

# **Vaquero Private Wealth, Ltd.**

4303 West Lovers Lane, Suite 100  
Dallas, Texas 75209  
(214) 269-7854  
Vaquerowealth.com

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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 the Annual Updating Amendment in February, 2021. Since then, there have been no material changes. At the time of that February filing, we disclosed the following material changes:

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

### Item 4: Advisory Business:

VPW added various new Investment Management Services including External Managers, Private Investments, Services for ERISA Plans, Financial Planning, Donor Advised Services and also reporting services for assets not managed by VPW.

### Item 5: Fees and Compensation:

The Firm has updated the standard fee schedule for new clients which may be invoiced in advance or in arrears 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.

The Firm offers Financial Planning and Custom Consulting and charges either hourly or as a flat rate based on each client's particular parameters and needs.

### 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, Financial Planning, Private Equity and Custom Consulting. In addition, we included a description of several risks particular to VPW's investment strategies.

### Item 12: Brokerage Practices (Research and Other Soft-Dollar Benefits):

Fidelity and Pershing make available to the Firm products and services that benefit the Firm but may not directly benefit the client or the client's account. These products and services assist us in managing and administering client accounts.

### Item 14: Client Referrals and Other Compensation:

VPW refers clients to Fidelity or one of its affiliates to provide custodial services with respect to accounts managed by VPW. As described in detail in Item 12, VPW entered into a Support Services Agreement with Fidelity, pursuant to which Fidelity will pay for certain services related to the transition of client accounts from other investment managers to VPW.

### Item 15: Custody:

Several of our clients have established instructions to their custodian which allow clients to direct us to send funds from their account with standing instructions. VPW is considered to have custody over some of these accounts since the amount and/or timing of these transfers are not pre-defined. However, this authority does not necessitate that an outside public accountant conduct surprise examinations of these accounts.

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## ADVISORY BUSINESS (ITEM 4)

### ADVISORY FIRM DESCRIPTION

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

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 SERVICES*

VPW enacts investment objectives and asset allocation by trading in the client’s account as deemed appropriate. These discretionary accounts are monitored 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.

*External Managers:* VPW may recommend to clients that all or a portion of their investment portfolio be managed on a discretionary basis by external money managers (“External Managers”). The client may be required to enter into a separate agreement with the External Manager(s), which will set forth the terms and conditions of the client’s engagement of the External Manager. In addition to this Brochure, clients may also receive the written disclosure documents of the respective External Managers engaged to manage their assets. VPW also assists in establishing the client’s investment objectives for the assets managed by External Managers, monitors and reviews the account performance and defines any restrictions on the account. The investment management fees charged by the designated External Managers, together with the fees charged by the corresponding designated broker-dealer/custodian of the client’s assets, are typically exclusive of, and in addition to, advisory fees charged by VPW. To the extent possible, VPW seeks to assess the External Managers’ investment strategies, past

performance and risk results in relation to its clients' individual portfolio allocations and risk exposure.

*Private Investments:* For specific qualified clients, VPW recommends investment in private investment vehicles whose interests are not publicly offered under the Securities Act of 1933 ("Private Funds"). Such Private Funds may be structured as fund of funds or as access vehicles to underlying funds or portfolios managed by third-party investment advisors. VPW will, from time to time and as appropriate, solicit clients to invest in such vehicles, and decide which clients to approach for some or all of these investments, in its own discretion.

VPW advisory fees charged to clients for investing in a Private Fund are in addition to the fees charged by the Private Funds to investors. It should also be noted that certain employees of VPW may directly participate through the Private Fund itself for the purposes of investing.

*ERISA Services:* In addition to providing advisory services with respect to participation in employer-sponsored retirement plans and individual retirement accounts, VPW can provide advisory services to the sponsors of defined contribution, defined benefit and non-qualified deferred compensation plans who have ultimate authority to direct the investing and reinvesting of plan assets as they deem appropriate, considering each plan's stated objective, liquidity needs, and stated policies and guidelines. VPW is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include, among other things, prohibited transaction rules which are intended to prohibit fiduciaries from engaging in specified conflicts of interest.

*Donor Advised Services:* Certain VPW clients have donor advised funds through various third-party charitable programs including the Fidelity Charitable Gift Fund Program and the Schwab Charitable Fund (each, a "Charitable Platform"), which funds will be managed in accordance with the specific investment policies and guidelines of the applicable Charitable Platform. Clients will establish a donor advised account, transfer funds earmarked for charitable donation and recognize a tax deduction in the year that funds are transferred into an account opened on a Charitable Platform. The funds remain in such account until the Client designates a charity, an amount and a date to donate to such charity.

Under independent advisor programs established within each Charitable Platform, donors nominate an independent investment adviser, including VPW, to manage accounts established on the Charitable Platforms. If nominated, VPW will manage the donor's account pursuant to investment guidelines established by each Charitable Platform.

*Reporting on Non-Advisory Assets:* VPW will provide consolidated reporting on Client non-advisory assets when requested. Non-advisory assets are assets independently owned by Clients but not included as assets under management by VPW. These non-advisory assets will not be subject to VPW's investment review and no investment advice will be provided with respect to non-advisory assets. VPW will report the value of each non-advisory asset to the Client, based solely on the valuations

received by VPW from the third-party managers of the non-advisory assets or other third parties, but VPW will not have any obligation to independently examine, confirm or review non-advisory asset valuations.

### ***FINANCIAL PLANNING***

We believe that before quality advice can be offered, it is essential to understand your goals. By listening closely to your concerns and plans for the future, we can create a financial planning strategy that accelerates you toward your goals. Our wealth advisors develop a clear financial planning roadmap that fully leverages your available resources to reach your objectives.

Our personalized, tailor-made approach includes:

- Identifying and confirming your personal financial goals through open and frequent communication.
- Providing information and education on any risks, obstacles, and opportunities.

Scheduling meetings to keep you abreast of changes in the market, tax changes, and the economy and the impact these may have on your personal situation, we strive to keep you informed every step of the way. To that end, we provide regular reviews and reports of your portfolio and are always available to answer any questions or concerns you may have. Periodic meetings between you and your wealth advisor ensure that your goals, risk tolerance and objectives are always current.

Our philosophy of financial planning includes the following:

- Portfolio Management
- Estate/Charitable Planning
- Borrowing, including working with or identifying:
  - Bankers
  - Mortgage brokers
- Taxes and Accounting, coordinating with:
  - CPAs
  - Tax attorneys
  - Third party administrators
- Insurance, including working with or identifying:
  - Life and health companies
  - Insurance brokerage firms
  - Fringe benefit providers

The scope of our planning services includes the following to the degree any client needs:

- *Net Worth/Cash Flow Statements*  
We evaluate your current assets and liabilities, as well as all income and expenses. We also consider potential inheritances, salary changes, or major one-time expenses.
- *Retirement Planning*  
We utilize a sophisticated set of tools to measure and analyze various assumptions on retirement dates, savings rates, longevity expectations, and market conditions.

- *Tax Planning*  
We work in concert with your tax professional to identify any areas of opportunity that might impact your current and future tax situation.
- *Insurance Planning*  
We work with your insurance agents to review and coordinate coverage for homeowners, auto, liability, disability, life, and long-term care insurance.
- *Estate Planning and Asset Protection*  
We work with your attorney to provide a plan that protects and distributes your assets to your heirs according to your wishes with the goal of minimizing taxes and expenses.
- *Education Planning*  
We advise you on how much to set aside and how to leverage the tax-advantaged education saving options.
- *Business owners*  
We assist in evaluating employee benefits packages, succession planning strategies, and how to best integrate the business value in your overall planning.
- *Corporate Benefits*  
We assist clients at the corporate executive level on how to integrate the exercise of stock options and minimize the tax implications. We also assist with the review and implementation of other corporate benefits.
- *Charitable Planning*  
We compare suitable solutions and then help you direct your giving through tools that provide the maximum impact for your selected charitable causes and maximize your tax benefit.

#### ***TAILORED ADVISORY AND CONSULTING SERVICES***

We tailor each financial plan, our investment management recommendations to you and provide other client-specific consulting, as needed.

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, 2020, the Firm had \$166,317,339 in total discretionary assets under management.

### **FEES AND COMPENSATION (ITEM 5)**

#### ***INVESTMENT MANAGEMENT***

The management fee is paid monthly according to the Investment Advisory Agreement between Client and VPW. Fees are assessed based upon the market value of the managed assets as valued by the custodians on the last business day of the previous month and may be invoiced in advance or in arrears per the Agreement. Flows into new accounts for the first month are charged on a pro rata basis. Thereafter, the monthly fee is adjusted on a pro rata basis for flows of cash or assets in or out of the account that are equal to or exceed \$100,000 in any one day. Fee adjustments for flows in and

out of the account are calculated based on the actual days in the month the assets were in the account. 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%

#### ***FINANCIAL PLANNING FEES***

You may engage us to create a Financial Plan exclusive of Portfolio Management or request we perform financial planning services outside the scope of services in our original Client Agreement. In these situations, we charge hourly or by a flat fee based on estimating the complexity and the total time to complete the plan.

Fees for ongoing financial planning renewal services, after the initial financial plan completion, are based upon the projected hours necessary to maintain an effective planning process for Client, the number of expected meetings during the year, the professionals used, and the complexity of Client's situation.

Consultation either in person, by e-mail or telephone is at no additional charge. An additional fee will be charged for "special projects" not related to the Comprehensive Financial Plans.



### ***CONSULTING FEES***

Fees for customized consulting services are charged hourly or as a flat fee per the Consulting Agreement based on the projected hours necessary, the professionals used, and the complexity of Client's situation.

### ***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
- Pension and profit-sharing plans

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

### METHODS OF ANALYSIS

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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

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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.

#### *Private Investment Opportunities*

VPW also recommends Private Funds to clients. See Item 4 ("Types of Advisory Services") for a description of Private Investment opportunities.

### **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, like stocks with pricing occurring throughout the trading day. ETFs, like 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. Put options are the right to sell a security at a certain price within a defined time. 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. 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.

*Illiquid Securities:* Investments in Private Funds or other private investment vehicles or private securities may underperform publicly offered and traded securities because such investments:

- Typically require investors to lock-up their assets for a period and may be unable to meet redemption requests during adverse economic conditions;
- Have limited or no liquidity because of restrictions on the transfer of, and the absence of a market for, interests in these funds;
- Are more difficult to monitor and value due to a lack of transparency and publicly available information about these funds;
- May have higher expense ratios and involve more inherent conflicts of interest than publicly traded investments; and

- Involve different risks than investing in registered funds and other publicly offered and traded securities. These risks may include those associated with more concentrated, less diversified investment portfolios, investment leverage and investments in less liquid and non-traditional asset classes.

#### **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 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.

We recommend that clients establish brokerage accounts with Pershing or Fidelity. We are independently owned and operated and are not affiliated with either Pershing or Fidelity, however this creates a conflict of interest because Vaquero receives management fees as a result of recommending Pershing or Fidelity as custodian for client accounts.

Pershing and Fidelity generally do not charge their account owners separately for custody services. Custodians are 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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Fidelity and Pershing make available to the Firm products and services that benefit the Firm but may not directly benefit the client or the client's account. These products and services assist us in managing and administering client accounts. They include investment research, both proprietary and that of third parties. VPW may use this research to service all or some substantial number of client accounts, including accounts not maintained at Fidelity or Pershing. In addition to investment research, Fidelity and Pershing make available software and other technology that:

- provides access to client account data (such as duplicate trade confirmations and account statements);
- facilitates trade execution and allocates aggregated trade orders for multiple client accounts;
- provides pricing and other market data;
- facilitates payment of our fees from our clients' accounts; and
- assists with back-office functions, recordkeeping, and client reporting.

Fidelity also offers other services intended to help us manage and further develop our business enterprise. These services include:

- educational conferences and events;
- technology, compliance, legal, and business consulting;
- publications and conferences on practice management and business succession; and
- access to employee benefits providers, human capital consultants, and insurance providers.

Fidelity may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to the Firm. Fidelity may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. Fidelity may also provide the Firm with other benefits such as occasional business entertainment of Firm personnel.

Regarding the Firm's intention to recommend that clients custody their assets with Fidelity, Fidelity has agreed to provide VPW with reimbursement of Transfer or Account Exit Fees. These funds will be used toward fees client accounts will bear if the accounts are transferred to Fidelity. Fidelity has also agreed to pay for eligible third-party vendor services and services such as certain marketing, technology, consulting and research expenses provided by Fidelity affiliates.

The reimbursement of transition-related expenses by Fidelity presents a conflict of interest because it will be used for the payment of expenses that do not directly benefit client accounts. The financial benefits received from Fidelity do not reduce the investment management fees clients pay to VPW. These products and services from Fidelity benefit VPW in that VPW does not have to purchase them. The benefits provide an incentive for VPW to routinely recommend Fidelity as custodian over custodians who do not offer such products and services. VPW addressed this conflict through this disclosure and by reviewing the pricing of fees, expenses and quality of services offered by Fidelity and determining that the recommendation of Fidelity is in the best interest of clients.

#### **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. Specifically, VPW refers clients to Pershing, Fidelity or one of its affiliates to provide custodial services with respect to accounts managed by VPW. 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)**

As discussed in Item 12, VPW refers clients to Fidelity or one of its affiliates to provide custodial services with respect to accounts managed by VPW. As described in detail in Item 12, VPW entered into a Support Services Agreement with Fidelity, pursuant to which Fidelity will pay for certain services related to the transition of client accounts from other investment managers to VPW. These services, which include (among others) technology, legal and compliance related services associated with client transition that are intended to support VPW in conducting its business and serving the best interests of its clients. VPW's clients do not pay more for assets maintained at Fidelity as a result of this arrangement. However, VPW benefits from the referral arrangement because the cost of these transition-related services would otherwise be borne directly by VPW. Clients should consider this conflict of interest when selecting a custodian.

VPW does not consider the provision of transition related services by Fidelity in the selection of brokers or dealers for the exercise of transactions for client accounts.

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

Custody is defined as an investment advisory firm, its related entities, and/or its personnel having direct access to your funds or securities. We protect your assets by requiring that you use a "qualified custodian" that sends your account statements at least quarterly. All custodians we recommend are qualified.

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 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.

Several of our clients have established instructions to their custodian which allow clients to direct us to send funds from their account with standing instructions. VPW is considered to have custody over some of these accounts since the amount and/or timing of these transfers are not pre-defined. However, this authority does not necessitate that an outside public accountant conduct surprise examinations of these accounts.

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 to ensure our ability to retain our highly skilled employees.