

# Volumetric Advisers, Inc.

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## **Form ADV Part 2 Brochure**

This Brochure provides information about the qualifications and business practices of Volumetric Advisers, Inc. the “Adviser”. If you have any questions about the contents of this Brochure, please contact us at 1-800-541-3863 or [info@volumetric.com](mailto:info@volumetric.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.

Volumetric Advisers, Inc. is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about Volumetric Advisers, Inc. also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2 – Material Changes

None

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## Item 4 – Advisory Business

Volumetric Advisers, Inc. and Volumetric Fund, Inc. (“Fund”) were initially formed as the Volumetric Investment Society in August 1978, when Gabriel Gibs, the founder and former President, began a private investment partnership for his friends, relatives and associates. Soon after, Irene Zawitkowski, Executive Vice-President of the Adviser, joined the business. Jeffrey Gibs, son of Gabriel Gibs, began as a consultant to the Adviser in 1988 and is the current President of the Adviser. All three individuals are owners of the Adviser.

The Adviser’s primary focus is to provide investment advisory services to one Securities and Exchange Commission (“SEC”) registered investment company, Volumetric Fund, Inc. (Ticker symbol: VOLMX). These investment advisory services include obtaining and evaluating economic, statistical and financial information to formulate and implement investment decisions for the Fund.

Volumetric Fund is an open-end diversified mutual fund which invests primarily in mid to large cap publicly traded US stocks. The Fund’s investment objective is capital growth. Its secondary objective is downside protection. The Fund’s investment strategies and risks are described in the Fund’s prospectus. Investment decisions to buy and sell common stocks, are made with the utilization of volume analysis, specifically the Fund’s proprietary Volumetric Trading System. This is a technical system, based on the analysis of stocks and the stock market’s trading volume. A stock’s fundamentals are not a major factor in the decision process.

Since inception of the Fund through February 21, 2021, the Adviser performed the transfer agency (“T/A”) services for the Fund. Therefore, the Adviser was responsible for maintaining the books and records of Fund’s shareholders. This included opening, closing and making changes to accounts, processing transactions and providing shareholder information and statements. Effective, February 22, 2021, the transfer agency services has been outsourced to Ultimus Fund Solutions, Inc.

Volumetric Adviser also offers portfolio management (separately managed accounts “SMA”) and investment advisory services for individuals and small businesses. A discussion and understanding of each client’s unique circumstances and needs are determined at the onset and reviewed periodically with the client. Recommendations and strategies are determined based upon the circumstances, with the objective to achieve the client’s goals. Investments may include but, not limited to publicly traded equities, US Treasuries, exchange traded funds (“ETFs”), mutual funds, money market accounts and cash/cash equivalents. The firm does not use margins. Clients may impose restrictions on investments. The Adviser will always act, in what is believed to be, the best interest of the client based upon the client’s desires. There is no minimum amount of assets required for management.

The Adviser may utilize an outside adviser or subadvisor for a SMA or other investment advisory services not related to Volumetric Fund. The utilization of such a third party will have no additional cost to the client. Any such cost will be paid by the Adviser, not the client.

The Adviser does not participate in any wrap programs.

Assets under management as of 12/31/20 were \$37,866,328 on a discretionary basis. There are no assets as a non-discretionary basis.

## Item 5 – Fees and Compensation

### **Registered Investment Company (Fund) Fees**

The Adviser charges, Volumetric Fund, Inc. a management fee, which is disclosed in the Fund's prospectus. The Adviser receives from the Fund this fee, payable monthly, the following month after it is accrued, at the annual rate of 2.00% of the average daily net assets of the Fund on the first \$10 million; 1.90% of such net assets from \$10 million to \$25 million; 1.80% of such net assets from \$25 to \$50 million; 1.50% of such net assets from \$50 to \$100 million; and 1.25% of such net assets over \$100 million. This management fee is prorated daily over the year, based on the daily closing net assets of the Fund. It is calculated and accrued as an expense daily to the Fund. Fees are contractual between the Fund and the Adviser and are non-negotiable during the year. The Fund's Board of Directors may negotiate these contractual fees, prior to approval of the "Investment Advisory Agreement" by the Board annually.

The Adviser does not pay the Fund's brokerage commissions. The Adviser shall not pay those expenses of the Fund which are related to litigation against the Fund, if any; or if the Fund is required to pay income taxes or penalties associated with such income taxes.

None of the supervised persons receive compensation for the sale of the Fund or other securities.

### **Separately Managed Accounts ("SMA")**

The fees for separately managed accounts are:

Assets Under Management	Annual Fee
0\$ to \$1,000,000	1.00%
\$1,000,001 to \$2,000,000	0.80%
\$2,000,001 to \$5,000,000	0.60%
\$5,000,001 to \$10,000,000	0.50%
Above \$10,000,000	0.35%

These fees are negotiable. Fees are paid after the end of each quarter and are calculated based upon the month-ending dollar values of the account. These fees will automatically be deducted from a client's account quarterly, unless other arrangements have been made with the client.

If the Adviser invests SMA assets into Volumetric Fund, those assets will not be charged SMA adviser fees on the assets invested in the Fund.

Brokers, banks and other third parties may charge fees for their services. This may include but, not limited to trade commissions, account fees, processing fees, wire fees, custodial fees, etc. These fees and taxes are the responsibility of the client and not the Adviser. See Item 12 of this brochure for more information.

SMA contracts may be terminated at anytime without penalty.

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

Volumetric Advisers, Inc. does not charge any performance-based fees (fees based on a share of capital gains or capital appreciation of the assets of a client). Fees are based on assets under management.

## Item 7 – Types of Clients

The Adviser's major client is a SEC registered investment (mutual fund) company, Volumetric Fund, Inc.

For SMA clients may include but, not limited to, individuals and small businesses.

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

### ***Registered Investment Company (Fund) Fees***

The Adviser uses a unique "Volumetric Trading System" to make investment decisions. This disciplined stock trading system has been derived from "Volumetrics", a proprietary method of technical analysis which measures the flow of money into and out of stocks by their trading volume.

Using the proprietary "Volume and Range" system, a mathematical methodology to manage the Fund's portfolio, the Adviser's aim is to carefully balance risk versus return by using mathematical formulas. Its approach includes: 1) daily cash management; 2) stock selection; and 3) discipline selling of stocks, when necessary, as indicated below. However, investing in securities involves risk of loss that clients should be prepared to bear.

Every day after the market closes the portfolio managers do the following: 1) calculate optimum cash position, based on a mathematical formula; 2) determine, by using volume and range analysis, which stocks should be sold the next day, if any; 3) after volume screening and analyzing potential stocks, create a list of stocks to purchase, whenever the formula calls for increased stock investments.

The stock selection strategy of the Fund involves the identification of those stocks, for which a sudden and substantial new demand is developing and are in their early or middle stages of an upside move. This is to be accomplished by:

1) Using a computerized screening method, stocks are identified whose price advanced during the previous day or week on unusually heavy trading volume, relative to their own normal volume.

2) From this group of stocks, primary consideration is given to those stocks that exhibit good chart patterns, are in a strong industry group, have improved earnings prospects, low debt, publicly traded typically for at least 10 years, and are not yet over-appreciated in price. This group may also include turnaround situations and stocks with some other positive investment characteristics.

3) Stocks with the most positive overall characteristics are then further analyzed by a proprietary mathematical model. Stocks with the highest accumulation/distribution volume ratio (demand/supply ratio) may be bought.

The Fund typically invests in a broadly diversified portfolio of large and mid-cap domestic stocks; although its portfolio may also contain small-cap stocks with annual revenues between \$0.5 and \$1 billion. Its securities are generally a blend of value and growth stocks. The Fund invests primarily in issues listed on the New York Stock Exchange, and to a lesser extent, in common stocks of NASDAQ and other exchanges. The Fund may also invest up to 15% of its net assets, in S&P500 based ETFs or equivalents. Under negative stock market conditions, the Fund may allocate, for temporary defensive purposes, a

large portion of its assets in cash, cash equivalents or United States government securities for downside protection.

The Adviser adheres to the guidelines of the Investment Advisory agreement between the Adviser and the Fund.

### ***Separately Managed Accounts (“SMA”)***

Regarding separately managed accounts, the Adviser may use similar techniques as described above for stock selection for the registered investment company. Other financial products and decisions will be evaluated based on the security’s performance, risk and strategy in conjunction with the objective and goals of the client. Additionally, economic and financial market condition are considered. The Adviser may utilize sub-advisers and other outside sources to help achieve the client’s objectives.

Any investment includes the risk of loss and there can be no guarantee that a particular level of return will be achieved. While the Adviser seeks to minimize losses, investment values may increase or decrease; therefore, the client should be prepared to bear a loss.

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

There have never been any legal or disciplinary events that are material to a client’s or prospective client’s evaluation of Volumetric Advisers or the integrity of our management. In December 2020, Volumetric Advisers paid a \$650 civil penalty to the state of New Mexico and filed remedial notice filings related to Volumetric’s only New Mexico investor whose periodic Fund dividends were invested back into the investor’s Fund account, from 2002 through 2020, without Volumetric filing required notice filings with the state.

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

The Adviser has no relationship or arrangement with anyone regarding the advice, operation and management of the registered investment company, Volumetric Fund.

The Adviser may work in conjunction with another investment adviser, if deemed in the best interest of the client, for separately managed accounts. Any arrangement would not have any material conflict interest.

### **Item 11 – Code of Ethics**

Volumetric Advisers, Inc. has adopted a Code of Ethics and is dedicated to provide effective and proper professional investment management services. We are committed to the highest standards of moral and ethical conduct. The Code of Ethics includes provisions prohibiting insider trading, restrictions on the acceptance of significant gifts, and personal securities trading procedures, among other things. All supervised persons at Volumetric Advisers, Inc. must acknowledge the terms of the Code of Ethics annually, or as amended.

Volumetric Advisers, employees and persons associated with the Adviser are required to follow Volumetric Advisers, Inc.'s Code of Ethics. Subject to satisfying this policy and applicable laws, officers and employees of the Advisers may trade for their own accounts in securities which are recommended to and/or purchased for Volumetric Advisers, Inc.'s clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of Volumetric Advisers will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. In addition, the Code requires pre-clearance of transactions, and restricts trading in close time proximity to the client's trading activity. Employee trading is continuously monitored under the Code of Ethics to reasonably prevent conflicts of interest between the Adviser and the client.

The Adviser, employees and associates are prohibited from borrowing money or securities from a client and from lending money to a client.

Volumetric Advisers, Inc.'s clients may request a copy of the firm's Code of Ethics by contacting the Fund at 800-541-3863 or [info@volumetric.com](mailto:info@volumetric.com).

#### **Item 12 – Brokerage Practices**

The Adviser has the authority to determine, without obtaining specific consent, the broker and commission rates paid regarding the registered investment company. The Adviser selects its brokers based primarily on commission rates and quality of trade execution. Annually the Fund's Board of Directors review and vote on the "Investment Advisory Agreement", at which time a discussion is held regarding the broker's rates and execution.

The Adviser may enter a formal agreement to utilize or recommend one particular broker for the separately managed accounts. Any commissions, fees or other costs charged by the broker are the responsibility of the client.

The client's best interest is always considered whenever making brokerage decisions.

There are no soft dollar benefits received from any broker.

#### **Item 13 – Review of Accounts**

The Fund's account is reviewed daily by the portfolio managers. This daily review verifies the portfolio's assets and liabilities. Account statements are distributed quarterly to shareholders; additionally, the Fund's portfolio holdings are distributed quarterly in the forms of either an annual report, semi-annual reports or quarterly report.

SMA are continuously monitored; in doing so, the Adviser may determine assets need to be rebalanced or changed, in order to maintain the client's objectives. Clients will receive a statement at least quarterly.

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



The Adviser may use outside solicitors to obtain clients. Similarly, the Adviser may refer or solicit clients to a third-party registered investment adviser, if the goal or objective of the client is better suited by that adviser's specialized expertise, which Volumetric Advisers does not specialize.

These arrangements may include splitting fees received by either Adviser but, there will be no increased cost to the client. Terms will be in accordance with Rule 206(4)-3, where deemed applicable.

#### **Item 15 – Custody**

The Adviser does not keep custody of assets. All investments managed by the Adviser are held at a custodian and cash is held in bank accounts. The Fund receives monthly statements from the custodian, broker and bank, in addition to maintaining online access to reports. The custodian holds and maintains the securities and investment assets. A bank account may also hold cash, in the form of a checking account. The Adviser reviews statements and compares such official custodial records to the Fund's information. Our information may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

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

Volumetric Advisers, Inc. receives discretionary authority from the client at the onset of the advisory relationship. Investment discretion will include, among other things, to select the action (buy/sale), date/time, security, quantity, price and broker, of a transaction. Discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client's account and as outlined in the investment advisory agreement.

When selecting securities and determining amounts, the Adviser observes the investment policies, limitations and restrictions of the client. Authority to trade securities may also be limited by certain federal securities and tax laws.

Investment guidelines and restrictions must be provided to the Adviser in writing.

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

The Adviser accepts discretionary authority to vote on behalf of its client, Volumetric Fund, regarding proxy voting on investments held. The Adviser will vote on all proxy questions as is recommended by the Board of Directors of the company being voted upon. The only time the Adviser will vote differently from the Board's recommendation is when there is a conflict with shareholder value. For example; hostile situations, poison pills or a possible takeover measure. In these cases, the Adviser will vote in what it feels is in the best interest of the shareholder's value.

Clients may obtain a copy of the Advisers complete proxy voting policies and procedures upon request, without charge by calling the Adviser at 800-541-3863. The client may also obtain information from the Adviser, regarding how the Adviser voted any proxies on behalf of the Fund. The Fund's voting history may also be obtained by visiting the SEC website at [www.sec.gov](http://www.sec.gov).

For separately managed accounts, the Adviser may accept authorization to vote on behalf of the client, if requested by the client. If such an arrangement is established, the Adviser will vote in a similar fashion as the Fund.

#### **Item 18 – Financial Information**

The Adviser does not require prepayment of services. Clients are billed at the end of the period.

The Adviser has never been subject to bankruptcy petition.

#### **Item 19 – Requirements for State-Registered Advisers**

Not applicable