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Part 2A of Form ADV: Firm Brochure  
Item 1 Cover Page  
March 2024

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This brochure provides information about the qualifications and business practices of Vawter Financial, Ltd. If clients have any questions about the contents of this brochure, please contact us at (614) 451-1002 or [info@vawterfinancial.com](mailto:info@vawterfinancial.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 Vawter Financial, Ltd. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching CRD #108830.

Please note that the use of the term "registered investment advisor" and description of Vawter Financial, Ltd. and/or our associates as "registered" does not imply a certain level of skill or training. Clients are encouraged to review this Brochure and Brochure Supplements for Vawter Financial, Ltd.'s associates who advise clients for more information on the qualifications of Vawter Financial, Ltd. and our employees.

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## Item 2 Material Changes

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Vawter Financial, Ltd. ("VF") is required to advise you of any material changes to the Firm Brochure ("Brochure") from our last annual update. As of our last annual amendment filing on 03/02/2023, our firm has the following material changes to disclose:

- Our firm now utilizes the services of Institutional Intelligent Portfolios, an automated, online investment management platform sponsored by Schwab. Please see items 4, 5, 7, 8, 12 & 17 of our firm's Form ADV Part 2A or reach out to Vawter Financial for more information.
- Our firm has included within our Wealth Advisory Service that we now provide our clients with the option to manage their own Portfolio if chosen. Please see Item 5 of our Form ADV Part 2A or reach out to Vawter Financial for more information.
- Our firm has had a change of ownership effective 1/1/2024, with Gary Vawter at 60%, William Whitaker at 35% and Jacqueline Washburn at 5%. Please see item 4 or reach out to Vawter Financial for more information.
- Our firm changed Chief Compliance Officers. Jacqueline Washburn is now Chief Compliance Officer of Vawter Financial, Ltd. Please reach out to Vawter Financial, Ltd. for additional information or questions.

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About Vawter Financial, Ltd. (VF)

VF provides fee-only comprehensive financial planning and investment management services to our clients to help them achieve their unique personal and business financial objectives. Our firm is solely owned by Gary Vawter, William Whitaker & Jacqueline Washburn.

Gary Vawter, CFP®, MS has been a Senior Advisor and Owner of Vawter Financial, Ltd. since 1991. Gary received his Bachelor of Science degree in Business Administration majoring in Finance from The Ohio State University, and later the Certified Financial Planner™ (CFP®) certification from the College for Financial Planning in Denver, Colorado. He received his Master of Science (MS) degree with the specialty of retirement planning from the College for Financial Planning. He holds the Accredited Estate Planner® (AEP®) designation, a certificate in Estate Planning and Taxation, and the Chartered Financial Consultant (ChFC®) designation.

William Whitaker, CFP®, MS joined Vawter Financial, Ltd. as a Senior Advisor in 2017. Prior to joining VF, he spent 12 years helping high net worth individuals in a fee-only capacity. He holds a Bachelor of Science degree in Family Resource Management from The Ohio State University and a Master of Science degree in Financial Planning from the College for Financial Planning. He is a Certified Financial Planner™ practitioner.

Katrina Moore CFP® joined Vawter Financial, Ltd. as a Wealth Advisor in 2018. Prior to becoming a Wealth Advisor, she was working for VF as a paraplanner. She holds a Bachelor of Science degree in Consumer & Family Financial Services from the Ohio State University and a Bachelor of Science degree in Microbiology & Genetics from the Michigan State University. She is a Certified Financial Planner™ practitioner.

Wealth Advisory Service

The Wealth Advisory service that we provide is tailored to the individual needs of our clients. We understand that each client's goals are unique, as are the various factors of their personal and professional lives on which their financial plan and investment portfolio is built. Our plans, strategies, and recommendations are adaptive to the changes in our clients' goals, priorities, and financial situations.

As part of our Wealth Advisory service, our firm will give the client the option to manage their own Portfolio as part of the Wealth Advisory Service or the client can chose for our firm to manage their Portfolio for them on a discretionary basis. If chosen, clients will be provided asset management included with the financial planning services. This service is designed to assist clients in meeting their financial goals through the use of a financial plan or consultation. VF conducts client meetings and broad-based analysis of a client's financial situation. VF makes use of current and historical financial information to understand a client's current financial situation, existing resources, financial and personal goals, attitudes, investment objectives, and tolerance for risk. Based on what is learned, an investment approach is presented to the client, consisting of individual stocks, bonds, ETFs, options, mutual funds and other public and private securities or investments. Once the appropriate portfolio has been determined, portfolios are continuously and regularly monitored. If necessary, a portfolio

is rebalanced based upon market performances and the client's individual needs, stated goals and objectives.

VF provides a written analysis and recommendations for the planning or consulting aspects of this service. The financial plan or consultation may encompass one or more of the following areas: Investment Planning, Tax Planning, Retirement Planning, Estate Planning, Charitable Planning, Education Planning, Mortgage/Debt Analysis, Insurance Analysis, Lines of Credit Evaluation, Business and Personal Financial Planning. The specific scope of services to be provided can only be determined after a thorough and ongoing review of the documentation provided by the client. VF will assist with the implementation of the financial plan or consultation. However, VF will not provide legal advice or tax preparation services. Clients are urged to work closely with their attorney and/or accountant in implementing strategies in those areas, and VF will be happy to work with the client's attorney and/or accountant concerning these matters.

VF will provide ongoing monitoring of the client's financial circumstances and provide continued advice to help them reach the goals we have discussed. VF will also provide advice concerning changes in these goals or in the client's circumstances. Each element of the client's plan is reviewed at least annually, including estate plans, tax planning, insurance, cash flow, goal setting and financial advice in other areas.

VF will recommend and manage an agreed-upon portfolio relative to the client's risk tolerance and time parameters. VF will make investment decisions for the client's portfolio according to the client's investment objectives and financial circumstances. Clients are required to promptly inform VF if any material changes occur in their circumstances. Clients must also consult with VF at least annually to provide updated information, if any, about their financial circumstances and financial objectives.

#### Retirement Plan Consulting:

Our firm provides retirement plan consulting services to employer plan sponsors on an ongoing basis. Generally, such consulting services consist of assisting employer plan sponsors in establishing, monitoring and reviewing their company's participant-directed retirement plan. As the needs of the plan sponsor dictate, areas of advising may include:

- Establishing an Investment Policy Statement – Our firm will assist in the development of a statement that summarizes the investment goals and objectives along with the broad strategies to be employed to meet the objectives.
- Investment Options – Our firm will work with the Plan Sponsor to evaluate existing investment options and make recommendations for appropriate changes.
- Asset Allocation and Portfolio Construction – Our firm will develop strategic asset allocation models to aid Participants in developing strategies to meet their investment objectives, time horizon, financial situation and tolerance for risk.
- Investment Monitoring – Our firm will monitor the performance of the investments and notify the client in the event of over/underperformance and in times of market volatility.
- Participant Education – Our firm will provide opportunities to educate plan participants about their retirement plan offerings, different investment options, and general guidance on allocation strategies.

In providing services for retirement plan consulting, our firm does not provide any advisory services with respect to the following types of assets: employer securities, real estate (excluding real estate funds and publicly traded REITS), participant loans, non-publicly traded securities or assets, other illiquid investments, or brokerage window programs (collectively, "Excluded Assets"). All retirement plan consulting services shall be in compliance with the applicable state laws regulating retirement consulting services. This applies to client accounts that are retirement or other employee benefit plans ("Plan") governed by the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). If the client accounts are part of a Plan, and our firm accepts appointment to provide services to such accounts, our firm acknowledges its fiduciary standard within the meaning of Section 3(21) or 3(38) of ERISA as designated by the Retirement Plan Consulting Agreement with respect to the provision of services described therein.

### Institutional Intelligent Portfolios™

Our firm provides portfolio management services through Institutional Intelligent Portfolios™, an automated, online investment management platform for use by independent investment advisers and sponsored by Schwab Wealth Investment Advisory, Inc. (the "Program" and "SWIA," respectively). Through the Program, our firm offers clients a range of investment strategies we have constructed and manage, each consisting of a portfolio of exchange traded funds ("ETFs") and a cash allocation. The client may instruct our firm to exclude up to three ETFs from their portfolio. The client's portfolio is held in a brokerage account opened by the client at SWIA's affiliate, Charles Schwab & Co., Inc. Our firm is independent of and not owned by, affiliated with, or sponsored or supervised by SWIA, Schwab or their affiliates (together, "Schwab"). The Program is described in the Schwab Wealth Investment Advisory, Inc. Institutional Intelligent Portfolios™ Disclosure Brochure (the "Program Disclosure Brochure"), which is delivered to clients by SWIA during the online enrollment process. The minimum investment required to open an account in the Program is \$5,000.

Our firm, and not Schwab, is the client's investment adviser and primary point of contact with respect to the Program. Our firm is solely responsible, and Schwab is not responsible, for determining the appropriateness of the Program for the client, choosing a suitable investment strategy and portfolio for the client's investment needs and goals, and managing that portfolio on an ongoing basis. SWIA's role is limited to delivering the Program Disclosure Brochure to clients and administering the Program so that it operates as described in the Program Disclosure Brochure.

Our firm has contracted with SWIA to provide the technology platform and related trading and account management services for the Program. This platform enables our firm to make the Program available to clients online and includes a system that automates certain key parts of the investment process (the "System"). The System includes an online questionnaire that helps our firm determine client investment objectives and risk tolerance and select an appropriate investment strategy and portfolio. Clients should note that our firm will recommend a portfolio via the System in response to the client's answers to the online questionnaire. The client may then indicate an interest in a portfolio that is one level less or more conservative or aggressive than the recommended portfolio, but our firm will make the final decision and select a portfolio based on all the information made available about the client. The System also includes an automated investment engine through which our firm manages the client's portfolio on an ongoing basis through automatic rebalancing and tax-loss harvesting (if the client is eligible and elects).

## Tailoring of Advisory Services

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Our firm offers individualized investment advice to our Wealth Advisory clients. General investment advice will be offered to our Retirement Plan Consulting and Portfolio Monitoring clients.

Each Wealth Advisory client has the opportunity to place reasonable restrictions on the types of investments to be held in the portfolio. Restrictions on investments in certain securities or types of securities may not be possible due to the level of difficulty this would entail in managing the account.

### Wrap Fee Program

We do not offer wrap fee programs.

### Assets Under Management

As of December 31, 2023, our assets under management total approximately \$268,861,435. These assets are managed on a discretionary basis.

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## Item 5 Fees and Compensation

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### How We Are Compensated

Wealth Advisory Service:

VF charges on a flat fee or a percentage of assets under management for our Wealth Advisory service. We will provide client's the option to select whether they wish to be charged on a flat fee or fee based on the percentage of assets under management for our Wealth Advisory services. Annualized fees are billed on a pro-rata basis quarterly in advance based on the value of the account(s) on the last day of the previous quarter. Our firm bills on cash unless indicated otherwise in writing. The fee will be based on client complexity as well as the total assets the client has custodied with our Custodian and will be renegotiated at the end of every odd year at a minimum (2019, 2021, etc.). The fee for our service is negotiable and will be payable in advance on a quarterly basis depending on what the client selects in the signed Client Care Agreement. We will provide clients the option to have their fee debited from their portfolio or the client may choose to be invoiced at the beginning of each quarter. VF does not receive fees, commissions or other remuneration of any kind from advisors, originators, sponsors, or distributors of investments or products recommended to clients. Our only source of income is from the client.

#### Option 1 – Flat Fee

The fee will be based on client complexity and will have an annual inflation adjustment/increase of 3% thereafter. VF will review client fee levels at least every two years or when there has been a significant increase or decrease in client complexity. Any fee adjustment, outside of the 3% annual inflation increase, will be presented for the client's approval before a change is made. The fee for our service is negotiable and will be payable in advance on a quarterly basis. This fee may be debited from your Portfolio, as your signature on the Client Care Agreement authorizes this practice, or you

may choose to be invoiced at the beginning of each quarter. The fee below is for comprehensive planning and includes all accounts that are linked, and regularly updated, on your VF personal website. VF does not accept nor receive fees, commissions or other remuneration of any kind from advisors, originators, sponsors, or distributors of investments or products recommended to you. Our only source of income is from you directly.

Our flat fee option has an annual minimum of \$5,000 and a maximum of \$50,000 depending on client complexity and the resources required.

#### Option 2 – Tiered Fee

Assets Under Management	Annual Fee	Quarterly Fee
\$0 to \$1,000,000	1.00%	0.250%
\$1,000,001 to \$5,000,000	0.50%	0.125%
\$5,000,001 to \$10,000,000	0.35%	0.0875%
\$10,000,001 to \$25,000,000	0.25%	0.0625%
Over \$25,000,000	Negotiable	Negotiable

#### Retirement Plan Consulting:

Our Retirement Plan Consulting services are billed on an hourly or flat fee basis or a fee based on the percentage of Plan assets under management. The total estimated fee, as well as the ultimate fee charged, is based on the scope and complexity of our engagement with the client. The maximum hourly fee to be charged will not exceed \$400. Our flat fees range from \$750 to \$10,000. The fee-paying arrangements will be determined on a case-by-case basis and will be detailed in the signed consulting agreement.

#### Institutional Intelligent Portfolios™

The maximum annual fee to be charged for this service will not exceed 1.00%. Fees to be assessed will be outlined in the advisory agreement to be signed by the Client. Annualized fees are billed on a pro-rata basis quarterly in advance based on the value of the account(s) on the last day of the previous quarter. Fees are negotiable and will be deducted from client account(s). Adjustments will be made for deposits and withdrawals during the quarter. In rare cases, our firm will agree to directly invoice. As part of this process, Clients understand the following:

- a) The client's independent custodian sends statements at least quarterly showing the market values for each security included in the Assets and all account disbursements, including the amount of the advisory fees paid to our firm;
- b) Clients will provide authorization permitting our firm to be directly paid by these terms. Our firm will send an invoice directly to the custodian; and
- c) If our firm sends a copy of our invoice to the client, legend urging the comparison of information provided in our statement with those from the qualified custodian will be included.



### Other Types of Fees & Expenses

Some investment accounts may be subject to annual maintenance fees charged by the account custodian, usually on or around the anniversary of the date the account was opened. Clients have the option of having these fees drawn from the associated account or paying by check.

Processing fees and recordkeeping fees may apply to some account types, such as individual 401(k)s. If applicable, these fees will be disclosed to the client in advance of their agreement to open/own these type accounts. These fees are payable to the service provider, not VF.

Clients will incur transaction charges for trades executed in their accounts. These transaction fees are separate from our fees and will be disclosed by the firm through which the trades are executed. Charles Schwab & Co. Inc. ("Schwab") does not charge transaction fees for U.S. listed equities and exchange traded funds.

Also, clients will pay the following separately-incurred expenses: charges imposed directly by a mutual fund, index fund, or exchange traded fund which shall be disclosed in the fund's prospectus (i.e., fund management fees and other fund expenses).

VF does not receive any portion of the other types of fees and expenses described in this section.

### Direct Deduction of Advisory Fees

In cases where VF directly deducts advisory fees from Client accounts, Clients understand the following:

- d) The client's independent custodian sends statements at least quarterly showing the market values for each security included in the Assets and all account disbursements, including the amount of the advisory fees paid to our firm;
- e) Clients will provide authorization permitting our firm to be directly paid by these terms. Our firm will send an invoice directly to the custodian; and
- f) If our firm sends a copy of our invoice to the client, a legend urging the comparison of information provided in our statement with those from the qualified custodian will be included.

### Purchase Options

Clients have the option of purchasing investment products recommended by VF through other brokers or agents that are not affiliated with VF.

### Client Care Agreement Termination

VF's Client Care Agreement may not be modified or amended except in writing and signed by both the client and VF. Either party may terminate our Client Care Agreement within five (5) business days as of the date of acceptance without penalty. After the five-day period, our Client Care Agreement may be terminated by either party upon thirty (30) days written notice to the other party. VF shall be paid its fee through the effective date of the termination and any unearned, prepaid fees will be refunded to the client.

The death, disability or incompetency of a client will not terminate or change the terms of our advisory agreement. In the event of the client's death, disability or incompetency, VF will assist the client's executor, guardian, attorney-in-fact or other authorized representative. The client's authorized representative may terminate our Client Care Agreement by giving written notice with the termination becoming effective upon receipt. We shall be paid our fee through the effective date of the termination and any unearned, prepaid fees will be refunded. All actions taken by VF hereunder, either before or after the death or incapacity of the client, but before receipt by VF of information of such death or incapacity, shall be binding upon the client and the client's legal representatives who shall hold VF harmless hereunder from all liability arising from such action.

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

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VF does not charge performance-based fees.

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## Item 7 Types of Clients

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We typically provide investment advice to individuals, trusts, and small business owners, including those with 401(k)s or pension plans. In some cases, we may refer a small business owner with an employer plan to an unaffiliated plan servicing representative to manage the plan and its assets. We receive no additional compensation from this arrangement.

The minimum Wealth Advisory fee for clients who sign an advisory agreement is \$5,000. The minimum value to open and maintain an investment account is \$200,000 and/or subject to the requirements of the account custodian.

Institutional Intelligent Portfolios™ clients are eligible to enroll in the Program include individuals, IRAs and revocable living trusts. Clients that are organizations (such as corporations and partnerships) or government entities, and clients that are subject to the Employee Retirement Income Security Act of 1974, are not eligible for the Program. The minimum investment required to open an account in the Program is \$5,000. The Program Disclosure Brochure describes related minimum required account balances for maintenance of the account, automatic rebalancing, and tax-loss harvesting.

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

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### Strategic Asset Allocation

We recommend a target equity-to-fixed-income asset mix based on each client's individual financial situation and objectives. We suggest the periodic rebalancing of a client's assets in order to maintain a range centered around the target mix as well as the risk potential, an approach known as "strategic asset allocation". When substantial growth in one category leads to an overexposure relative to others, investments in this category should be trimmed back (profits taken) and reallocated to where growth has not been as strong. This often results in a "selling high and buying low" approach to investing. Behavioral finance studies tell us people would rather do the opposite. We are a buy-hold

investment firm preferring to use the Warren Buffett approach to investing – “be greedy when others are fearful, and fearful when others are greedy”.

Margin Transactions: Our firm may purchase securities for your portfolio with money borrowed from your brokerage account. This allows you to purchase more stock than you would be able to with your available cash and allows us to purchase securities without selling other holdings. Margin accounts and transactions are risky and not necessarily appropriate for every client.

The potential risks associated with these transactions are (1) You can lose more funds than are deposited into the margin account; (2) the forced sale of securities or other assets in your account; (3) the sale of securities or other assets without contacting you; (4) you may not be entitled to choose which securities or other assets in your account(s) are liquidated or sold to meet a margin call; and (5) custodians charge interest on margin balances which will reduce your returns over time.

#### Diversification

While most all of our clients are interested in having their wealth grow over time, often their primary objective is to not lose what they have accumulated. Investing in any one particular type of security increases the potential for hitting a “home run”, but it also brings in more chances to “strike out”. We strongly recommend a diversified financial portfolio for all of our clients to help reduce risk. It is important to understand however, that diversification alone does not necessarily prevent the loss of principal.

#### Fund Analysis

When choosing investments to recommend to our clients, we use data from outside sources to compare investment expenses, performance as compared to others within the same category (typically over the last 1-, 3-, and 5-year periods), total returns (also typically over the last 1-, 3-, and 5-year periods) and standard deviation, among other factors. We continue to monitor the investments held by our clients during periodic portfolio reviews.

#### Risk of Loss

Investing in any securities involves a risk of loss that clients should be prepared to bear. We impress upon clients that there are no “risk-free” investments. Even FDIC-insured investments, after considering taxes and inflation, can cause a person to lose purchasing power over time. This in turn can jeopardize their standard of living while in their retirement years. We believe a prudent level of risk is necessary to combat the loss of purchasing power and other uncertainties when pursuing their goals.

Institutional Intelligent Portfolios™ Program Disclosure Brochure includes a discussion of various risks associated with the Program, including the risks of investing in ETFs, as well as risks related to the underlying securities in which ETFs invest. In addition, the Program Disclosure Brochure also discusses market/systemic risks, asset allocation/strategy/diversification risks, investment strategy risks, trading/liquidity risks, and large investment risks.

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## Item 9 Disciplinary Information

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VF and its management personnel have not been the subject of any legal or disciplinary events by a criminal or civil court, regulatory agency, or self-regulatory organization.

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## Item 10 Other Financial Industry Activities and Affiliations

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In the process of providing Wealth Advisory services to our fee-based clients, VF may recommend services that we feel are beneficial to the client in reaching their goals, such as tax and estate planning. In order to work in the best interest of the client, we strive to develop relationships with other professionals who adhere to the same principles that VF adopts. VF does not receive any direct or indirect benefits from these introductions.

### Accountants/Tax Preparers

For our clients looking for tax preparation services or consultations, we may refer our clients to Nerone & Associates, Inc. With the approval of our mutual clients, we communicate with these and other tax preparers on a regular basis and provide them with input on the clients' account transactions and copies of tax documents related to their accounts managed by VF. VF receives no fees when our clients use either of these tax services.

### Attorneys

For our clients looking for estate document preparation services or consultations, we may refer our clients to David Onega at Bailey Cavalieri, LLC. With the approval of our mutual clients, we will communicate this and other attorneys on a regular basis and provide them with information to prepare their legal documents. VF receives no fees when our clients use this provider.

There may be other attorneys and CPAs to whom we would refer our clients to as well, depending on the client's needs. None of the firms above compensate VF for our referrals.

### Pension Consultants

VF most often refers clients with qualified retirement plans to Earl Avakian, CLU of The Avakian Financial Group (AFG) as the plan's servicing representative. We receive no compensation from AFG for our referrals.

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

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An investment advisor is considered a fiduciary and VF has a fiduciary duty to all clients. As a fiduciary, it is an investment advisor's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of every client at all times. Our fiduciary duty is considered the core underlying principle for our Code of Ethics which also includes Insider Trading and Personal Securities Transactions Policies and Procedures. If a client or a potential client wishes to review our Code of Ethics in its entirety, a copy will be provided upon request.

We recognize that the personal investment transactions of members and employees of VF demand the application of a high Code of Ethics and require that all such transactions be carried out in a way

that does not endanger the interest of any client. At the same time, we believe that if investment goals are similar for clients and for members and employees of VF, it is logical and even desirable that there be common ownership of some securities.

Therefore, in order to prevent conflicts of interest, we have in place a set of procedures (including a pre-clearing procedure) with respect to transactions effected by our members, officers and employees for their personal accounts. In order to monitor compliance with our personal trading policy, we have a quarterly securities transaction reporting system for all of our associates. Upon employment or affiliation and at least annually thereafter, all supervised persons will sign an acknowledgement that they have read, understand, and agree to comply with our Code of Ethics.

Neither VF nor a related person recommends to clients, or buys or sells for client accounts, securities in which VF or a related person has a material financial interest. Related persons of VF may buy or sell securities and other investments that are also recommended to clients. In order to minimize this conflict of interest, our related persons will place client interests ahead of their own interests and adhere to VF's Code of Ethics. Further, our related persons will refrain from buying or selling the same securities prior to buying or selling for our clients in the same day. If related persons' accounts are included in a block trade, our related persons' accounts will be traded in the same manner every time.

VF and supervised persons must conduct business in an honest, ethical, and fair manner and avoid all circumstances that might negatively affect or appear to affect our duty of complete loyalty to all clients. This disclosure is provided to give all clients a summary of our Code of Ethics.

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## Item 12 Brokerage Practices

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### **Custodian & Brokers Used**

Our firm does not maintain custody of client assets (although our firm may be deemed to have custody of client assets if give the authority to withdraw assets from client accounts. See *Item 15 Custody*, below). Client assets must be maintained in an account at a "qualified custodian," generally a broker-dealer or bank. Our firm recommends that clients use the Schwab Advisor Services division of Charles Schwab & Co. Inc. ("Schwab"), a FINRA-registered broker-dealer, member SIPC, as the qualified custodian. Our firm is independently owned and operated, and not affiliated with Schwab. Schwab will hold client assets in a brokerage account and buy and sell securities when instructed. While our firm recommends that clients use Schwab as custodian/broker, clients will decide whether to do so and open an account with Schwab by entering into an account agreement directly with them. Our firm does not open the account. Even though the account is maintained at Schwab, our firm can still use other brokers to execute trades, as described in the next paragraph.

## **How Brokers/Custodians Are Selected**

Our firm seeks to recommend a custodian/broker who will hold client assets and execute transactions on terms that are overall most advantageous when compared to other available providers and their services. A wide range of factors are considered, including, but not limited to:

- combination of transaction execution services along with asset custody services (generally without a separate fee for custody)
- capability to execute, clear and settle trades (buy and sell securities for client accounts)
- capabilities to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- breadth of investment products made available (stocks, bonds, mutual funds, exchange traded funds (ETFs), etc.)
- availability of investment research and tools that assist in making investment decisions
- quality of services
- competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate them
- reputation, financial strength and stability of the provider
- prior service to our firm and our other clients
- availability of other products and services that benefit our firm, as discussed below (see *"Products & Services Available from Schwab"*)

## **Custody & Brokerage Costs**

Schwab generally does not charge a separate fee for custody services, but may be compensated by charging commissions or other fees to clients on trades that are executed or that settle into the Schwab account. In addition to possible commissions, Schwab charges a flat dollar amount as a "prime broker" or "trade away" fee for each trade that our firm has executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into a Schwab account. These fees are in addition to the commissions or other compensation paid to the executing broker-dealer. Because of this, in order to minimize client trading costs, our firm has Schwab execute most trades for the accounts.

## **Products & Services Available from Schwab**

Schwab Advisor Services is Schwab's business serving independent investment advisory firms like our firm. They provide our firm and clients with access to its institutional brokerage – trading, custody, reporting and related services – many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help manage or administer our client accounts while others help manage and grow our business. Schwab's support services are generally available on an unsolicited basis (our firm does not have to request them) and at no charge to our firm. The availability of Schwab's products and services is not based on the provision of particular investment advice, such as purchasing particular securities for clients. Here is a more detailed description of Schwab's support services:

## **Services that Benefit Clients**

Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which our firm might not otherwise have access or that would require a significantly higher minimum initial investment by firm clients. Schwab's services described in this paragraph generally benefit clients and their accounts.

## **Services that May Not Directly Benefit Clients**

Schwab also makes available other products and services that benefit our firm but may not directly benefit clients or their accounts. These products and services assist in managing and administering our client accounts. They include investment research, both Schwab's and that of third parties. This research may be used to service all or some substantial number of client accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- provides access to client account data (such as duplicate trade confirmations and account statements);
- facilitates trade execution and allocate 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.

## **Services that Generally Benefit Only Our Firm**

Schwab also offers other services intended to help 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.

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

Irrespective of direct or indirect benefits to our client through Schwab, our firm strives to enhance the client experience, help clients reach their goals and put client interests before that of our firm or associated persons.

## **Our Interest in Schwab's Services.**

The availability of these services from Schwab benefits our firm because our firm does not have to produce or purchase them. Our firm does not have to pay for these services, and they are not contingent upon committing any specific amount of business to Schwab in trading commissions or assets in custody.

In light of our arrangements with Schwab, a conflict of interest exists as our firm may have incentive to require that clients maintain their accounts with Schwab based on our interest in receiving Schwab's services that benefit our firm rather than based on client interest in receiving the best value in custody services and the most favorable execution of transactions. As part of our fiduciary duty to our clients, our firm will endeavor at all times to put the interests of our clients first. Clients should be aware, however, that the receipt of economic benefits by our firm or our related persons creates a potential conflict of interest and may indirectly influence our firm's choice of Schwab as a custodial recommendation. Our firm examined this potential conflict of interest when our firm chose to recommend Schwab and have determined that the recommendation is in the best interest of our firm's clients and satisfies our fiduciary obligations, including our duty to seek best execution.

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. Although our firm will seek competitive rates, to the benefit of all clients, our firm may not necessarily obtain the lowest possible commission rates for specific client account transactions. Our firm believes that the selection of Schwab as a custodian and broker is the best interest of our clients. It is primarily supported by the scope, quality and price of Schwab's services, and not Schwab's services that only benefit our firm.

#### Soft Dollars

Although the investment research products and services that may be obtained by VF will generally be used to service all of our clients, a brokerage commission paid by a specific client may be used to pay for research that is not used in managing that specific client's account.

VF does not accept products or services that do not qualify for Safe Harbor outlined in Section 28(e) of the Securities Exchange Act of 1934, such as those services that do not aid in investment decision-making or trade execution.

#### Client Brokerage Commissions

We do not use client brokerage commissions to obtain research or other products or services. The aforementioned research and brokerage services are used by VF to manage accounts for which we have investment discretion. Without this arrangement, VF might be compelled to purchase the same or similar services at its expense.

#### Procedures to Direct Client Transactions in Return for Soft Dollars

VF does not direct client transactions to a particular broker-dealer in return for soft dollar benefits.

#### Brokerage for Client Referrals

VF does not receive brokerage for client referrals.

#### Directed Brokerage

Neither VF nor any of VF's related persons have discretionary authority in making the determination of the brokers with whom orders for the purchase or sale of securities are placed for execution, and the commission rates at which such securities transactions are effected. We routinely recommend that a client directs us to execute through a specified broker-dealer. VF recommends the use of



Charles Schwab. Each client will be required to establish their account(s) with Charles Schwab if not already done. Please note that not all advisors have this requirement.

In addition to our portfolio management and other services, the Program includes the brokerage services of Schwab, a broker-dealer registered with the SEC, member of FINRA/SIPC. While clients are required to use Schwab as custodian/broker to enroll in the Program, the client decides whether to do so and opens its account with Schwab by entering into an account agreement directly with Schwab. Our firm does not open the account for the client. If the client does not wish to place his or her assets with Schwab, then our firm cannot manage the client's account through the Program. As described in the Program Disclosure Brochure, SWIA may aggregate purchase and sale orders for ETFs across accounts enrolled in the Program, including both accounts for our clients and accounts for clients of other independent investment advisory firms using the Program.

#### Permissibility of Client-Directed Brokerage

We allow clients to direct brokerage outside our recommendation. We may be unable to achieve the most favorable execution of client transactions. Client directed brokerage may cost clients more money. For example, in a directed brokerage account, clients may pay higher brokerage commissions because we may not be able to aggregate orders to reduce transaction costs, or they may receive less favorable prices.

#### Special Considerations for ERISA Clients

A retirement or ERISA plan client may direct all or part of portfolio transactions for their account through a specific broker or dealer in order to obtain goods or services on behalf of the plan. Such direction is permitted provided that the goods and services provided are reasonable expenses of the plan incurred in the ordinary course of its business for which it otherwise would be obligated and empowered to pay. ERISA prohibits directed brokerage arrangements when the goods or services purchased are not for the exclusive benefit of the plan. Consequently, VF will request that direct plan sponsors provide VF with a letter documenting that this arrangement will be for the exclusive benefit of the plan.

#### Aggregation of Purchase or Sale

VF performs investment management services for various clients. There are occasions on which portfolio transactions may be executed as part of concurrent authorizations to purchase or sell the same security for numerous accounts served by VF, which involve accounts with similar investment objectives. Although such concurrent authorizations potentially could be either advantageous or disadvantageous to any one or more particular accounts, they are affected only when we believe that to do so will be in the best interest of the affected accounts. When such concurrent authorizations occur, the objective is to allocate the executions in a manner which is deemed equitable to the accounts involved. In any given situation, we attempt to allocate trade executions in the most equitable manner possible, taking into consideration client objectives, current asset allocation and availability of funds using price averaging, proration and consistently non-arbitrary methods of allocation.

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## Item 13 Review of Accounts

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### Portfolio and Planning Reviews

In-depth reviews of a client's investment portfolio and financial plans are completed at least annually; the scope depends on the complexity of a client's financial position. Our main emphasis is to ensure that a client's portfolio and the strategies now in place are consistent with their stated goals. During our periodic reviews, we may discuss items in the following areas: retirement planning, income tax planning, estate planning, insurance planning, college planning, debt management, business planning, asset allocation and investment performance. Some review meetings are scheduled to explain recent developments in the client's portfolio and/or the financial markets. At each meeting, the client is given a summary of their portfolio, including accounts and investment holdings. Other reports which are prepared in-house or using financial planning software may also be reviewed with the client, as needed.

Portfolio reviews are conducted by Gary Vawter, CFP®, MS, William Whitaker, CFP®, MS, Senior Advisors of VF. VF does not provide hard copy reports unless asked to do so. Verbal reports take place on at least an annual basis when clients are contacted. Clients have online access to their accounts to check account values and performance at any time through the MyMoney portal and Charles Schwab.

Retirement Plan Consulting clients receive reviews of their retirement plans for the duration of the service. Our firm also provides ongoing services where clients are met with upon their request to discuss updates to their plans, changes in their circumstances, etc. Retirement Plan Consulting clients do not receive written or verbal updated reports regarding their plans unless they choose to engage our firm for ongoing services.

### Account Statements and Transaction Confirmations

All clients receive monthly or quarterly account statements and transaction confirmations directly from the institution(s) having custody of their assets. These can be in hardcopy and/or electronic formats based upon client preferences.

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## Item 14 Client Referrals and Other Compensation

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### Charles Schwab & Co. Inc.

Our firm may recommend Charles Schwab to clients for custody and brokerage services. There is no direct link between our firm's use of our custodian and the investment advice given to clients, although we receive economic benefits through our participation that are typically not available to Charles Schwab retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving our firm's participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to

certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to us by third party vendors. Charles Schwab may also have paid for business consulting and professional services received by our firm's related persons. Some of the products and services made available by Charles Schwab may benefit our firm but may not benefit our client accounts. These products or services may assist us in managing and administering client accounts, including accounts not maintained at Charles Schwab. Other services made available by Charles Schwab are intended to help us manage and further develop our business enterprise. The benefits received by our firm or our personnel do not depend on the amount of brokerage transactions directed to Charles Schwab. As part of our fiduciary duties to our clients, we endeavor at all times to put the interests of our clients first. Clients should be aware, however, that the receipt of economic benefits by our firm or our related persons in and of itself creates a potential conflict of interest and may indirectly influence our firm's choice of Charles Schwab for custody and brokerage services.

### Referral Fees

VF does not pay referral fees to independent solicitors for the referral of their clients to VF in accordance with Rule 206 (4)-3 of the Investment Advisers Act of 1940.

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### Item 15 Custody

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While our firm does not maintain physical custody of client assets (which are maintained by a qualified custodian, as discussed above), we are deemed to have custody of certain client assets if given the authority to withdraw assets from client accounts, as further described below under "Third Party Money Movement." All our clients receive account statements directly from their qualified custodian(s) at least quarterly upon opening of an account. We urge our clients to carefully review these statements. Additionally, if our firm decides to send its own account statements to clients, such statements will include a legend that recommends the client compare the account statements received from the qualified custodian with those received from our firm. Clients are encouraged to raise any questions with us about the custody, safety or security of their assets and our custodial recommendations.

#### Third Party Money Movement:

On February 21, 2017, the SEC issued a no-action letter ("Letter") with respect to Rule 206(4)-2 ("Custody Rule") under the Investment Advisers Act of 1940 ("Advisers Act"). The letter provided guidance on the Custody Rule as well as clarified that an adviser who has the power to disburse client funds to a third party under a standing letter of authorization ("SLOA") is deemed to have custody. As such, our firm has adopted the following safeguards in conjunction with our custodian:

- The client provides an instruction to the qualified custodian, in writing, that includes the client's signature, the third party's name, and either the third party's address or the third party's account number at a custodian to which the transfer should be directed.
- The client authorizes the investment adviser, in writing, either on the qualified custodian's form or separately, to direct transfers to the third party either on a specified schedule or from time to time.

- The client's qualified custodian performs appropriate verification of the instruction, such as a signature review or other method to verify the client's authorization and provides a transfer of funds notice to the client promptly after each transfer.
- The client has the ability to terminate or change the instruction to the client's qualified custodian.
- The investment adviser has no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party contained in the client's instruction.
- The investment adviser maintains records showing that the third party is not a related party of the investment adviser or located at the same address as the investment adviser.
- The client's qualified custodian sends the client, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.

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#### Item 16 Investment Discretion

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As per VF's advisory agreement, we manage investment accounts on a discretionary basis to buy, sell, or otherwise trade securities or other investments in the client's portfolio without discussing the transaction with them in advance in accordance with the client's discussed and agreed upon investment objectives. The client also authorizes VF to take all necessary action to open and maintain their portfolio and effect securities transactions in their portfolio. A client accepts this arrangement by signing our advisory agreement. If a client wishes to limit this discretionary authority in any way, they must submit a detailed letter describing the limitations, and an amendment to the advisory agreement must be signed by the client and the Investment Advisor Representative (IAR). VF will maintain discretionary authority until the amendment is signed by all parties.

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#### Item 17 Voting Client Securities

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VF does not accept the proxy authority to vote client securities. Clients will receive proxies or other solicitations directly from their custodian or a transfer agent. In the event that proxies are sent to VF, VF will forward them to the appropriate client and ask the party who sent them to mail them directly to the client in the future. Clients may call, write or email us to discuss questions they may have about particular proxy votes or other solicitations.

As described in the Program Disclosure Brochure, clients enrolled in the Program designate SWIA to vote proxies for the ETFs held in their accounts. Our firm has directed SWIA to process proxy votes and corporate actions through and in accordance with the policies and recommendations of a third party proxy voting service provider retained by SWIA for this purpose. Additional information about this arrangement is available in the Program Disclosure Brochure. Clients who do not wish to designate SWIA to vote proxies may retain the ability to vote proxies themselves by signing a special Schwab form available from our firm.

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## Item 18 Financial Information

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We do not require pre-payment six months or more in advance. Registered Investment Advisors are required to provide you with certain financial information or disclosures about their financial condition.