

# **Vaquero Private Wealth, Ltd.**

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(Item 1)

This brochure provides information about the qualifications and business practices of Vaquero Private Wealth, Ltd. If you have any questions about the contents of this brochure, please contact us at 214-679-7832. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Vaquero Private Wealth, Ltd. also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Material Changes (Item 2)

The last update of this brochure was in September 2020. Since that filing there have been the following material changes:

The Firm has a new website: [www.Vaquerowealth.com](http://www.Vaquerowealth.com)

### Item 5: Fees and Compensation:

The Firm has updated the standard fee schedule for new clients to:

Account Value	Equity only	Fixed Income only	Mix of Equity & Fixed Income
\$0 - \$1 million	2%	1%	2%
\$1 million - \$10 million	1.75%	.75%	1.75%
\$10 Million +	1.5%	.50%	1.5%

The custodian of assets may charge trading fees in addition to the fees above and if an outside manager is hired to manage assets, the management fee to the outside manager will be in addition to Vaquero's management fee.

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

VWP updated the brochure with descriptive information about our investment strategies including: Equity Income Separate Account, Diversified Multi-Strategy Portfolio, Fixed Income and Custom Investment Strategies. In addition, we included a description of several risks particular to VPW's investment strategies.

### Item 12: Brokerage Practices:

#### *Selection of Brokers*

The Firm recognizes its responsibility to attain best execution and recognizes that limiting its custodial relationships may affect its ability to provide best execution on a trade-by-trade basis. However, the Firm evaluates both its custodial relationships and trade-by-trade execution in assessing best execution for clients.

#### *Order Aggregation*

If a client trade has a need for verbal authorization or a request for special handling, the transaction will trade out of the block order and could receive a different price which may be better or worse than the pricing executed for other clients. This practice will present conflicts with other clients regarding favorable pricing execution.

## Table of Contents (Item 3)

Advisory Business (Item 4) .....	1
Fees and Compensation (Item 5).....	2
Performance-Based Fees and Side-By-Side Management (Item 6) .....	3
Types of Clients (Item 7) .....	3
Methods of Analysis, Investment Strategies and Risk of Loss (Item 8).....	3
Disciplinary Information (Item 9) .....	6
Other Financial Industry Activities and Affiliations (Item 10) .....	6
Code of Ethics, Participation or Interest in Client Transactions and Personal Trading (Item 11).....	6
Brokerage Practices (Item 12) .....	7
Review of Accounts (Item 13) .....	8
Client Referrals and Other Compensation (Item 14) .....	9
Custody (Item 15) .....	9
Investment Discretion (Item 16) .....	9
Voting Client Securities (Item 17) .....	9
Financial Information (Item 18) .....	9

## ADVISORY BUSINESS (ITEM 4)

### ADVISORY FIRM DESCRIPTION

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Vaquero Private Wealth, Ltd. (“VPW” or the “Firm”) has been in business since August 2017. John B. Gordon and Laura C. Blair are the owners of the firm.

### TYPES OF ADVISORY SERVICES

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VPW is an independent, fee-only financial advisor providing clients with a detailed personalized approach on a discretionary basis. VPW consults with clients regarding their personal financial goals and objectives and designs and maintains their portfolios accordingly.

### INVESTMENT MANAGEMENT

VPW enacts investment objectives and asset allocation by trading in the client’s account as deemed appropriate. These discretionary accounts are monitored continuously in light of current market conditions, client objectives and risk tolerance. See Item 8 for more information on VPW’s investment objectives. Our investment management process is to:

- Determine your risk tolerance
- Establish your Investment Policy Statement (“IPS”)
- Invest your portfolio consistently with your IPS
- Make tactical changes reflecting current economic and market conditions
- Review your portfolio’s quarterly performance versus appropriate benchmarks
- Conduct periodic meetings with you to review your risk tolerance and objectives

Please see the “Methods of Analysis, Investment Strategies and Risk of Loss” Item 8 below for more details.

We do not participate in any wrap fee programs in which investment management and transaction fees are “wrapped” into one fee.

### TAILORED ADVISORY SERVICES

We tailor each financial plan and our investment management recommendations to you. You may restrict us from buying or selling particular investments in your portfolio. These restrictions may be changed at any time by notifying us.

### CLIENT ASSETS UNDER MANAGEMENT

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As of December 31, 2019, the Firm had \$152,136,486 in total discretionary assets under management.

## FEES AND COMPENSATION (ITEM 5)

### *INVESTMENT MANAGEMENT*

The management fee is paid monthly, in arrears, based upon the market value of the managed assets as valued by our custodian on the last business day of the previous month. For engagements commenced or terminated in the middle of a billing month, client's fee for such month shall be prorated for the number of calendar days the assets were managed and debited. Clients may instruct VPW to charge fees for one account to another bearing a client's name. Fees are subject to change and may be changed by VPW, in its sole discretion, after giving written notice to clients, with such new fees effective 30 days after the date of the written notice.

Moreover, for asset management services the Firm provides with respect to certain client holdings (e.g., held-away assets, accommodation accounts, alternative investments, etc.), VPW will negotiate a fee that often differs from other accounts per their custom Investment Management Agreement based on our role concerning those assets. The value used to calculate this fee is based on the month end value provided via monthly statements which is provided by the custodian or other outside parties.

Unless VPW grants an exception, the custodian will deduct from the managed assets and pay VPW the management fee each month after VPW submits a request to pay to the custodian. In the event that there is not sufficient cash in the client account(s) to pay VPW's fee, VPW will sell assets to pay the fee. Clients are responsible for verifying the management fee computations since custodians are not asked to perform this task. The custodian(s) will send clients a monthly statement showing all amounts paid from the managed assets, and transactions including deduction of the management fee. The maximum asset-based advisory fees for new accounts are listed below. Clients receiving the same service often pay different fees for the same services. Vaquero does not discriminate between clients based on their fee structure. VPW has the authority to discount and or negotiate fees.

Account Value	Equity Only	Fixed Income Only	Mix of Equity and Fixed Income
\$0 - \$1 million	2%	1%	2%
\$1 million - \$10 million	1.75%	.75%	1.75%
\$10 Million +	1.5%	.50%	1.5%

### *OTHER FEES*

Client accounts pay directly for additional fees assessed by the custodian, such as transaction, wire, exchange or custodial fees or if an outside manager is hired to manage assets. For more language on the custodian relationship, please refer to the section below "Brokerage Practices" for more details.

### *IMPLEMENTATION WITH MUTUAL FUNDS*

When VPW recommends a mutual fund for a client's account, three separate fees may be charged to the client, either directly or indirectly. The first fee is VPW's investment

management fee where the fund is included in the asset base for the monthly fee calculation. The second is the set of internal fees charged by the investment company for the mutual fund's investment management, marketing, administration and marketing assistance. These internal expenses are disclosed in each fund's prospectus which is provided to each client by the custodian. (This set of fees also applies to any ETF or money market fund purchased in the client's account.) The third fee may be a transaction fee which is assessed by the custodian for its service of providing access to a universe of mutual fund families through one account. To avoid such fees a client would be required to open a separate account with each individual mutual fund company instead of using the custodian recommended by VPW, which would also negatively affect VPW's ability to deliver its services efficiently. Not all mutual fund trades enacted by VPW incur this transaction fee. When recommending mutual funds for client portfolios, VPW only recommends no-load funds.

#### **PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT (ITEM 6)**

VPW does not charge performance-based fees to any accounts, so it does not manage accounts paying those fees beside accounts that do not (side-by-side management).

#### **TYPES OF CLIENTS (ITEM 7)**

VPW provides investment advisory services to:

- Individuals
- High net worth individuals
- Corporations and other businesses

#### **METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS (ITEM 8)**

##### METHODS OF ANALYSIS

VPW uses a combination of the following types of analysis in evaluating investments for client accounts:

- Charting—Analysis of charts of past stock performance
- Fundamental—Analysis of financial attributes of a company, such as revenue growth, debt-to-equity ratio, inventory turnover, etc.
- Technical—Analysis which assumes past performance is a predictor of future performance
- Cyclical—Analysis based on business, industry, calendar or historical cycles

##### INVESTMENT STRATEGIES

The investment strategies VPW uses to implement investment advice include:

- Long-term purchases (securities held at least a year)
- Short-term purchases (securities sold within a year)

- Trading (securities sold within 30 days)
- Short sales
- Margin transactions
- Option writing, including covered options, uncovered options or spreading strategies

#### *Equity Income Separate Account*

The Equity Income portfolio seeks to grow principal while generating income by investing primarily in equities that have consistently grown their dividend over time. While most stocks held in this portfolio would be categorized as dividend growth companies, at times the portfolio will make thematic investments that the portfolio manager feels are appropriate based on cyclical or secular trends in the market.

#### *Diversified Multi-Strategy Portfolio*

The multi-strategy portfolio is the foundation for our goals-based client portfolios. Based on each individual client's risk profile we develop an investment objective to help them achieve their desired goals with the appropriate level of risk. We do this by investing across asset classes and investment styles. These portfolios are developed with a mix of Separately Managed Accounts, Mutual Funds and ETFs utilizing both active and passive investment strategies.

#### *Fixed Income Investment Strategies*

For clients seeking access to the fixed income markets, we utilize domestic fixed income managers. For those seeking to own their own individual bonds, we partner with separate account managers who can customize individual portfolios for our clients to meet specific requirements for bond maturities, credit quality or regional preferences. With a \$1 million minimum, we can provide direct access to a fixed income portfolio manager to establish a unique account and meet periodically to discuss any changes in objectives.

#### *The Custom Strategy*

For clients seeking the ability to deposit existing security positions in an account at initial funding that either have a low-cost basis or represent an issuer that the client wants to maintain. VPW's Custom Strategy is generally built around one of the Firm's other primary strategies and allows the client to hold positions that might otherwise trigger an extraordinary tax liability as well as retain long-held positions that the client prefers not to sell. The Custom Strategy may also allow variations of holdings from one of the other strategies depending on client needs and risk tolerance.

Clients that would like to have access to cash management services and/or funds through checking or a visa can also be accommodated in the Custom Strategy.

## RISK OF LOSS

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VPW does not guarantee the future performance of the account or any specific level of performance, the success of any investment decision or strategy that the Firm may use, or the success of the Firm's overall management of the account. The client understands that investment decisions made for the client's account by the Firm are subject to various market, economic, political and business risks, and that those investment decisions will not always be profitable. Clients are reminded that investing in any security entails risk of loss which they should be willing to bear. Other specific risks are discussed below.

### ***OVERALL INVESTMENT RISK***

All securities investing and trading activities risk the loss of capital. The nature of the securities to be purchased and traded and the investment techniques and strategies to be employed by the Firm may increase this risk. While the Firm will attempt to moderate these risks, there can be no assurance that the Firm's investment activities will be successful or that losses will not be suffered. An investment in an individual account is suitable only for persons who have adequate means of providing for their current needs and personal contingencies and have no need for liquidity in their investments. Many unforeseeable events, including actions by various government agencies, and domestic and international economic and political developments, may cause sharp market fluctuations that could adversely affect performance.

### ***TRANSACTIONS IN SECURITIES***

There is no assurance that the Firm will correctly evaluate the nature and magnitude of the various factors that could affect the prospects invested securities. The individual account holders may lose their entire investment or may be required to accept cash or securities with a value less than their original investment. Under such circumstances, the returns generated from investments may not be adequate compensation for the risks assumed.

Following are some risks particular to VPW's investment strategies:

***Mutual Funds:*** Investing in mutual funds carries the risk of capital loss and thus a client may lose money investing in mutual funds. All mutual funds have internal expenses and fees that lower investment returns. The funds can be of bond "fixed income" nature (lower risk) or stock "equity" nature (mentioned below).

***Equity Securities:*** VPW buys, on its clients' behalf, equity securities. The value of these investments will generally vary with their issuer's performance and movements in the equity markets. Consequently, clients may experience losses if they invest in equity instruments of issuers whose performance diverges from our expectations.

***Fixed-Income Securities:*** Some of VPW's clients may invest in bonds or other fixed-income securities. Fixed-income securities provide periodic returns and the eventual return of the principal at the end of the term. The value of fixed-income securities changes in response to interest rate fluctuations and market perception of the issuer's ability to pay off its obligations. Fixed-income securities are also subject to the risk that their issuer may be unable to make interest or principal payments on its obligations.



*Exchange Traded Funds (ETFs):* An ETF is an investment fund traded on stock exchanges, similar to stocks with pricing occurring throughout the trading day. ETFs, similar to mutual funds, contain internal expenses and fees which lower investment returns.

*Options:* There are risks associated with the sale and purchase of options. VPW clients may invest in call and/or put options. Call options are the right to buy a security at a certain price within a defined time period. Put options are the right to sell a security at a certain price within a defined time period. A buyer of either type of option assumes the risk of losing its entire investment in the option. A buyer of a call option risks losing its investment if the particular security never reaches the designated price within the set time period. A buyer of a put option risks losing the investment if the particular security does not decline enough to reach the designated price within the set time period.

#### DISCIPLINARY INFORMATION (ITEM 9)

There have been no disciplinary actions against VPW or Mr. Gordon.

#### OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS (ITEM 10)

VPW has no other financial industry activities or affiliations.

Mr. Gordon is a minority general partner of four (4) single purpose vehicles (“SPVs”) which are managed by another investment advisor. Mr. Gordon is not a control person of any of the SPVs.

#### CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING (ITEM 11)

##### CODE OF ETHICS

VPW has adopted a Code of Ethics that describes the general standards of conduct that the Firm expects of all Firm personnel (collectively referred to as “employees”) and focuses on three specific areas where employee conduct has the potential to adversely affect the client:

- Misuse of nonpublic information
- Personal securities trading
- Outside business activities

Failure to uphold the Code of Ethics may result in disciplinary sanctions, including termination with the Firm. Any client or prospective client may request a copy of the Firm’s Code of Ethics which will be provided at no cost.

The following basic principles guide all aspects of the Firm’s business and represent the minimum requirements to which the Firm expects employees to adhere:

- Clients’ interests come before employees’ personal interests and before the Firm’s interests.

- The Firm must fully disclose all material facts about conflicts of interest of which it is aware between itself and clients as well as between Firm employees and clients.
- Employees must operate on the Firm's behalf and on their own behalf consistently with the Firm's disclosures and to manage the impacts of those conflicts.
- The Firm and its employees must not take inappropriate advantage of their positions of trust with or responsibility to clients.
- The Firm and its employees must always comply with all applicable securities laws.

#### ***MISUSE OF NONPUBLIC INFORMATION***

The Code of Ethics contains a policy against the use of nonpublic information in conducting business for the Firm. Employees may not convey nonpublic information nor depend upon it in placing personal or recommending clients' securities trades.

#### ***PERSONAL SECURITIES TRADING***

VPW or individuals associated with the Firm may buy, sell or hold in their personal accounts the same securities the Firm recommends to its clients. This creates a potential conflict of interest with the possibility of Firm personnel obtaining a better price than clients obtain. To mitigate this conflict, such trades may occur on the same day at the same time receiving average pricing or after the client with the client receiving the same or better pricing. The Firm does not allow front running of client trades.

Employees are required to submit reports of personal securities trades on a quarterly basis, and securities holdings annually. These are reviewed by the Chief Compliance Officer to ensure compliance with the Firm's policies.

#### ***OUTSIDE BUSINESS ACTIVITIES***

Employees are required to report any outside business activities generating revenue. If any are deemed to be in conflict with clients, such conflicts will be fully disclosed, or the employee will be directed to cease this activity.

### **BROKERAGE PRACTICES (ITEM 12)**

#### ***SELECTION OF BROKERS***

The Firm recognizes its responsibility to attain best execution and recognizes that limiting its custodial relationships may affect its ability to provide best execution on a trade-by-trade basis. However, the Firm evaluates both its custodial relationships and trade-by-trade execution in assessing best execution for clients.

Pershing generally does not charge their account owners separately for custody services. Pershing is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through them or that

settle into their accounts (i.e., transactions fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions).

#### RESEARCH AND OTHER SOFT-DOLLAR BENEFITS

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VPW currently has no formal soft-dollar arrangements, where specific products or services are paid for with soft dollars generated for the Firm by individual trades the Firm places in client accounts. However, the custodian provides the Firm with certain brokerage and research products and services that qualify as "brokerage or research services" under Section 28(e) of the Securities Exchange Act of 1934 ("Exchange Act").

#### BROKERAGE FOR CLIENT REFERRALS

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The Firm does not receive referrals from a broker/dealer or third party providing service to VPW.

#### DIRECTED BROKERAGE

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Clients are not allowed to request that trades be enacted through a specific broker. VPW requires clients to use one of the Firm's recommended broker-dealers as account custodian. Not all advisors require their clients to use a particular custodian or broker.

#### ORDER AGGREGATION

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VPW often aggregates brokerage orders for its clients and allocates the securities purchased or sold among the participating accounts, with each account receiving the same terms. Since Pershing charges transaction fees at the account level whether or not a trade is placed as a block trade, aggregating trades does not affect client transaction fees. The proportion in which participating accounts will share transactions will be determined by the portfolio manager(s) based on investment objectives, cash availability, expected cash and liquidity needs, and other relevant factors. The overarching principle for that allocation is that no client is intentionally favored over another client that is similarly situated.

If a client trade has a need for verbal authorization or a request for special handling, the transaction will trade out of the block order and could receive a different price which may be better or worse than the pricing executed for other clients. This practice will present conflicts with other clients regarding favorable pricing execution.

#### REVIEW OF ACCOUNTS (ITEM 13)

Mr. Gordon conducts periodic reviews of client accounts, generally no less than annually. These reviews entail comparing the client's investment objective to the portfolio holdings, cash flows, changes in the client's financial position, and often discussion with the client.

Mr. Gordon will meet with each client on a periodic basis to review each managed account. The frequency of these reviews can be impacted by several factors including:

- The size and complexity of the client's accounts
- The complexity of the client's financial situation

- Unexpected changes in the client's goals or objectives
- Changes in political and economic circumstances
- Other lifestyle changes warranting a review of the client's financial situation

Periodic written performance reports will be prepared for each review in addition to the monthly account statements and confirmations that are generated by the custodian of the assets.

#### **CLIENT REFERRALS AND OTHER COMPENSATION (ITEM 14)**

The Firm does not pay outside individuals or entities for referring clients.

#### **CUSTODY (ITEM 15)**

Custody is defined as having any access to client funds or securities. Because VPW generally has the authority to instruct the account custodian to deduct the investment management fee directly from the client's account, VPW is considered to have "custody" of client assets. This limited access is monitored by the client through receipt of account statements directly from the custodian. These statements all show the deduction of the management fee from the account. Otherwise, VPW may only direct the movement of funds from one account in the client's name to another such titled account but has no other access to funds.

When clients receive their statements from the account custodian, clients should carefully review those statements and take the time to compare them with those they receive from VPW. If the client finds significant discrepancies, the custodian and VPW should be notified.

#### **INVESTMENT DISCRETION (ITEM 16)**

VPW has full trading authority under a limited power of attorney assigned to VPW. As a result, VPW will determine both the investments, and how much of each, should be purchased or sold on each client's behalf. The Firm follows the investment strategy as set forth in the investment management agreement. Clients may place restrictions on the Firm's discretion in writing.

#### **VOTING CLIENT SECURITIES (ITEM 17)**

VPW does not vote proxies for securities held in clients' accounts. Clients receive proxy material directly from their account custodian by either email or U.S. mail. Clients may address questions concerning a proxy matter to Firm personnel via email or phone.

#### **FINANCIAL INFORMATION (ITEM 18)**

There is no financial condition that is reasonably likely to impair the Firm's ability to meet its contractual commitments to its clients.

Due to the unforeseen circumstances as a result of Covid-19, we have applied for and received a PPP loan in order to ensure our ability to retain our highly skilled employees.