. However, all ETFs do incur expenses related to their management and administration that are analogous to an investment adviser's management fee. These expenses affect the value of the investment.

Furthermore, clients may incur brokerage commissions and other execution costs charged by the custodian or executing broker/dealer in connection with transactions for a client's account. Clients should further understand that all custodial fees and any other charges, fees and commissions incurred in connection with transactions for a client's account will be paid out of the assets in the account.

Please refer to the Brokerage Practices section (Items 9.B. and 9.B.) for additional important information about the brokerage and transactional practices of VCM. Accordingly, the client should review both the fees charged by the product sponsor and the fees charged by VCM to fully understand the total fees to be paid.

Non-Standard Asset (NSA) fees may be charged by TD Ameritrade (one of the custodians used by VCM). The fees charged are \$100 for each purchase of an NSA and \$150 annually (typically in 4th quarter of each year meaning a client that invest in 3rd quarter could pay a fee of \$100 and then be charged a \$150 annual fee in 4th quarter) for the custody of each NSA.

D. Compensation for Recommending the Virtue Capital Management, LLC, Wrap Fee Program

VCM's wrap fee program is a proprietary product offered exclusively through VCM. As such, there are no conflicts of interest in that there are no commissions paid for selling the VCM wrap fee program.

E. External Compensation for the Sale of Securities to Clients

VCM's advisory professionals are compensated primarily by VCM in the form of a percentage of fees collected from clients for the assets the licensed advisory professionals attract to VCM's available investment models.

VCM advisory professionals that are dually registered as a registered representative of a FINRA member broker-dealer may be paid sales, service or administrative fees for the sale of mutual funds or other investment products. Such dually registered advisory professionals may receive commission-based compensation for the sale of securities and will be paid for the transaction exclusively by the broker-dealer. Investment adviser representatives, in their capacity as a broker-dealer registered representative, are prohibited from earning an advisory fee on the securities value transferred from an advisory client's brokerage account unless commissions earned on such securities transactions occurred at least a 12–18 months prior to the transfer. VCM advisory professionals that are insurance licensed may also receive commission-based compensation for the sale of insurance products.

In addition, from time to time, VCM may initiate incentive programs for investment adviser representatives. These programs may compensate them for attracting new assets and promoting investment advisory services. VCM may also initiate programs that reward investment adviser representatives who meet certain production criteria, participate in advanced training and/or improve client service. Investment adviser representatives who participate in these incentive programs may be rewarded with cash and/or non-cash compensation, such as deferred compensation, bonuses, training symposiums, marketing assistance and recognition trips. These incentive programs are paid for by VCM and do not affect fees paid by the client.

VCM may pay bonuses to prospective investment adviser representatives to entice them to join VCM and transition their current clients. Prospective clients should be aware this practice may constitute a conflict of interest in that the recommendation to transition their advisory relationship to VCM may be viewed as being in the best interest of VCM and its investment adviser representative as opposed to the client's. However, as a form of risk mitigation, both the investment adviser representatives and VCM are subject to the duty to put their client's interests first.

Item 5: Account Requirements and Types of Clients

VCM along with its investment adviser representatives may provide investment advice and/or management supervisory services to any of the following types of clients:

- Individuals
- Pensions and/or profit-sharing plans
- High-net-worth individuals
- Trusts, estates, or charitable organizations
- Corporations and other business entities
- Other investment advisers or their clients

VCM requires a minimum of \$1,000 to open and maintain an advisory account or in certain circumstances an account can be established with less than \$1,000. VCM may, at its discretion, accept accounts below the minimum required amount. Prior to engaging VCM to provide any of the investment advisory services described in this Brochure, the client will be required to enter into a written agreement setting forth the terms and conditions under which the firm shall render its services. Certain third-party money managers have higher minimum investment amounts than \$1,000 to open and maintain an advisory account.

Item 6: Portfolio Manager Selection and Evaluation

A. Portfolio Manager Selection and Review

Your Portfolio Manager is a person, with relevant securities industry experience and industry required licenses, who is associated with VCM as a registered Investment Adviser Representative (IAR). Therefore, the IAR will be your portfolio manager.

While your IAR assists in the suitability and on-going review of your account performance, the advisory representative does not directly manage or effect the trading of the investment portfolios. VCM directs the management of all portfolios, including all trading decisions, decisions related to holdings, and rebalancing. Third party Registered Investment Adviser firms may also be employed to manage the various models through sub-advisers or third-party money managers ("TPMMs").

Should you wish to work with an IAR other than the person with whom you have been regularly dealing, you may contact VCM at any time, who will ensure that you are re-assigned to a mutually agreed IAR. To make such a change all you need to do is make your request in writing and submit it to VCM's main office address, as listed on the cover page of this Brochure.

B. Participation in Wrap Fee Programs

VCM offers only its proprietary wrap fee program. The firm does not participate in any third-party wrap fee programs.

C. VCM Acts as Both a Wrap Fee Sponsor and Portfolio Manager

VCM's wrap fee program is a proprietary product offered exclusively through VCM. VCM does not participate in any other wrap fee programs.

D. Advisory Services Offered

VCM is an asset management and financial planning firm offering a variety of investment management, financial planning, portfolio monitoring and third-party manager monitoring services to individuals, high-net-worth individuals, trusts, estates, charitable organizations, other investment advisers and the clients of such independent investment advisers.

D.1. Investment Advisory and Portfolio Management Services

VCM generally provides continuous and regular supervisory or management services. VCM gives continuous advice to its clients through its investment adviser representatives based on the individual needs of each client. VCM manages client accounts on a discretionary basis. VCM has discretionary authority regarding the securities to be bought or sold, the amount of securities to be bought or sold as well as the authority to hire and terminate third-party money managers. Account supervision is generally guided by the stated objectives of the client (e.g., capital appreciation, growth, income, or growth and income). Consideration is also generally given to the allocation of assets among securities-based investment strategies and managers and recommendations and selections are generally tailored to the client's overall investment objectives and risk profiles. VCM's investment committee also seeks to perform due diligence on third-party money managers and investment solutions prior to these being offered through the VCM platform and then strives to perform ongoing due diligence as to such managers and solutions.

D.2. Selection of Other Advisers

VCM may utilize or recommend sub-advisers or third-party money managers ("TPMMs") to clients. VCM will generally be compensated via a fee share with the TPMMs to which it directs those clients. The fees shared will not exceed any limit imposed by any regulatory agency. Before recommending TPMMs to clients, VCM performs due diligence and research on such TPMMs.

D.3. Consulting and Financial Planning Services

Consulting and financial planning services may include, but are not limited to: investment planning, life insurance; tax concerns; retirement planning; college planning; and debt/credit planning. The fees for these services are negotiable and are generally either in the form of fixed fees or hourly fees and the final fee structure is documented in an exhibit to the Financial Planning Agreement. VCM does not, however, provide tax or legal advice.

In offering financial planning, a conflict exists between the interests of the investment adviser and the interests of the client since the investment adviser will benefit from the fees earned from managing the client's assets in the event the client chooses to invest through the VCM platform. However, the client is under no obligation to act upon the investment adviser's recommendation, and, if the client elects to act on any of the recommendations, the client is under no obligation to affect the transaction through the investment adviser. This statement is required by California Code of Regulations, 10 CCR Section 260.235.2.

Clients will usually receive a written or oral report (depending on the client's preference) providing a basic financial plan designed to help achieve the client's stated financial goals and objectives. Based on the client's needs, financial planning services may include (but are not limited to) the following:

- Preparation of a recommended asset allocation that serves to diversify the client's portfolio among different categories of investments, such as domestic and international small, medium, and large capitalization securities; corporate and government fixed income (short-, intermediate-, and long-term maturities); emerging market securities (i.e., foreign

issuers); real estate investment trusts; and such other alternative asset categories including those offered through exchange traded funds that are suitable in light of the client's investment goals, objectives, and risk tolerance.

- Preparation of a retirement plan that serves to identify whether the client is saving enough and investing in a way that meets retirement objectives in light of the client's financial circumstances and risk tolerance.
- Preparation of cash flow projections to ensure that the client can meet daily living expenses and obligations.
- Insurance planning to meet the needs of the client, taking into account family, business, and other financial objectives of the client.
- General family office and business consulting:
 - Retirement objectives
 - Philanthropy
 - Estate planning
 - Wealth transition
 - Business succession and related issues
 - Recommendation of third-party managers for use by the client

VCM usually gathers client information through, among other things, in-depth personal interviews and questionnaires. Information gathered includes a client's current financial status, investment objectives, future goals, and attitudes toward risk. Related documents supplied by the client are carefully reviewed, and a report may be prepared, subject to mutual agreement with the client and VCM, covering one or more of the above-mentioned topics as directed by the client.

E. Client-Tailored Services and Client-Imposed Restrictions

Each client's account will usually be managed on the basis of the client's financial situation and investment objectives. The client is required to notify the firm in writing of any reasonable instructions to be imposed on the management of the portfolio.

F. Wrap Fee Programs

A wrap fee program is a program where VCM "wraps" both the asset management fees for advisory services and the transaction fees for execution services into a single fee charged to the client. Under a wrap fee arrangement, a client's costs are the same regardless of the number of transactions in an account.

Pursuant to the Agreement signed by each client, the client will pay VCM a monthly Management/ Wrap Program Fee, payable in arrears, based on the accounts average daily balance, prorated based on the amount of the assets to be managed by the adviser as of the opening of business on the first business day of each month. In the event a client should withdraw from a strategy mid-month, the prorated advisory fee will be charged at that time. The wrap program does not cover anything held outside a VCM Model, such as a legacy position or client-initiated purchases.

These fees cover (i) an initial analysis and periodic re-evaluation of the client's investment objectives and needs, and discretionary allocation among portfolio managers, (ii) all advisory services, including fees of portfolio managers, (iii) account statements, (iv) execution, and (v) custody.

As you are participating in a wrap fee program, you will not be charged brokerage commissions; however, please note that your brokerage account may be charged a service charge by the clearing firm, as well as potential account opening, closing, or similar servicing fees, in addition to your wrap fees. Certain IRA accounts may be charged custodial or other service fees as well. If your account is invested in mutual funds, the mutual fund company may assess administrative charges against your investment in that fund. These fees are not charged by VCM, but rather by the product sponsor, brokerage firm, or custodian firm. In the normal course of effecting transactions, prices for certain trades made on behalf of your account may include mark-ups, mark-downs and spread differentials. For more information about VCM's wrap fee program, please refer to Appendix 1 of Part 2A: Virtue Capital Management, LLC, Wrap Fee Program Brochure.

G. Client Assets Under Management

As of January 31, 2020, VCM had approximately \$525,149,531 in discretionary and \$0 in non-discretionary assets under management.

H. Performance-Based Fees and Side-by-Side Management

VFH, the parent company of VCM, has an economic interest in Tucker Asset Management. To the extent there are disparate fee structures between VCM and Tucker Asset Management, VCM and/or its affiliate may have an economic incentive to recommend Tucker Asset Management over VCM or vice versa depending on which advisory firm has a higher fee structure. This practice may constitute a conflict of interest of which prospective clients should be aware. However, as a form of risk mitigation, investment adviser representatives and VCM are subject to the duty to put their client's interests first.

I. Methods of Analysis, Investment Strategies, and Risk of Loss

VCM may offer clients the following, general categories of strategies, which are subject to change at any time by the third-party manager or at VCM's discretion:

- Tactical - A strategy that generally seeks to shift the percentage of assets held in various categories to take advantage of market pricing anomalies or stronger market sectors. This strategy aims to allow portfolio managers to create extra value by taking advantage of certain situations in the marketplace. It is usually a moderately active strategy since managers usually return to the portfolio's original strategic asset mix once reaching the desired short-term profits.
- Strategic - Strategic investments may involve a wide variety of transactions. The portfolio managers of such transactions usually seek to decide on a strategic investment when they

believe that the investment is not merely directed towards financial goals, but also broader business or strategic goals.

- Dynamic - Dynamic investment strategies are generally those that seek to make longer-term investments in certain asset classes or securities and periodically buy and sell those securities as markets rise and fall, and as the economy strengthens and weakens. With this strategy, portfolio managers may sell assets that decline and purchase assets that increase.

VCM or third-party money managers or subadvisors may use a variety of sources of data to conduct economic, investment and market analysis, such as financial newspapers and magazines, economic and market research materials prepared by others, conference calls hosted by mutual funds, corporate rating services, annual reports, prospectuses, and company press releases. It is important to keep in mind that there is no specific approach to investing that guarantees success or positive returns; investing in securities involves risk of loss that clients should be prepared to bear.

VCM and its investment adviser representatives are responsible for identifying and implementing the methods of analysis used in formulating investment recommendations to clients. The methods of analysis may include quantitative methods for optimizing client portfolios, computer-based risk/return analysis, technical analysis, and statistical and/or computer models utilizing long-term economic criteria.

- Optimization involves the use of mathematical algorithms to determine the appropriate mix of assets given the firm's current capital market rate assessment and a particular client's risk tolerance.
- Quantitative methods include analysis of historical data such as price and volume statistics, performance data, standard deviation and related risk metrics, how the security performs relative to the overall stock market, earnings data, price to earnings ratios, and related data.
- Technical analysis involves charting price and volume data as reported by the exchange where the security is traded to look for price trends.
- Computer models may be used to derive the future value of a security based on assumptions of various data categories such as earnings, cash flow, profit margins, sales, and a variety of other company specific metrics.

In addition, VCM may review research material prepared by others, as well as corporate filings, corporate rating services, and a variety of financial publications. VCM may employ outside vendors or utilize third-party software to assist in formulating investment recommendations to clients.

I.1. Mutual Funds and Third-Party Money Managers

VCM may recommend no-load and load-waived mutual funds and individual securities (including fixed income instruments). VCM may also assist the client in selecting one or more appropriate third-party money manager(s) and/or sub-advisers for all or a portion of the client's portfolio. Such managers will typically manage assets for clients who commit to the manager a minimum amount of assets established by that manager—a factor that VCM will take into account when recommending managers to clients.

VCM has formed relationships with third-party vendors that

- provide a technological platform for separate account management
- prepare performance reports
- perform trading
- perform or distribute research of individual securities
- perform billing and certain other administrative tasks

VCM may utilize additional independent third parties to assist it in recommending and monitoring individual securities, mutual funds, and managers to clients as appropriate under the circumstances.

VCM may review certain quantitative and qualitative criteria related to mutual funds and managers to formulate investment recommendations to its clients. Qualitative criteria used in selecting/recommending mutual funds or managers may include, among other things, the investment objectives and/or management style and philosophy of a mutual fund or manager; a mutual fund or manager's consistency of investment style; and employee turnover and efficiency and capacity.

Quantitative and qualitative criteria related to mutual funds and managers may be reviewed by VCM on a quarterly basis or such other interval as appropriate under the circumstances. In addition, mutual funds or managers may be reviewed to determine the extent to which their investments reflect efforts to time the market, or evidence style drift such that their portfolios no longer accurately reflect the particular asset category attributed to the mutual fund or manager by VCM (both of which are negative factors in implementing an asset allocation structure).

VCM seeks to regularly review the activities of managers utilized for the client. Clients that engage managers should first review and understand the disclosure documents of those managers, which contain information relevant to such retention or investment, including information on the methodology used to analyze securities, investment strategies, fees and conflicts of interest.

1.2. Material Risks of Investment Instruments

VCM typically invests in open-end mutual funds and exchange-traded funds for the vast majority of its clients.

Mutual Fund Securities - Investing in mutual funds carries inherent risk. The major risks of investing in a mutual fund include the quality and experience of the portfolio management team and its ability to create fund value by investing in securities that have positive growth, the amount of individual company diversification, the type and amount of industry diversification, and the type and amount of sector diversification within specific industries. In addition, mutual funds tend to be tax inefficient and therefore investors may pay capital gains taxes on fund investments while not having yet sold the fund.

Exchange-Traded Funds ("ETFs") - ETFs are investment companies whose shares are bought and sold on a securities exchange. An ETF holds a portfolio of securities designed to track a particular market segment or index. Some examples of ETFs are SPDRs[®], streetTRACKS[®], DIAMONDSSM, NASDAQ 100 Index Tracking StockSM ("QQQsSM") iShares[®] and VIPERs[®]. The funds could

purchase an ETF to gain exposure to a portion of the U.S. or foreign market. The funds, as a shareholder of another investment company, will bear their pro-rata portion of the other investment company's advisory fee and other expenses, in addition to their own expenses.

Investing in ETFs involves risk. Specifically, ETFs, depending on the underlying portfolio and its size, can have wide price (bid and ask) spreads, thus diluting or negating any upward price movement of the ETF or enhancing any downward price movement. Also, ETFs require more frequent portfolio reporting by regulators and are thereby more susceptible to actions by hedge funds that could have a negative impact on the price of the ETF. Certain ETFs may employ leverage, which creates additional volatility and price risk depending on the amount of leverage utilized, the collateral and the liquidity of the supporting collateral.

Further, the use of leverage (i.e., employing the use of margin) within ETFs generally results in additional interest costs to the ETF. Certain ETFs are highly leveraged and therefore have additional volatility and liquidity risk. Volatility and liquidity risk can severely and negatively impact the price of the ETF's underlying portfolio securities, thereby causing significant price fluctuations of the ETF.

VCM can purchase ETFs or the strategies it offers may gain exposure to the markets through ETFs with exposure to equities, fixed income, commodities, currencies, developed/emerging international markets, real estate, and specific sectors. The underlying investments of these ETFs will have different risks.

Equity Risk: Equity prices can fluctuate for a variety of reasons including market sentiment and economic conditions.

Small Company Risk: The prices of smaller market capitalization companies tend to be more volatile than those of larger, more established companies.

Fixed Income Risk: It is important to note bond prices generally move inversely with interest rates and fixed income ETFs can experience negative performance in a period of rising interest rates. High yield bonds are subject to higher risk of principal loss due to an increased chance of default.

Commodity Risk: Commodity ETFs generally gain exposure through the use of futures which can have a substantial risk of loss due, in part, to leverage.

Currency Risk: Currencies can fluctuate with changing monetary policies, economic conditions, and other factors.

International Market Risk: International markets have risks due to currency valuations and political or economic events. Emerging markets typically have more risk than developed markets.

Real Estate Risk: Real estate investments can experience losses due to lower property prices, changes in interest rates, and other factors.

Sector Risk: Investments in specific sectors can experience greater levels of volatility than broad-based investments due to their narrower focus.

Inverse ETFs: Inverse ETFs attempt to profit from the decline of an asset or asset class by seeking to track the opposite performance of the underlying benchmark or index. Inverse products attempt to achieve their stated objectives on a daily basis and can face additional risks due to this fact. The effect of compounding over a long period can cause a large dispersion in performance between the ETF and the underlying benchmark or index. Inverse ETFs can lose money even when the benchmark or index performs as desired. Inverse ETFs have potential for significant loss and are not suitable for all investors.

Credit Risk: In certain cases, VCM will purchase Exchanged-Traded Notes ("ETN") in client accounts. ETNs are subject to different risks than ETFs. ETNs are unsecured debt obligations of the issuer and will subject investors to credit risk. The objective of an ETN is to replicate the performance of an underlying index (similar to an ETF), however, ETNs do not buy or hold assets. The closing indicative value of an ETN is calculated by the issuer and can vary from the price of the ETN in the secondary market. The issuer of an ETN can engage in trading activities at odds with clients who hold the ETN.

Liquidity Risk: Although ETFs and ETNs are Exchange-Traded Products ("ETPs"), a lack of demand can prevent daily pricing and liquidity from being available.

J. Other Material Risks

Investment Philosophy: VCM's investment philosophy is based on the belief that economic data can provide valuable information for portfolio construction. VCM's strategies are managed according to this belief and thus, there is a risk the environment will change, and the data no longer produces the same or similar results in future periods as in the past. As the proprietary models and research rely on available data from various sources, there is a risk the necessary pieces of information are no longer made available or the data collection changes. Our methods rely on the assumption the provided data is unbiased and accurate. There is a risk our analysis is compromised by inaccurate or misleading information.

Valuation Forecasts: Our judgment about the attractiveness, value and potential appreciation of a particular asset class or individual security may be incorrect, and there is no guarantee that the securities we select will perform as anticipated. The value of an individual security can be more volatile than the market as a whole, or our approach may fail to produce the intended results. Our estimate of a security's intrinsic value may be wrong or, even if our estimate of intrinsic value is correct, it may take a long time before the market price and intrinsic value converge. As a result, there is a risk of loss on the assets we manage. We seek to reduce your risk through diversification. Although we will do our best in managing your assets, we cannot guarantee any level of performance or that you will not experience a loss in the value of your assets.

Economic & Market Conditions: VCM's models are sensitive to economic and market environments. If economic data diverges from market sentiment, VCM's strategies can experience difficulty. The decision to invest or not invest in certain securities can lead to higher levels of risk than desired and/or the strategies can experience underperformance relative to their respective benchmarks.

K. Risk of Loss and Frequent Trading

Although VCM makes every effort to preserve capital and achieve capital appreciation, you should be aware investing in financial instruments involves the risk of loss. As a client, you should be prepared to bear losses. We do not represent or guarantee our services or methods of analysis can or will predict future results or insulate clients from losses due to market corrections or declines. You should be aware past performance is in no way an indication of future performance. VCM's strategies include frequent trades as positions and asset class exposures are adjusted. Unlike a passive investment approach which has static targets throughout all periods and seeks to match an index or benchmark with minimal adjustments, VCM's active approach is flexible and can have significant change throughout periods. Frequent trading can impact a client's overall performance due to transaction charges, taxes, and other costs associated with trading.

L. Voting Client Securities

VCM does not take discretion with respect to voting proxies on behalf of its clients. VCM will endeavor to make recommendations to clients on voting proxies regarding shareholder vote, consent, election or similar actions solicited by, or with respect to, issuers of securities beneficially held as part of VCM supervised and/or managed assets. In no event will VCM take discretion with respect to voting proxies on behalf of its clients.

Except as required by applicable law, VCM will not be obligated to render advice or take any action on behalf of clients with respect to assets presently or formerly held in their accounts that become the subject of any legal proceedings, including bankruptcies.

From time to time, securities held in the accounts of clients will be the subject of class action lawsuits. VCM has no obligation to determine if securities held by the client are subject to a pending or resolved class action lawsuit. VCM also has no duty to evaluate a client's eligibility or to submit a claim to participate in the proceeds of a securities class action settlement or verdict. Furthermore, VCM has no obligation or responsibility to initiate litigation to recover damages on behalf of clients who may have been injured as a result of actions, misconduct, or negligence by corporate management of issuers whose securities are held by clients.

Where VCM receives written or electronic notice of a class action lawsuit, settlement, or verdict affecting securities owned by a client, it will attempt to forward all notices, proof of claim forms, and other materials to the client. Electronic mail is acceptable where appropriate and where the client has authorized contact in this manner.

Item 7: Client Information Provided to Portfolio Managers

VCM is the sole portfolio manager in its wrap fee program and does not share any personal information it collects from its clients other than as required by law, regulatory mandate or as required by the custodian. VCM collects the following information in order to formulate its investment recommendations to clients and help clients establish their accounts:

- Income

-
- Employment and residential information
 - Social security number
 - Cash balance
 - Social security balances
 - Transaction detail history
 - Investment objectives, goals and risk tolerance

The following are the major factors VCM considers when recommending and implementing investment recommendations:

- Sources of wealth and/or deposits
- Risk assessment
- Investment time horizon
- Income and liquidity needs
- Asset allocation
- Restrictions on management of account

Sources of information used to develop investment recommendations may include, but are not limited to, the following:

- Client questionnaire(s) and interview(s)
- Review of client's current portfolio
- Analysis of historical risk/return characteristics of various asset classes
- Analysis of the long-term outlook for global financial markets
- Analysis of the long-term global economic and political environments

You are responsible for insuring that we have accurate, current information about your financial condition, your holdings and other investments, your investment objectives and goals and all other information which has a bearing on your investments and participation in this investment program. Your IAR will receive a copy of all information which you supply us. Your IAR will receive notice of any change to any item of your account information when you inform Brookstone of such change.

Due to the nature of the services being offered under this program and our desire to provide you the best service, we must stress the importance of your providing us with accurate and current financial information. If at any time any of your information changes, please notify your IAR immediately.

Item 8: Client Contact with Portfolio Managers

VCM encourages communication with its clients and does not limit or condition the amount of time clients can spend with VCM advisory professionals.

Item 9: Additional Information

A. Disciplinary Information

A.1. Criminal or Civil Actions

There is nothing to report on this item.

A.2. Administrative Enforcement Proceedings

There is nothing to report on this item.

A.3. Self-Regulatory Organization Enforcement Proceedings

There is nothing to report on this item.

B. Broker-Dealer or Representative Registration

Investment adviser representatives of VCM may also be registered representatives of a nonaffiliated firm such as a broker-dealer.

VCM has a referral agreement with an unaffiliated, independent FINRA broker-dealer, LifeMark Securities Corp., through which some of VCM's investment adviser representatives may be dually registered.

C. Futures or Commodity Registration

Neither VCM nor its affiliates are registered as a commodity firm, futures commission merchant, commodity pool operator or commodity trading advisor and do not have an application to register pending.

D. Material Relationships Maintained by this Advisory Business and Conflicts of Interest

The following outside activities and affiliations create an additional conflict of interest in that VCM's owners', executives' or investment adviser representatives' obligations to these outside interests may either conflict with the advice provided by VCM or take up a substantial amount of their time and therefore the time spent on providing the services described herein may be limited by virtue of their obligations to these outside interests. Although VCM's owners, executives and investment adviser representatives will devote as much time to the business and affairs of VCM as is reasonably necessary to deliver the services described herein, they may devote a significant portion of their time to the affairs of these other activities and affiliations.

VCM has sought to adopt policies and procedures to address the conflicts presented by these relationships. For example, as part of the firm's fiduciary duty to its clients, VCM and its investment adviser representatives will endeavor at all times to put the interest of its investment advisory

clients first. Additionally, the conflicts presented by this practice are disclosed to clients at the time of entering into an advisory agreement.

D.1. Cornerstone Retirement Group LLC

Matthew Rettich is a licensed insurance agent and CEO of Cornerstone Retirement Group LLC, a financial planning firm. From time to time he may offer clients advice or recommend insurance products through Cornerstone Retirement Group LLC and receive a commission for doing so. Please be advised there is a potential conflict of interest in that there is an economic incentive to recommend insurance and other investment products. Please also be advised that VCM strives to put its clients' interests first and foremost. Clients are in no way required to implement a plan through any representative of VCM in their capacity as a registered investment adviser with another firm. Other than for insurance products that require a securities license, such as variable insurance products, clients may utilize any insurance carrier or insurance agency they desire. For products requiring a securities and insurance license, clients may be limited to those insurance carriers that have a selling agreement with VCM's employing broker-dealer.

D.2. Virtue Advisors

Jeremy Rettich is a licensed insurance agent, and the President and indirect owner of Virtue Advisors LLC, an insurance marketing firm. James Webb and Matthew Rettick are also licensed insurance agents and indirect owners of Virtue Advisors. They may recommend insurance products offered through Virtue Advisors and receive a commission or indirect compensation for doing so.

Virtue Advisors receives compensation under an agreement with Great American Life (GA) for VCM investment adviser representatives to provide a fee-based fixed-indexed annuity and optional guaranteed income rider. Virtue Advisors will receive a one-time 1.50% override payment that is not made by, reimbursed by, or deducted from either the Client or the investment adviser representative for each GA fee-based fixed indexed annuity purchased by a Client. Please be advised there is a potential conflict of interest in that there is an economic incentive to recommend insurance and other investment products. Please also be advised that VCM strives to put its clients' interests first and foremost. Other than for insurance products that require a securities license, such as variable insurance products, clients may utilize any insurance carrier or insurance agency they desire. For products requiring a securities and insurance license, clients may be limited to those insurance carriers that have a selling agreement with VCM's employing broker-dealer.

Most VCM investment adviser representatives also sell insurance products or annuities to their clients when appropriate. Insurance activities of investment adviser representatives might include engaging in the business of selling life, health, long-term care, and disability policies. Although some of these insurance related services or products may be provided through Virtue Advisors, many are not. Insurance products, including regular fixed index annuities, are not offered through VCM but are sold by insurance licensed agents using various insurance companies. The issuing insurance companies are not affiliated with VCM. Sometimes the fixed insurance product could be used as a replacement or alternative to the VCM fixed income portion of a portfolio. However, annuity products present their own differences from traditional fixed income securities, such as bonds, including, but not limited to liquidity, tax implications, surrender charges, and underlying

fees. Unlike bonds, there is no secondary market for annuity products. Annuities also may be subject to caps, restrictions, fees and surrender charges as described in the annuity contract. Any annuity guarantees are backed by the financial strength and claims paying ability of the issuer. VCM does not charge management fees on commission based fixed index annuities. However, the representative may receive commissions from the recommendation of any insurance product, like a fixed index annuity, and this may present a conflict of interest. Full and fair disclosure will be made to clients if such a conflict exists that could impact the impartiality of their advice.

If a VCM investment adviser representative is licensed as an insurance agent and/or registered representative and makes a recommendation for transacting in a fixed annuity and/or life insurance product, this gives rise to conflicts of interest due to the fact that such VCM investment adviser representative is receiving remuneration in the form of commission and in some cases, other compensation (such as a percentage of an organizations' profits for selling fixed annuities and/or life insurance) which incentivizes such investment adviser representatives to sell that product. VCM investment adviser representatives mitigate this conflict by making recommendations that are in the client's best interest and which are suitable for them based on their investment objectives and needs.

D.3. Virtue Financial Advisors

VCM is affiliated with Virtue Financial Advisors ("VFA"), a financial planning firm. VFA is equally owned by Jeremy Rettich and Naomi Rettich. Jeremy Rettich is President of Virtue Financial Advisors. Clients of VCM may be offered advice or products by VFA. VCM acts in the best interest of the client, and clients are in no way required to implement a plan through any representative of VCM. Please be advised there is a conflict of interest in that there is an economic incentive to recommend insurance and other investment products to clients or prospective clients. Please also be advised that VCM strives to put its clients' interests first and foremost. Other than for certain insurance products that require a securities license, such as variable insurance products, clients may utilize any insurance carrier or insurance agency they desire. For products requiring a securities and insurance license, clients may be limited to those insurance carriers that have a selling agreement with VCM's employing broker-dealer.

D.4. Tucker Asset Management, LLC

Tucker Asset Management, LLC ("Tucker Asset Management") is a limited liability company organized in the State of Colorado. Karlan Tucker Trust owns 100% of the firm. The firm was formed to provide investment advisory services. Virtue Financial Holdings, LLC has been granted an economic interest in the firm and therefore may be in a position to influence the business of Tucker Asset Management. VCM may have a potential conflict of interest in that any recommendations of Tucker Asset Management may, depending on the fee structures of Tucker Asset Management and VCM, be viewed as being in the best interest of Virtue Financial Holdings.

D.5. Virtue Financial Holdings, LLC

Virtue Financial Holdings, LLC ("VFH") has acquired an economic interest in Tucker Asset Management, LLC, an investment adviser registered with the state of Colorado and numerous other state jurisdictions. VFH is the parent company of VCM. VCM may have a potential conflict

of interest in that any recommendations by its affiliates or Tucker Asset Management may, depending on the fee structures of Tucker Asset Management and VCM, be in the best interest of VCM's affiliate VFH. Jeremy Rettich, the President of VCM, and Matthew Rettich are both substantial direct owners of VFH, and James Webb, Vice President of VCM, is a direct owner of VFH. Therefore, all direct owners of VFH are also indirect owners of VCM and Virtue Advisors.

D.6. Summit Capital Solutions, LLC

VCM is affiliated with Summit Capital Solutions, LLC ("SCS"), a registered investment adviser. SCS is owned by James D. Webb Revocable Living Trust Agreement dated 08/14/2015 (50%) and Jeremy M. Rettich Revocable Living Trust Agreement dated 12/02/2011 (50%). SCS offers separate account management services directly to end clients and offers its services to clients of registered investment advisers under a sub-adviser relationship with various platforms. This creates a conflict of interest in that Jeremy Rettich and James Webb have a financial incentive to promote a SCS advised investment, and to use them as part of VCM's portfolios. Clients are under no obligation to invest in SCS advised investments and may choose a non-SCS advised investment solution.

D.7. RIA Compliance Firm, LLC

VCM is affiliated with RIA Compliance Firm, LLC ("RIACF"), a Tennessee limited liability company. Jeremy Rettich, James Webb and Jeffrey Smith, VCM's Chief Compliance Officer and Chief Legal Officer, have an ownership interest in and are officers of RIACF. RIACF offers investment advisers, including VCM and Summit, assistance with their compliance needs and VCM may pay RIACF for services it provides to these and other investment advisers that utilize the sub-advisory services of VCM, its managers, its affiliates, or insurance services of Virtue Advisors. This creates a conflict of interest since the principals, employees or independent contractors of VCM, RIACF or Virtue Advisors may have a financial incentive to promote RIACF, and to have investment advisers use the services of RIACF. This also creates a conflict for third-party investment advisers that wish to use the services of RIACF and that receive a discount on the cost for such services or discounts on other related services and technology due to their doing business with VCM or its affiliates and since a client may pay different fees as a result of the investment adviser choosing to do business with VCM as a result. Investment advisers are under no obligation to obtain services from VCM, its affiliates, or RIACF and clients are under no obligation to do business with an investment adviser, VCM or any of its affiliates that may be doing business with RIACF. This conflict is mitigated by the shared desire to provide the best possible compliance services in the most efficient manner to investment advisers to strengthen their ability to comply with applicable securities laws and industry best practices, which can serve to better protect clients. This conflict is also mitigated by an adviser's duty to serve the best interests of its clients regardless of what firm is providing that adviser with compliance services. This conflict is further mitigated by RIACF's use of independent contractors and/or employees as consultants that have no interests in VCM, Virtue Advisors or other VCM affiliates.

E. Recommendation or Selection of Other Investment Advisers and Conflicts of Interest

VCM may from time to time participate as a sub-advisor under other firms' advisory programs. A client of the other firm selects a registered investment adviser, such as VCM, from a list of approved advisers to provide investment management services. VCM receives a fee for account management services provided to clients of an outside firm as outlined in a sub-advisory agreement. This agreement may also outline items such as the advisory services to be provided, the responsibilities of VCM and the other firm, and the terms of engagement including fees and termination. Responsibilities such as collecting the client's investment objectives, determining the strategy best suited for the client, and communication with the client will be the responsibility of the outside firm. VCM has no responsibility to assess the value of services provided by the outside firm, therefore the client should evaluate whether such a program is suitable for their needs and objectives, and whether comparable or similar services are available at a lower cost elsewhere.

F. Code of Ethics Description

In accordance with the Advisers Act, VCM has adopted policies and procedures designed to detect and prevent insider trading and other violations of the federal securities laws. In addition, VCM has adopted a Code of Ethics (the "Code"). Among other things, the Code includes written procedures governing the conduct of VCM's advisory and access persons. The Code also imposes certain reporting obligations on persons subject to the Code. The Code and applicable securities transactions are monitored by the chief compliance officer of VCM. VCM will send clients a copy of its Code of Ethics upon written request.

VCM has policies and procedures that are designed to promote the interests of its clients such that they are given preference over those of VCM, its affiliates and its employees. For example, there are policies in place to prevent the misappropriation of material non-public information, and such other policies and procedures reasonably designed to comply with federal and state securities laws.

G. Investment Recommendations Involving a Material Financial Interest and Conflicts of Interest

VCM does not engage in principal trading (i.e., the practice of selling stock to advisory clients from a firm's inventory or buying stocks from advisory clients into a firm's inventory). In addition, VCM does not recommend any securities to advisory clients in which it has some proprietary or ownership interest.

H. Advisory Firm Purchase of Same Securities Recommended to Clients and Conflicts of Interest

VCM, its affiliates, employees and their families, trusts, estates, charitable organizations and retirement plans established by it may purchase the same securities or different securities as are purchased for or recommended to clients in accordance with its Code of Ethics policies and

procedures. The personal securities transactions by advisory representatives and employees may raise potential conflicts of interest when they trade in a security that is:

- owned by the client, or
- considered for purchase or sale for the client.

Such conflict generally refers to the practice of front-running (trading ahead of the client), which VCM specifically prohibits. VCM has adopted policies and procedures that are intended to address these conflicts of interest. These policies and procedures:

- require our advisory representatives and employees to act in the client's best interest
- prohibit fraudulent conduct in connection with the trading of securities in a client account
- prohibit employees from personally benefitting by causing a client to act, or fail to act in making investment decisions
- prohibit the firm or its employees from profiting or causing others to profit on knowledge of completed or contemplated client transactions
- allocate investment opportunities in a fair and equitable manner
- provide for the review of transactions to discover and correct any trades that result in an advisory representative or employee benefitting at the expense of a client.

Advisory representatives and employees must follow VCM's procedures when purchasing or selling the same securities purchased or sold for the client.

I. Client Securities Recommendations or Trades and Concurrent Advisory Firm Securities Transactions and Conflicts of Interest

VCM, its affiliates, employees and their families, trusts, estates, charitable organizations, and retirement plans established by it may affect securities transactions for their own accounts that differ from those recommended or affected for other VCM clients. VCM will make a reasonable attempt to trade securities in client accounts at or prior to trading the securities in its affiliate, corporate, employee or employee-related accounts. Trades executed the same day will likely be subject to an average pricing calculation. It is the policy of VCM to place the clients' interests above those of VCM and its employees.

Orders for the same security entered on behalf of more than one client on the same day may generally be aggregated (i.e., blocked or bunched) subject to the aggregation being in the best interests of all participating clients. Subsequent orders for the same security entered during the same trading day may be aggregated with any previously unfilled orders. Subsequent orders may also be aggregated with filled orders if the market price for the security has not materially changed and the aggregation does not cause any unintended duration exposure. All clients participating in each aggregated order will usually receive the average price and, subject to minimum ticket charges and possible step outs, pay a pro rata portion of commissions.

To minimize performance dispersion, "strategy" trades should be aggregated and average priced. However, when a trade is to be executed for an individual account and the trade is not in the best interests of other accounts, then the trade will only be performed for that account. This is true

even if VCM believes that a larger size block trade would lead to best overall price for the security being transacted.

J. Client Referrals and Other Compensation

VCM may enter into contractual agreements to act as a solicitor permitted by Rule 206(4)-3 of the Investment Advisers Act of 1940 ("Act"). Pursuant to these agreements, VCM receives compensation for referring prospective clients to third-party investment managers (e.g., The Pacific Financial Group). Such arrangements will comply with the cash solicitation requirements under the Investment Advisers Act of 1940. Generally, these requirements require the solicitor to have a written agreement with the referral partner. The solicitor must provide the client with a disclosure document describing the fees it receives from the referral partner, whether those fees represent an increase in fees that the referral partner would otherwise charge the client, and whether an affiliation exists between VCM and the referral partner. VCM will provide prospective clients with all applicable written disclosures required by the Act or as otherwise required by state or federal securities regulatory authorities.

J.1. Advisory Firm Payments for Client Referrals

VCM may enter into agreements with solicitors who will refer prospective advisory clients to VCM in return for a portion of the ongoing investment advisory fee. Such arrangements will comply with the cash solicitation requirements of Rule 206(4)-3 under the Investment Advisers Act of 1940. Generally, these requirements require the solicitor to have a written agreement with VCM. The solicitor must provide the client with a disclosure document describing the fees it receives from VCM, whether those fees represent an increase in fees that VCM would otherwise charge the client, and whether an affiliation exists between VCM and the solicitor.

Please be advised that the firm may employ internal and external recruiters ("Recruiters") whose primary responsibility is to recruit and employ qualified investment adviser representative candidates or investment advisers. In this regard the Recruiters are paid a percentage of the aggregate revenue generated by the recruit's advisory clients, provided such recruit (i) joins VCM as an investment adviser representative or contracts VCM in a sub-advisory capacity and (ii) the recruit's advisory clients establish an investment advisory or sub-advisory relationship with VCM, as applicable. Please note that recommendations by the Recruiters to qualified investment adviser representative candidates may entail the offer of economic benefits to entice the candidate to join VCM. This practice creates a conflict of interest in that any recommendations they might receive to establish an investment advisory relationship with VCM may be motivated by the investment adviser representative's economic self-interest rather than what may be in the best interest of the advisory client. Please note there is no additional fee paid by the client as a result of any fee paid to the Recruiters by VCM. VCM manages these conflicts by disclosing such conflict to its prospective clients and ensuring that all advice to clients is formulated with the clients' best interests in mind.

Please be advised that VCM may enter solicitor arrangements with one or more persons or entities, including, but not limited to, its investment adviser representatives or independent investment advisers. Clients do not pay any additional fees as a result of any such solicitation

arrangements. In addition to the conflict where recommendations by the solicitor may be viewed as being in the best interests of the solicitor and VCM, there are additional conflicts that you should be made aware. The solicitor may receive (i) preference regarding trade allocation on block trades for several clients, (ii) preference regarding favorable investment opportunities, and (iii) receive disproportionate allocation of time by VCM and the servicing investment adviser representative. The one-page solicitor disclosure statement will reflect these additional conflicts and are required to be acknowledged in writing by the prospective client.

J.2. Expense Reimbursements

VCM may from time to time receive expense reimbursement for travel and/or marketing expenses from distributors of investment and/or insurance products. Travel expense reimbursements are typically a result of attendance at due diligence and/or investment training events hosted by product sponsors or issuers. Marketing expense reimbursements are typically the result of informal expense sharing arrangements in which product sponsors or issuers may underwrite costs incurred for marketing, such as advertising, publishing, and seminar expenses. Although receipt of these travel and marketing expense reimbursements are not predicated upon specific sales quotas, the product sponsor reimbursements are typically made by those sponsors for whom sales have been made or it is anticipated sales will be made. This creates a conflict of interest in that there is an incentive to recommend certain products and investments based on the receipt of this compensation or reimbursements instead of what is in the best interest of our clients. We attempt to control for this conflict by always basing investment decisions on the individual needs of our clients.

J.3. Other Compensation

VCM receives compensation under an agreement with Great American Life (GA) to provide a fee-based fixed-indexed annuity and optional guaranteed income rider as part of the advisory products it offers. VCM will receive a one-time .25% override payment that is not made by, reimbursed by, or deducted from either the client or the investment adviser representative. It is paid directly from GA to VCM. GA will charge the client an annual 1.00% fee that will be billed monthly for each GA fee-based fixed indexed annuity purchased by a Client.

Receiving compensation can be considered a conflict of interest because the investment adviser representative can have a financial incentive to recommend that a client invest in the GA fee-based fixed indexed annuity. However, if you engage VCM and wish to invest in a GA fee-based fixed indexed annuity investment, your representative should obtain all the necessary financial and personal data necessary to assist the representative in confirming the suitability of this product and help the representative in determining if this is an appropriate investment product for you. Your representative should then be able to provide an accurate recommendation based on your investment objectives without regard for financial incentive. We encourage you to review this ADV closely and discuss any potential conflicts of interest with your representative.

K. Review of Client Accounts

K.1. Schedule for Periodic Review of Client Accounts or Financial Plans and Advisory Persons Involved

Client accounts are reviewed by the investment adviser representatives and random accounts are reviewed by VCM's Chief Compliance Officer or designees. The frequency of reviews is determined based on the client's investment objectives, but adviser reviews are generally conducted no less frequently than annually. More frequent reviews may also be triggered by a change in the client's investment objectives, tax considerations, large deposits or withdrawals, large purchases or sales, loss of confidence in the underlying investment, changes in macro-economic climate or other variables.

The client will receive written statements no less than quarterly from the custodian. In addition, the client may receive other supporting reports from mutual funds, asset managers, trust companies or custodians, insurance companies, broker-dealers and others who are involved with client accounts.

VCM has the ability to prepare written quarterly reports reflecting current positions and valuations which may be provided to all clients for managed accounts. Third party custodians also provide monthly statements. Financial planning clients receive their financial plans and recommendations at the time service is completed. Financial planning agreements are reviewed by the Chief Compliance Officer or his designee prior to such agreements being executed. There are no post-plan reviews unless engaged to do so by the client.

K.2. Review of Client Accounts on Non-Periodic Basis

VCM may perform ad hoc reviews on an as-needed basis if there have been material changes in the client's investment objectives or risk tolerance, or a material change in how VCM formulates investment advice.

L. Financial Information

L.1. Balance Sheet

VCM does not require the prepayment of advisory fees of more than \$1,200, six months or more in advance and as such is not required to file a balance sheet.

L.2. Financial Conditions Reasonably Likely to Impair Advisory Firm's Ability to Meet Commitments to Clients

VCM does not have any financial issues that would impair its ability to provide services to clients.

L.3 Bankruptcy Petitions During the Past Ten Years

There is nothing to report on this item.