

# VCP Financial LLC

## Firm Brochure - Form ADV Part 2A

*This brochure provides information about the qualifications and business practices of VCP Financial LLC. If you have any questions about the contents of this brochure, please contact us at 212.328.7876 or by email at: [info@vcpfinancial.com](mailto:info@vcpfinancial.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.*

*Additional information about VCP Financial LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). VCP Financial LLC's CRD number is 167901.*

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*Registration does not imply a certain level of skill or training.*

Version Date: 03/15/2023

## **Item 2: Material Changes**

This Item will be used to provide our clients with a summary of new and/or updated information. We will inform you of the revision(s) based on the nature of the updated information.

We will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. Furthermore, we will provide you with other interim disclosures about material changes as necessary.

We have had no material changes to report since the last filing of our Firm Brochure that was dated 01/27/2022.

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## Item 4: Advisory Business

### A. Description of the Advisory Firm

VCP Financial LLC is a Limited Liability Company organized in the state of New York. The principal owners are Daniel Spiegel, Gaurav Lall, and Tamir Shabat. We have been conducting business as an investment adviser since June 2013.

### B. Types of Advisory Services

VCP Financial LLC (hereinafter “VCP”) offers the following services to advisory clients:

#### *Investment Supervisory Services*

VCP offers ongoing portfolio management services based on the individual goals, objectives, time horizon, and risk tolerance of each client. VCP creates an Investment Policy Statement for each client, which outlines the client’s current situation (income, tax levels, and risk tolerance levels) and then constructs a plan to aid in the selection of a portfolio that matches each client’s specific situation. Investment Supervisory Services include, but are not limited to, the following:

- |                       |                                |
|-----------------------|--------------------------------|
| • Investment strategy | • Personal investment policy   |
| • Asset allocation    | • Asset selection              |
| • Risk tolerance      | • Regular portfolio monitoring |

VCP evaluates the current investments of each client with respect to their risk tolerance levels and time horizon. VCP can provide portfolio management services on a discretionary and non-discretionary basis. VCP requests discretionary authority from clients in order to select securities and place orders with brokers to execute transactions without permission from the client prior to each transaction. Instances where we are providing non-discretionary advisory services, VCP will obtain client approval prior to implementing a firm recommendation to its client(s). Risk tolerance levels are documented in the Investment Policy Statement.

#### *Services Limited to Specific Types of Investments*

VCP generally limits its money management to mutual funds, equities, equity options, bonds, fixed income, debt securities, ETFs, REITs, insurance products including annuities, private equity funds and government securities. VCP at times uses other securities as well to help diversify a portfolio when applicable.

## *Financial Planning Services*

We provide financial planning services. Financial planning is a comprehensive evaluation of a client's current and future financial state by using currently known variables to predict future cash flows, asset values and withdrawal plans. Through the financial planning process, all questions, information and analysis are considered as they impact and are impacted by the entire financial and life situation of the client. Clients purchasing this service receive a written report which provides the client with a detailed financial plan designed to assist the client achieve his or her financial goals and objectives.

In general, the financial plan can address any or all of the following areas:

- **PERSONAL:** We review family records, budgeting, personal liability, estate information and financial goals.
- **TAX & CASH FLOW:** We analyze the client's income tax and spending and planning for past, current and future years; then illustrate the impact of various investments on the client's current income tax and future tax liability.
- **INVESTMENTS:** We analyze investment alternatives and their effect on the client's portfolio.
- **INSURANCE:** We review existing policies to ensure proper coverage for life, health, disability, long-term care, liability, home and automobile.
- **RETIREMENT:** We analyze current strategies and investment plans to help the client achieve his or her retirement goals.
- **DEATH & DISABILITY:** We review the client's cash needs at death, income needs of surviving dependents, estate planning and disability income.
- **ESTATE:** We assist the client in assessing and developing long-term strategies, including as appropriate, living trusts, wills, review estate tax, powers of attorney, asset protection plans, nursing homes, Medicaid and elder law.

We gather required information through in-depth personal interviews. Information gathered includes the client's current financial status, tax status, future goals, returns objectives and attitudes towards risk. We carefully review documents supplied by the client, including a questionnaire completed by the client, and prepare a written report. Should the client choose to implement the recommendations contained in the plan, we suggest the client work closely with his/her attorney, accountant, insurance agent, and/or stockbroker. Implementation of financial plan recommendations is entirely at the client's discretion.

We also provide general non-securities advice on topics such as tax and budgetary planning, estate planning and business planning.

Typically, the financial plan is presented to the client within six months of the contract date, provided that all information needed to prepare the financial plan has been promptly provided.

Financial Planning recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company. All recommendations are of a generic nature.

A client or prospective client leaving an employer typically has several options regarding an existing retirement plan, including but not limited to leaving the money with the former employer, roll over the plan to a new employer or Individual Retirement Account ("IRA"). If VCP recommends that a client roll over their retirement plan assets into an account to be managed by VCP, such a recommendation creates a conflict of interest if VCP earns an advisory fee on the rolled over assets. No client is under any obligation to rollover retirement plan assets to an account managed by VCP Financial. When acting in such capacity, VCP serves as a fiduciary under the Employee Retirement Income Security Act (ERISA) and adhere to the Department of Labor's best interest conduct standard by acting in the best interest of our investors, charging our clients or accepting no more than reasonable compensation for our services and products, and never make false or misleading statements to clients. See additional disclosures in ERISA section below under General Information.

### ***Pension Consulting Services***

We also provide several advisory services separately or in combination. While the primary clients for these services are pension, profit sharing and 401(k) plans, we offer these services, where appropriate, to individuals and trusts, estates and charitable organizations. Pension Consulting Services are comprised of four distinct services. Clients can choose to use any or all of these services.

#### *Investment Policy Statement Preparation (hereinafter referred to as "IPS"):*

We will meet with the client (in person or over the telephone) to determine an appropriate investment strategy that reflects the plan sponsor's stated investment objectives for management of the overall plan. Our firm then prepares a written IPS detailing those needs and goals, including an encompassing policy under which these goals are to be achieved. The IPS also lists the criteria for selection of investment vehicles as well as the procedures and timing interval for monitoring of investment performance.

#### *Selection of Investment Vehicles:*

We assist plan sponsors in constructing appropriate asset allocation models. We will then review various mutual funds (both index and managed) to determine which investments are appropriate to implement the client's IPS. The number of investments to be recommended will be determined by the client, based on the IPS.



#### *Monitoring of Investment Performance:*

We monitor client investments continually, based on the procedures and timing intervals delineated in the Investment Policy Statement. Although our firm is not involved in any way in the purchase or sale of these investments, we evaluate the client's portfolio and will make recommendations to the client as market factors and the client's needs dictate.

#### *Employee Communications:*

For pension, profit sharing and 401(k) plan clients with individual plan participants exercising control over assets in their own account ("self-directed plans"), based on the agreement with the client, we also provide quarterly educational support and investment workshops designed for the plan participants when the plan sponsor engages our firm to provide these services. The nature of the topics to be covered will be determined by us and the client under the guidelines established in ERISA Section 404(c). The educational support and investment workshops will NOT provide plan participants with individualized, tailored investment advice or individualized, tailored asset allocation recommendations.

#### *Consulting Services*

Clients can also receive investment advice on a more focused basis. This may include advice on only an isolated area(s) of concern such as estate planning, retirement planning, or any other specific topic. We also provide specific consultation and administrative services regarding investment and financial concerns of the client.

Consulting recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company. All recommendations are of a generic nature.

### **C. Client Tailored Services and Client Imposed Restrictions**

VCP offers the same suite of services to all of its clients. However, specific client investment strategies and their implementation are dependent upon the client Investment Policy Statement which outlines each client's current situation (income, tax levels, and risk tolerance levels) and is used to construct a client specific plan to aid in the selection of a portfolio that matches restrictions, needs, and targets.

Clients may impose reasonable restrictions in and limitations on investing in certain securities or types of securities in accordance with their values or beliefs. However, if the restrictions prevent VCP from properly servicing the client account, or if the restrictions would require VCP to deviate from its standard suite of services, VCP reserves the right to end the relationship.

## D. Wrap Fee Programs

We do not participate in managing or receive client from wrap platform sponsors.

## E. Amounts Under Management

VCP has the following assets under management:

Discretionary Amounts:	Non-discretionary Amounts:	Date Calculated:
\$4,801,869	\$89,478,858	12/31/2022

# Item 5: Fees and Compensation

## A. Fee Schedule

### *Investment Supervisory Services Fees*

Total Assets Under Management	Annual Fee
\$1,000,000 & Under	2.00%
Above \$1,000,000	1.50%

These fees are negotiable depending upon the needs of the client and complexity of the situation and the final fee schedule is attached as Exhibit I of the Investment Advisory Contract. Similar advisory services may be available from other registered investment advisers for similar or lower fees.

VCP uses the last day of previous quarter for purposes of determining the market value of the assets provided by the clients' custodian upon which the advisory fee is based. Fees are paid quarterly in advance. Clients may terminate the contract without penalty, for full refund, within five business days of signing the contract. Thereafter, clients may terminate the contract with thirty days' written notice.

Refunds are given on a prorated basis, based on the number of days remaining in a quarter at the point of termination. The fee refunded will be the balance of the fees collected in advance minus the daily rate\* times the number of days in the quarter up to and including the day of termination. (\*The daily rate is calculated by dividing the quarterly AUM fee by the number of days in the termination quarter). Clients may terminate their contracts without penalty, for full refund, within 5 business days of signing the advisory contract.

Advisory fees are withdrawn directly from the client's accounts with client written authorization.

## ***Financial Planning Fees***

Our Financial Planning fee is determined based on the nature of the services being provided and the complexity of each client's circumstances. All fees are agreed upon prior to entering into a contract with a client.

Our Financial Planning fees can be calculated on a fixed or hourly basis, depending on the specific arrangement with the client.

Our hourly fee ranges from \$100 to \$300 per hour.

We may request a retainer upon completion of our initial fact-finding session with the client; however, advance payment will never exceed \$1,200 for work that will not be completed within six months. The balance is due upon completion of the financial plan.

## ***Pension Consulting Fees***

Our fee for Pension Consulting Services is based on a percentage of asset under advisement and ranges from 0.25% to 0.50% annually.

## ***Consulting Fees***

Our Consulting fee is determined based on the nature of the services being provided and the complexity of each client's circumstances. All fees are agreed upon prior to entering into a contract with a client.

Our Consulting fees can be calculated on a fixed or hourly basis, depending on the specific arrangement with the client.

Our hourly fee ranges from \$100 to \$300 per hour.

We may request a retainer upon completion of our initial fact-finding session with the client; however, advance payment will never exceed \$1,200 for work that will not be completed within six months. The balance is due upon completion of the consultation.

## **GENERAL INFORMATION**

***Termination of the Advisory Relationship:*** A client agreement may be canceled at any time, by either party, for any reason upon receipt of 30 days written notice. As disclosed above, certain fees are paid in advance of services provided. Upon termination of any account, any prepaid, unearned fees will be refunded. In calculating a client's reimbursement of fees, we will pro rate the reimbursement according to the number of days remaining in the billing period.

***Mutual Fund Fees:*** All fees paid to VCP for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or ETFs to their

shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. A client could invest in a mutual fund directly, without our services. In that case, the client would not receive the services provided by our firm which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and our fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

***Additional Fees and Expenses:*** In addition to our advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker dealers, including, but not limited to, any transaction charges imposed by a broker dealer with which an independent investment manager effects transactions for the client's account(s). Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV for additional information.

In addition, clients who are invested in VCP' affiliated private fund (Vessel Partners LP) pay investment advisory, management and performance fees. These fees are in addition to the customary fund operating fees and expenses incurred by Vessel and allocated to investors proportionally based on their investment. This relationship represents a conflict of interest. Please see Other Financial Industry Activities and Affiliations (Item 10) for further information and conflict mitigation disclosure. ***ERISA Accounts:*** VCP is deemed to be a fiduciary to advisory clients that are employee benefit plans or individual retirement accounts (IRAs) pursuant to the Employee Retirement Income and Securities Act ("ERISA"), and regulations under the Internal Revenue Code of 1986 (the "Code"), respectively. As such, our firm is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include, among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, VCP may only charge fees for investment advice about products for which our firm and/or our related persons do not receive any commissions or 12b-1 fees unless the advisory fee is offset by the amount of commissions or 12b-1 fees that are received.

***Advisory Fees in General:*** Clients should note that similar advisory services may (or may not) be available from other registered (or unregistered) investment advisers for similar or lower fees.

***Limited Prepayment of Fees:*** Under no circumstances do we require or solicit payment of fees in excess of \$1,200 more than six months in advance of services rendered.

## **B. Clients Are Responsible For Third Party Fees**

Clients are responsible for the payment of all third-party fees (i.e., custodian fees, brokerage fees, mutual fund fees, transaction fees, etc.). Those fees are separate and

distinct from the fees and expenses charged by VCP. Please see Item 12 of this brochure regarding broker/custodian.

### **C. Prepayment of Fees**

Fees are paid quarterly in advance.

For all asset-based fees paid in advance the fee refunded will be the balance of the fees collected in advance minus the daily rate\* times the number of days in the quarter up to and including the day of termination. (\*The daily rate is calculated by dividing the quarterly AUM fee by the number of days in the termination quarter).

### **D. Outside Compensation For the Sale of Securities to Clients**

Management personnel and other related persons of our firm are licensed as insurance agents. In their separate capacity, these individuals are able to implement insurance recommendations for advisory clients for separate and typical compensation (i.e., commissions or other sales-related forms of compensation). This presents a conflict of interest to the extent that these individuals recommend that a client purchase an insurance product which results in a commission being paid to the individuals rather than recommending the best available non-commission based investment. Clients are not under any obligation to engage these individuals when considering the implementation of advisory recommendations. The implementation of any or all recommendations is solely at the discretion of the client.

## **Item 6: Performance-Based Fees and Side-By-Side Management**

VCP does not accept performance-based fees or other fees based on a share of capital gains or capital appreciation of the assets of a client.

## **Item 7: Types of Clients**

VCP generally provides management supervisory services to the following types of clients:

- ❖ Individuals
- ❖ High-Net-Worth Individuals
- ❖ Accredited Individuals
- ❖ Qualified Persons
- ❖ Pension and Profit-Sharing Plans
- ❖ Corporations or Business Entities

### ***Minimum Account Size***

The minimum account size for Investment Supervisory Services clients is \$250,000, however this requirement may be waived, at the discretion of the Principals.

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

### **A. Methods of Analysis and Investment Strategies**

#### ***Methods of Analysis***

VCP's methods of analysis include fundamental analysis, technical analysis, and charting analysis.

**Fundamental analysis** involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages.

**Technical analysis** involves the analysis of past market data; primarily price and volume.

**Charting analysis** involves the use of patterns in performance charts. VCP uses this technique to search for patterns used to help predict favorable conditions for buying and/or selling a security.

#### ***Investment Strategies***

VCP uses long term trading, short term trading, short sales, margin transactions, and options writing (including covered options, uncovered options, or spreading strategies).

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

### **B. Material Risks Involved**

#### ***Methods of Analysis***

**Fundamental analysis** concentrates on factors that determine a company's value and expected future earnings. This strategy would normally encourage equity purchases in stocks that are undervalued or priced below their perceived value. The risk assumed is that the market will fail to reach expectations of perceived value.

**Technical analysis** attempts to predict a future stock price or direction based on market trends. The assumption is that the market follows discernible patterns and if these patterns can be identified then a prediction can be made. The risk is that markets do not always follow patterns and relying solely on this method may not work long term.

**Charting analysis** strategy involves using and comparing various charts to predict long and short-term performance or market trends. The risk involved in solely using this

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method is that only past performance data is considered without using other methods to crosscheck data. Using charting analysis without other methods of analysis would be making the assumption that past performance will be indicative of future performance. This may not be the case.

### ***Investment Strategies***

Long-term trading is designed to capture market rates of both return and risk. Frequent trading, when done, can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.

Short term trading, short sales, margin transactions, and options writing generally hold greater risk and clients should be aware that there is a material risk of loss using any of those strategies.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

### **C. Risks of Specific Securities Utilized**

VCP generally seeks investment strategies that do not involve significant or unusual risk beyond that of the general domestic and/or international equity markets. However, it will utilize short sales, margin transactions, and options writing. Short sales, margin transactions, and options writing generally hold greater risk of capital loss and clients should be aware that there is a material risk of loss using any of those strategies. The investment types listed below (leaving aside Treasury Inflation Protected/Inflation Linked Bonds) are not guaranteed or insured by the FDIC or any other government agency.

**Mutual Funds:** Investing in mutual funds carries the risk of capital loss and thus you may lose money investing in mutual funds. All mutual funds have costs that lower investment returns. They can be of bond "fixed income" nature (lower risk) or stock "equity" nature (mentioned above).

**Equity** investment generally refers to buying shares of stocks by an individual or firms in return for receiving a future payment of dividends and capital gains if the value of the stock increases. There is an innate risk involved when purchasing a stock that it may decrease in value and the investment may incur a loss.

**Treasury Inflation Protected/Inflation Linked Bonds:** The Risk of default on these bonds is dependent upon the U.S. Treasury defaulting (extremely unlikely); however, they carry a potential risk of losing share price value, albeit rather minimal.

**Fixed Income** is an investment that guarantees fixed periodic payments in the future that may involve economic risks such as inflationary risk, interest rate risk, default risk, repayment of principal risk, etc.

**Debt securities** carry risks such as the possibility of default on the principal, fluctuation in interest rates, and counterparties being unable to meet obligations.

**Stocks & Exchange Traded Funds (ETF):** Investing in stocks & ETF's carries the risk of capital loss (sometimes up to a 100% loss in the case of a stock holding bankruptcy).

**REITs** have specific risks including valuation due to cash flows, dividends paid in stock rather than cash, and the payment of debt resulting in dilution of shares.

**Precious Metal ETFs** (e.g., Gold, Silver, or Palladium Bullion backed "electronic shares" not physical metal): Investing in precious metal ETFs carries the risk of capital loss.

**Private Equity Funds:** Investing in mid- to late-stage companies before they come to the public markets. Investing in private funds is considered highly risky that can result in a potential partial or complete loss of investment.

**Long-term trading** is designed to capture market rates of both return and risk. Due to its nature, the long-term investment strategy can expose clients to various other types of risk that will typically surface at various intervals during the time the client owns the investments. These risks include but are not limited to inflation (purchasing power) risk, interest rate risk, economic risk, market risk, and political/regulatory risk.

**Short-term trading** risks include liquidity, economic stability and inflation.

**Short sales** risks include the upward trend of the market and the infinite possibility of loss.

**Margin transactions** use leverage that is borrowed from a brokerage firm as collateral.

**Options writing** involves a contract to purchase a security at a given price, not necessarily at market value, depending on the market. This strategy includes the risk that an option may expire out of the money resulting in minimal or no value and the possibility of leveraged loss of trading capital due to the leveraged nature of stock options. An uncovered option is a type of options contract that is not backed by an offsetting position that would help mitigate risk. The risk for a "naked" or uncovered put is not unlimited, whereas the potential loss for an uncovered call option is limitless. Spread option positions entail buying and selling multiple options on the same underlying security, but with different strike prices or expiration dates, which helps limit the risk of other option trading strategies. Option writing also involves risks including but not limited to economic risk, market risk, sector risk, idiosyncratic risk, political/regulatory risk, inflation (purchasing power) risk and interest rate risk.

**Past performance is not a guarantee of future returns. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**



## **Item 9: Disciplinary Information**

### **A. Criminal or Civil Actions**

There are no criminal or civil actions to report.

### **B. Administrative Proceedings**

There are no administrative proceedings to report.

### **C. Self-regulatory Organization (SRO) Proceedings**

There are no self-regulatory organization proceedings to report.

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

### **A. Registration as a Broker/Dealer or Broker/Dealer Representative**

Neither our firm nor our management persons are registered as a broker-dealer or registered representatives of a broker-dealer.

### **B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor**

Neither VCP nor its representatives are registered as or have pending applications to become either a Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Advisor or an associated person of the foregoing entities.

### **C. Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests**

Messrs. Shabat, Lall and Spiegel, Principals of VCP are licensed insurance agents and co-owners of Life 143, LLC, an insurance company. From time to time, they will offer clients advice or products from those activities. Clients should be aware that these services pay a commission and involve a conflict of interest, as commissionable products conflict with the fiduciary duties of a registered investment adviser. VCP always acts in the best interest of the client; including the sale of commissionable products to advisory clients. Clients are in no way required to implement the plan through any representative of VCP in such individual's capacity as an insurance agent.

Messrs. Lall, Shabat and Spiegel, Principals of VCP are also co-owners of Vessel Capital Management LLC which serves as the Investment Manager of Vessel Capital Partners LLC. ("Vessel Capital Partners"), a related private venture capital fund. Vessel Capital

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Management LLC revalues the assets before offering interests in the funds to investors. The amount of the revaluation has the effect of increasing the capital account of Vessel Capital Management LLC. Vessel VCP recommends to certain accredited and/ or qualified clients to investment in VCP. The recommendation of VCP, an entity owned by the Principals of VCP, to VCP clients can create a conflict of interest because investors in Vessel Capital Partners are subject to higher fees than they would otherwise experience as an VCP client. The recommendations, therefore, can appear to be based on VCP' related persons' interest in receiving higher fees rather than on the clients' interest to achieve his or her risk adjusted investment objective and goals.

VCP mitigates this conflict by:

- reasonably ensuring all clients' accounts are invested in accordance with client approved investment policy statements,
- does not charge clients a separately managed account advisory fee in addition to Vessel Capital Partners related advisory, management and performance fees.
- recommends Vessel Capital Partners only to clients who are accredited and/ or qualified (as defined by applicable federal securities laws), based on clients' desire to investment in Vessel Capital Partners.
- disclosing the conflict to its clients prior to investing the client in the private fund,
- adopting policies and procedures to reasonably ensure that investments and recommendations are in the best interest of clients; and
- not charging clients a management fee who investment in the private fund based on the value of the private fund holding in the investing client's separate account and only assesses a management fee on the portion of its client's separate account that represents other investment products managed by the firm.

#### **D. Selection of Other Advisers or Managers and How This Adviser is Compensated for Those Selections**

VCP does not utilize nor select other advisers or third-party managers. All assets are managed by VCP.

### **Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

#### **A. Code of Ethics**

VCP has a written Code of Ethics that covers the following areas: Prohibited Purchases and Sales, Insider Trading, Personal Securities Transactions, Exempted Transactions,

Prohibited Activities, Conflicts of Interest, Political Contributions, Social Media, Access Employees, Gifts and Entertainment, Protecting Client Confidentiality, Compliance with Laws and Regulations, Reporting of Violations and Recordkeeping. Our Code of Ethics is available free upon request to any client or prospective client.

## **B. Recommendations Involving Material Financial Interests**

VCP does recommend that clients buy or sell securities in which a related person to VCP or VCP has a material financial interest. VCP owners, as described in Item 4., have a material financial interest in Vessel Capital Partners as limited partners.

## **C. Investing Personal Money in the Same Securities as Clients**

Representatives of VCP buy or sell securities for themselves that they also recommend to clients. This may provide an opportunity for representatives of VCP to buy or sell the same securities before or after recommending the same securities to clients resulting in representatives profiting from the recommendations they provide to clients. These transactions can create a conflict of interest. VCP will always document any transactions that could be construed as conflicts of interest and will usually transact client business before their own, especially publicly list securities, when similar securities are being bought or sold.

## **D. Trading Securities At/Around the Same Time as Clients' Securities**

VCP will usually transact clients' transactions before its own when similar securities are being bought or sold, other than as described above involving Vessel Capital Partners private investment.

# **Item 12: Brokerage Practices**

## **A. Factors Used to Select Custodians and/or Broker/Dealers**

VCP considers the following factors when determining which custodian to recommend to clients; relatively low transaction fees, name recognition, powerful background and access to mutual funds and ETFs. Based on these factors, the Custodian will be chosen to be the recommended custodian. VCP will never charge a premium or commission on transactions beyond the actual cost imposed by Custodian.

### ***1. Research and Other Soft-Dollar Benefits***

VCP does not have any soft-dollar arrangements and does not receive any soft-dollar

benefits.

## **2. *Brokerage for Client Referrals***

VCP receives no referrals from a broker-dealer or third party in exchange for using that broker-dealer or third party.

## **3. *Clients Directing Which Broker/Dealer/Custodian to Use***

VCP does not have the discretionary authority to determine the broker dealer to be used or the commission rates to be paid, clients must direct VCP as to the broker dealer to be used.

VCP typically requires that clients direct us to place trades through Charles Schwab & Co., Inc. ("Schwab"). VCP has evaluated Schwab and believes it will provide our clients with a blend of execution services, commission costs and professionalism that will assist our firm to meet our fiduciary obligations to clients. In directing the use of Schwab, it should be understood that VCP will not have authority to negotiate commissions among various brokers or obtain volume discounts, and best execution may not be achieved. Clients should note, while VCP has a reasonable belief that Schwab is able to obtain best execution and competitive prices, our firm will not be independently seeking best execution price capability through other brokers. Not all advisers require clients to direct them to use a particular broker-dealer.

Obtaining best execution for our clients is an important aspect of our fiduciary duty. Consequently, we have controls in place to monitor trade executions. We review the quality of services provided by Schwab including the accuracy and speed of execution, commission rates, transaction fees, reputation and integrity, reporting, fairness in resolving disputes, financial responsibility and responsiveness. Although the commissions and/or transaction fees paid by our clients generally comply with our duty to obtain best execution, clients may pay a commission that is higher than what another qualified broker - dealer might charge to affect the same transaction when we determine, in good faith, that the commission or transaction fee is reasonable in relation to the value of the brokerage and research services we receive from Schwab. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Best execution is also about pricing, not just fees. Accordingly, although we seek competitive rates, we may not necessarily obtain the lowest possible commission rates for client transactions. The brokerage commissions or transaction fees charged by the broker-dealer are exclusive of, and in addition to, our investment management fee. Our best execution responsibility is qualified if the securities we purchase are no-load mutual funds that are traded at net asset value as determined at the daily market close.

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#### Alternative Broker/Dealer Custodian

For clients in need of brokerage or custodian services, and depending on client circumstances and needs, we recommend the use of Interactive Brokers, LLC ("Interactive Brokers"), provided that such recommendation is consistent with our firm's fiduciary duty to the client. Our clients must evaluate Interactive Brokers before opening an account. The factors considered by VCP when recommending Interactive Brokers is their ability to provide professional services, our experience with Interactive Brokers, their reputation, the quality of their execution services and costs of such services, among other factors. Clients are not under any obligation to effect trades through any recommended broker.

PENSION CONSULTING CLIENTS: VCP does not arrange for the execution of securities transactions for pension plans as a part of this service. The client is responsible for the implementation of securities transactions for these accounts.

### **B. Aggregating (Block) Trading for Multiple Client Accounts**

As a matter of policy and practice, VCP does not generally block client trades and, therefore, we implement client transactions separately for each account. Consequently, certain client trades may be executed before others, at a different price

and/or commission rate. Additionally, our clients may not receive volume discounts available to advisers who block client trades.

## **Item 13: Reviews of Accounts**

### **A. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews**

#### **Investment Supervisory Services**

Client accounts are reviewed at least quarterly by Daniel Spiegel, Tamir Shabat, Gaurav Lall, Managing Members, and Joseph Orlando. Daniel Spiegel, Tamir Shabat and Gaurav Lall are the chief advisors and are instructed to review clients' accounts with regard to clients' respective investment policies and risk tolerance levels. All accounts at VCP are assigned to these reviewers.

#### **Financial Planning Services**

While reviews may occur at different stages depending on the nature and terms of the specific engagement, typically no formal reviews will be conducted for Financial Planning clients unless otherwise contracted for.

### **Pension Consulting Services**

VCP will review the client's Investment Policy Statement (IPS) whenever the client advises us of a change in circumstances regarding the needs of the plan. VCP will also review the investment options of the plan according to the agreed upon time intervals established in the IPS. Such reviews will generally occur quarterly.

These accounts are reviewed by Daniel Spiegel, and Gaurav Lall, Managing Members.

### **Consulting Services**

While reviews may occur at different stages depending on the nature and terms of the specific engagement, typically no formal reviews will be conducted for Consulting Services clients unless otherwise contracted for. The client's account representative will conduct such reviews.

## **B. Factors That Will Trigger a Non-Periodic Review of Client Accounts**

Reviews may be triggered by material market, economic or political events, or by changes in client's financial situations (such as retirement, termination of employment, physical move, or inheritance).

## **C. Content and Frequency of Regular Reports Provided to Clients**

### **Investment Supervisory Services**

Each client will receive at least quarterly from the custodian a written report that details the client's account including assets held and asset value. These reports will come from the custodian, rather than from VCP. VCP does not provide any reports in addition to these reports.

### **Financial Planning**

Financial Planning clients will receive a completed financial plan. Additional reports will not typically be provided unless otherwise contracted for.

### **Pension Consulting**

These client accounts will receive reports as contracted for at the inception of the advisory relationship.

### **Consulting**

These client accounts will receive reports as contracted for at the inception of the advisory engagement.

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

### **A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes)**

VCP does not receive any economic benefit, directly or indirectly from any third party for advice rendered to VCP clients.

### **B. Compensation to Non – Advisory Personnel for Client Referrals**

VCP does not directly or indirectly compensate any person who is not advisory personnel for client referrals.

## **Item 15: Custody**

We previously disclosed in the "Fees and Compensation" section (Item 5) of this Brochure that our firm directly debits advisory fees from client accounts.

As part of this billing process, the client's custodian is advised of the amount of the fee to be deducted from that client's account. On at least a quarterly basis, the custodian, as stated in our standard client advisory agreement, is required to send to the client a statement showing all transactions within the account during the reporting period.

Because the custodian does not calculate the amount of the fee to be deducted, it is important for clients to carefully review their custodial statements to verify the accuracy of the calculation, among other things. Clients should contact us directly if they believe that there may be an error in their statement.

## **Item 16: Investment Discretion**

For those client accounts where VCP will have investment discretion, the client has given VCP written discretionary authority over the client's accounts with respect to securities to be bought or sold and the amount of securities to be bought or sold. Details of this relationship are fully disclosed to the client before any advisory relationship has commenced. Discretionary authority is executed by agreement through the custodian account application and the investment advisory contract. The client provides VCP discretionary authority via a limited power of attorney in the Investment Advisory Contract and executing limited power of attorney in the contract between the client and the custodian.

For those client accounts where VCP does not have investment discretion, VCP will obtain the

client's written or oral approval prior to effecting securities transactions for the client in the client's brokerage account(s).

### **Item 17: Voting Client Securities (Proxy Voting)**

VCP will not ask for, nor accept voting authority for client securities. Clients will receive proxies directly from the issuer of the security or the custodian. We may provide clients with consulting assistance regarding proxy issues if they contact us with questions at our principal place of business.

### **Item 18: Financial Information**

#### **A. Balance Sheet**

VCP does not require nor solicit prepayment of more than \$1,200 in fees per client, six months or more in advance and therefore does not need to include a balance sheet with this brochure.

#### **B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients**

Neither VCP nor its management have any financial conditions that are likely to reasonably impair our ability to meet contractual commitments to clients.

#### **C. Bankruptcy Petitions in Previous Ten Years**

VCP has not been the subject of a bankruptcy petition in the last ten years.