

**Firm Brochure**  
(Part 2A of Form ADV)

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This brochure provides information about the qualifications and business practices of Vanderbilt Avenue Asset Management, LLC. If you have any questions about the contents of this brochure, please contact us at: (212) 973-2200, or by email at: [cgorham@vaamllc.com](mailto:cgorham@vaamllc.com). 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.

Vanderbilt Avenue Asset Management, LLC, an investment adviser registered with the U.S. Securities and Exchange Commission. Registration with the U.S. Securities and Exchange Commission as an investment advisor does not imply a certain level of skill or training.

Additional information about Vanderbilt Avenue Asset Management, LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

March 31, 2020

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Vanderbilt Avenue Asset Management, LLC

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## **Advisory Business**

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### **Firm Description**

Vanderbilt Avenue Asset Management, LLC, ("VAAM") was established in 2008.

VAAM provides discretionary investment management services and investment advisory services to various categories of institutional and high net worth individual clients.

### **Principal Owners**

VAAM is 100% owned by its active employees. The firm has no affiliated broker-dealer relationships or joint ventures. The principal owner is Emad A. Zikry.

### **Types of Advisory Services**

VAAM provides continuous advice to its clients, most of which are institutional and high net worth individuals, concerning the investment of assets under its' supervision or management. Such advice will be given at such times as VAAM determines that investment or reinvestment of such assets is appropriate on the basis of the individual goals of each client and VAAM's assessment of the investment opportunities that are available from time to time.

As of December 31, 2019, VAAM managed approximately \$252,769,000 in assets. \$155,384,000 was managed on a discretionary basis and \$97,384,000 was managed on a non-discretionary basis.

### **Wrap Fee**

VAAM has no wrap fee accounts.

## **Fees and Compensation**

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### **Description**

VAAM's fees may vary with each of its clients. Higher or lower fees than those shown on the schedules below may be negotiated. Also, fees for special services or reports may be negotiated on an individual basis. VAAM's basic annual fee schedules are as follows:

- Active International/Global Fixed Income:
  - .60% on the first \$10 million
  - .40% on the balance
  - Negotiable

Active Domestic Fixed Income:

.50% on the first \$10 million  
.40% on the next \$15 million  
.30% on the next \$75 million  
.20% on the next \$100 million  
.15% on the balance

Negotiable

Short Duration Bond Management:

.40% on the first \$10 million  
.25% on the balance

Negotiable

Immunization or Dedication

.25% on the first \$10 million  
.20% on the next \$15 million  
.15% on the balance

Negotiable

Domestic Index Bond or Equity Portfolios:

.08% on the first \$10 million  
.05% on the next \$50 million  
.04% on the balance

Negotiable

Domestic Equity and Balanced Account Management:

.75% on the first \$10 million  
.60% on the next \$15 million  
.50% on the next \$25 million

Negotiable

Index Plus Yield Factor:

.15% on the first \$50 million  
.10% on the next \$50 million  
.05% on the balance

Negotiable

Asset Allocation Advisory:

Negotiable

Cash Management (non-discretionary):

Negotiable

**Fee Billing**

Discretionary clients' assets under management or supervision generally will be valued at the end of each calendar quarter based on statements from the applicable custodian. VAAM's fees are billed quarterly in arrears.

Client assets awaiting investment/reinvestment will typically be held in the applicable custodian's sweep account which, depending upon the terms of the custodian agreement, may involve separate administrative and/or management fees which fees may be payable to the custodian. On occasion VAAM will purchase or sell ETFs for clients. ETFs offer the advantage of efficient access to various sectors of the market, diversification and liquidity. ETFs however levy fees that are separate from the VAAM management fee.

**Termination of Agreement**

Although the Investment Management Agreement is an ongoing agreement, the length of service to the client is at the client's discretion. The client or the investment manager may terminate an Agreement by prior written notice to the other party. At termination, fees will be billed on a pro rata basis for the portion of the quarter completed plus the required termination notice period as defined in the investment management agreement. The portfolio value, as determined by the custodian, at the completion of the prior full billing quarter is used as the basis for the fee computation.

**Performance-Based Fees**

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VAAM may enter into arrangements with clients on a case-by-case basis from time to time pursuant to which it will charge performance fees for its investment advisory services (e.g., 'fulcrum' fees, arrangements with sophisticated clients, etc.), provided, however, that any such arrangements will be in accordance with (and permissible under) applicable law, including Rule 205-3 of the Investment Advisors Act of 1940.

Currently, no fees are based on a share of the capital gains or capital appreciation of any managed account.

**Types of Clients**

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VAAM provides investment advice to individuals, banks or thrift institutions, pension and profit sharing plans, trusts, estates, or charitable organizations, corporations or business entities, insurance companies, or governments and government agencies.

## **Methods of Analysis, Investment Strategies and Risk of Loss**

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### **Methods of Analysis**

Security analysis methods include fundamental analysis, technical analysis, and cyclical analysis.

Security selection is based largely, although not entirely, on fundamental analysis. Economic factors are considered. Technical and cyclical analysis is used to confirm the desirability of choices made on the basis of fundamental analysis.

The main sources of information include financial newspapers and magazines, inspections of corporate activities, Bloomberg analytics, research materials prepared by Wall Street firms and others, corporate rating services, timing services, annual reports, prospectuses, filings with the Securities and Exchange Commission, and company press releases.

VAAM has access to a substantial library containing both current and historical material on companies and subscribes to major journals and periodicals. Publications are also obtained from leading international investment banks.

### **Investment Strategies**

By tenaciously applying a rigorous and disciplined strategy, VAAM approaches each mandate within a separate account. Distinguishing features of our investment strategy include (1) a "Controlled Duration" approach; (2) Distinctive yield curve strategy that identifies anomalies; (3) Differentiated sector allocation analysis that focuses on the concept of comparable spreads and volatility; and (4) security selection techniques that rely on fundamental and quantitative analysis.

### **Risk of Loss**

All investment programs have certain risks that are borne by the investor. Investors face the following investment risks:

- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Market Risk:** The price of a security, bond, or ETF may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.

- **Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate).

VAAM cannot and does not guarantee the future performance of an account, the success of any investment decision or strategy with respect to a client's assets, or the success of VAAM's overall management of assets. The client understands that the investment decisions made by VAAM with respect to the assets are potentially subject to various market, currency, economic, political and business risks, and that such investment decisions may not always be profitable and may result in losses. The client acknowledges that many of the securities held in the client's account may be difficult to liquidate. Market conditions at the time of sale may also have a negative impact on the account. As a result, the client can realize a loss in the disposition of securities held in the account.

### **Disciplinary Information**

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Neither VAAM nor its investment professionals have been subject to any legal or disciplinary action.

### **Other Financial Industry Activities and Affiliations**

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VAAM is an Introducing Party for certain non-discretionary Cash Management products. The products are marketed on behalf of Customers Bank, The American Deposit Management Group, Landing Rock Group and Anova Financial Corporation and are identified as ICS, ADM, ICSA and AnovaFunds. All products are designed to offer clients a cash management solution.

In exchange for its role with respect to the ICS product, VAAM currently receives a fee of between 5 and 15 basis points per annum from Customers Bank and The American Deposit Management Group. In exchange for its role with respect to the ICSA and AnovaFunds products, VAAM currently receives a fee of 10 basis points per annum from USA Mutuals Partners and Anova Financial Corporation.

Fees may be subject to change and if so clients will be informed accordingly. Higher or lower fees may be negotiated by clients.

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

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### **Code of Ethics**

The success of VAAM is dependent to a major extent on our belief in the highest standards of trust and integrity and ensuring that the interests of our clients are always accorded first priority. As a Company, we have an obligation to ensure that not only do we meet the spirit and letter of all laws and regulatory requirements by which our activities are governed but also that stringent ethical principles are integral components of every business transaction and relationship.

By far the most important asset of this Company will always be our reputation for integrity and fair dealing and we must accord the highest priority to protecting these values. Accordingly, the Company has adopted a Code of Ethics to establish standards to assist the Company and its employees in complying with applicable statutory and regulatory requirements. We will provide a copy of our Code of Ethics and Standards of Conduct to any client or prospective client upon request.

### **Personal Trading**

Employees of VAAM may purchase or sell securities for their personal accounts which may be of the same type, asset class and/or maturity as those recommended for purchase or sale by client accounts. To prevent potential conflicts, employees of VAAM are required to sign a statement acknowledging that they will comply with VAAM's policy on Priority of Client Transactions which provides, inter alia, that the interest of VAAM's customers and clients must have priority and take precedence over transactions that will benefit VAAM, its officers, or employees.

In order to monitor compliance with such Policy, VAAM has established procedures pursuant to which "access" persons of VAAM report their personal trades on a quarterly basis. The Chief Compliance Officer of VAAM reviews all employee trades each quarter. His trades are reviewed by the Chief Administrative Officer.

VAAM shall not be obligated to purchase or sell for a client securities which VAAM may purchase or sell for the portfolios of other clients.



## Brokerage Practices

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VAAM does not have any affiliation with any broker/dealer firms. The brokers that are used for transactions in portfolios managed by VAAM are selected according to their financial responsibility, availability of securities to be purchased, execution capability, the provision of research and/or market information and compliance and operational responsiveness.

VAAM maintains an approved broker list. The list is generated based upon the review of the above criteria. On an annual basis, the Chief Operating Officer reviews the firms' annual report and/or Financial and Operational Combined Uniform Single (FOCUS) Report to ensure they have an operating history of profitability and capital requirements consistent with the standards and regulatory requirements of the industry.

VAAM has entered into relationships (currently CAPIS) pursuant to which it receives research products in return for transacting business. Such research products from **Bloomberg Analytics** will typically consist of general economic research and data. It is VAAM's intent that any such research material shall be used collectively for the benefit of all its discretionary client accounts and that any trades executed through such broker-dealers will be competitive, to the extent possible.

VAAM's client base is a mixture of equity and fixed income accounts. The overwhelming portion, but not the total soft dollar credits VAAM receives, comes from the equity side. VAAM's current client base which may change from year to year is skewed to Short Duration with a limited exposure to the equity market. As such equity clients bear a greater burden than the fixed income clients, including equity transactions that may or may not be paying a higher commission. However the research VAAM receives is for the benefit of the full client base.

We do not participate in non-research or mixed use items.

## Review of Accounts

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Investment Advisory accounts are reviewed regularly. The accounts will be reviewed with respect to adherence and conformity to client guidelines no less often than quarterly. All client guidelines are distributed to the portfolio managers. Every trade is checked to ensure conformity to client guidelines. This verification is done by the portfolio managers, Chief Administrative Officer and investment management personnel. In addition the Chief Administrative

Officer will meet with the portfolio managers to review adherence to client guidelines.

## **Client Referrals and Other Compensation**

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### **Incoming Referrals**

VAAM has entered into relationships whereby certain third party entities may introduce (the “Introducer”) prospective investors to VAAM. VAAM maintains an agreement with each Introducer and pays fees to the Introducer as compensation for its services. The fees paid to the Introducers do not result in an increase in fees paid by the investors to VAAM.

### **Outgoing Referrals**

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

## **Custody**

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All assets are held at qualified custodians. The custodian bank is the official record keeper of assets, transactions and performance. VAAM does not maintain custody for any clients’ cash, bank accounts, or securities. VAAM’s customers independently select their custodians and inform VAAM of their custodian by separate instruction. VAAM does not maintain trading or securities accounts for its own purpose. In addition, the custodian valuation is taken on the last day of each calendar quarter as a basis for computing VAAM’s fees.

## **Investment Discretion**

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VAAM will typically have the authority to determine both the type and amount of the securities to be bought or sold for its clients’ accounts.

## **Voting Client Securities**

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VAAM proxy duties are handled by the Chief Administrative Officer and consist of analyzing proxy statements of issuers whose stock is owned by any client that has either delegated such responsibility to VAAM or is a fully discretionary advisory client. VAAM votes proxies solely in the interest of its advisory clients.

All proxies received by VAAM will be voted based upon instructions and/or policies. As a matter of policy, the officers and employees of VAAM will not be influenced by outside sources whose interests conflict with the interests of its

advisory clients. All conflicts of interest will be resolved in the interests of the advisory clients.

The Chief Administrative Officer at VAAM prepares reports for each client that has requested a record of proxy voting. The report specifies the proxy issues that have been voted for the client during the requested period and the position taken with respect to each issue. VAAM maintains a copy of each requested report.

A copy of VAAM's proxy voting policy is available upon request.

### **Financial Information**

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VAAM does not have any financial impairment that will preclude the firm from meeting any contractual commitments to its clients.