

**Part 2A of Form ADV: *Firm Brochure***

**Vavra Capital Management, LLC  
d/b/a VCM Wealth  
CRD # 149307**

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This Brochure provides information about the qualifications and business practices of Vavra Capital Management, LLC, doing business as VCM Wealth, a state registered investment adviser with its principal place of business in Pennsylvania. Registration with a state or federal regulatory body does not imply a certain level of skill or training. The oral and written communications of the adviser should be considered carefully in your decision to hire or retain us to provide advisory services. 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.

If you have any questions about the contents of this Brochure, please contact us by telephone at 610-489-3018 or by email at [jvavra@vcm-wealth.com](mailto:jvavra@vcm-wealth.com). Additional information about Vavra Capital Management, LLC is also available at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. Our Firm's CRD number is 149307.

## **Item 2 Material Changes**

Since our last annual amendment on March 6, 2023, Vavra Capital Management, LLC, doing business as VCM Wealth (hereafter referred to as “VCM” or the “Firm”), reports no material changes to its business.

We routinely make changes throughout the Brochure to improve and clarify the descriptions of our business practices and compliance policies and procedures or in response to evolving industry and Firm practices. We do not consider these changes to be material and therefore do not describe them in this Item 2. Upon request, we will provide clients (“you,” “your”) with a comparison of this Brochure against the one previously filed indicating these changes.

VCM will provide clients with a summary of any material changes to this Brochure since the last annual update to its Brochure within 120 days of the close of the Firm’s fiscal year end. VCM will provide additional interim disclosure about material changes, as warranted.

At any time, clients and interested prospective clients may request a current copy of this Brochure by contacting Jason Vavra by telephone at 610-489-3018, by email at [jvavra@vcm-wealth.com](mailto:jvavra@vcm-wealth.com), or through our website at [www.vcm-wealth.com](http://www.vcm-wealth.com).

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## **Item 4 Advisory Business**

Vavra Capital Management, LLC, doing business as VCM Wealth (“VCM,” the “Firm,” “we,” “us”) is a state-registered investment adviser with its principal place of business in Collegeville, Pennsylvania. VCM began conducting business in 2009.

Jason M. Vavra, Managing Member, is the Designated Principal and 100% owner of the Firm. The advisory services offered to clients are outlined below.

### ***Written Legal Agreement***

Prior to engaging VCM, clients are required to enter into a written investment management agreement which discloses, in substance, a description of services to be provided, the term of the agreement, discretionary/non-discretionary authority conveyed to VCM, the advisory fee and formula for computing the fee, the amount of a prepaid fee to be returned in the event of contract termination or nonperformance, and a non-assignment clause, among other provisions.

### **INVESTMENT SUPERVISORY SERVICES - INDIVIDUAL PORTFOLIO MANAGEMENT**

When delivering Investment Supervisory Services, VCM provides continuous investment advice to our clients focusing on their particular objectives while utilizing investment products that are suitable to their stated risk tolerance. Through personal discussions in which goals and objectives based on a client's particular circumstances are established, we develop an investment policy and subsequently build and manage the client's portfolio based on that policy. During the data-gathering process, we determine the client's investment objectives, time horizon, risk tolerance, and liquidity needs. As appropriate, we also review and discuss the client's prior investment history, as well as family composition and financial background.

We manage these advisory accounts on either a discretionary or non-discretionary basis at the direction of our client. Account supervision is guided by the client's stated objectives (i.e., maximum capital appreciation, growth, income, or growth and income), as well as tax considerations. Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors.

Our investment recommendations are not limited to any specific product or service and will generally include advice regarding the following securities:

- Registered securities issued by U.S. companies
- Registered securities issued by foreign entities
- Equity warrants
- Corporate debt securities
- Commercial paper
- Certificates of deposit
- Municipal securities
- Variable annuities
- Mutual fund shares
- Exchange Traded Funds (“ETFs”)
- United States governmental securities
- Options contracts on securities
- Interests in partnerships investing in real estate
- Interests in partnerships investing in oil and gas interests
- Other

Some of the investment types listed above entail significant financial risk and will only be recommended and subsequently implemented when the client's investment policy is congruent with the risk to be assumed.

All investment recommendations provided to our clients are carefully vetted for particular suitability and risk tolerance. Ongoing monthly review and open client communications ensure that the suitability/risk tolerance congruence remains consistent over time. In addition to individual portfolio management, our clients may also receive very specific investment advice on isolated area(s) of their portfolio(s) or on contiguous aspects of their investment portfolio such as estate planning or retirement planning.

## **FINANCIAL PLANNING**

VCM provides financial planning services that are not to be confused with the provision of investment advice. Financial planning is a comprehensive evaluation of a client's current and anticipated future financial condition. The Firm will utilize current information regarding the client's financial status to evaluate future cash flow needs, anticipated asset values and principal withdrawal plans. Sound financial planning is a holistic process wherein client lifestyle aspirations are reconciled to current and anticipated financial net worth. A thorough query of current and desired lifestyle in concert with a comprehensive review of the client's personal income and balance sheet statements are reviewed in detail and reconciled to an agreed financial plan which encompasses all articulated objectives and funding sources and anticipated withdrawal scenarios. Clients engaging VCM for this service receive a written report which provides the client with a detailed financial plan designed to assist the client in achieving his or her financial goals and objectives.

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

- **PERSONAL:** Review of family records, budgeting, personal liability, estate information and financial goals.
- **TAX & CASH FLOW:** Analysis of the client's income tax and spending and planning for past, current, and future years; then illustration of the impact of various investments on the client's current income tax and future tax liability.
- **INVESTMENTS:** Evaluation of current investment performance and its ability to fund the plan.
- **RETIREMENT:** Analysis of current strategies and investment plans to help the client achieve his or her retirement goals.
- **DEATH & DISABILITY:** Review of the client's cash needs at death, income needs of surviving dependents, estate planning and disability income.
- **ESTATE:** 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.

VCM gathers required information through in-depth personal interviews. Information gathered includes the client's current financial status, tax status, future goals, returns objectives and attitudes about 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 advice (not investment advisory services) on topics that may include tax and budgetary planning, estate planning and business planning. Typically, the financial plan is presented to the client within three 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.

### ***Conflict of Interest Statement***

VCM does not receive compensation (e.g., commissions or fees) from the sale of securities, insurance, real estate or other products or services recommended in a financial plan. However, VCM would receive investment management fees if the financial plan incorporates an allocation of the client's assets to VCM. Such a recommendation, if made, would present a conflict between the interests of VCM and the interests of the financial planning client. Financial planning clients are under no obligation to act upon any recommendation made by us, including a recommendation to allocate assets to VCM. If the client elects to act on any of the recommendations we make, the client is under no obligation to effect transactions through VCM, our representatives, or affiliates.

### **PUBLICATION OF PERIODICALS OR NEWSLETTERS**

VCM publishes a newsletter providing general information on various financial topics including, but not limited to, estate and retirement planning, market trends, etc. No specific investment recommendations are provided in this newsletter and the information provided does not purport to meet the objectives or needs of any individual recipient. This newsletter is distributed free of charge to our advisory clients.

### **WRAP PROGRAMS**

VCM does not act as an adviser or sub-adviser in any wrap fee program nor does VCM sponsor a wrap fee program.

### **AMOUNT OF MANAGED ASSETS**

As of 12/31/2023, VCM was actively managing \$76,110,494 of clients' assets on a discretionary basis.

### **GENERAL INFORMATION**

All material conflicts of interest regarding VCM, our representatives, or employees, which could reasonably be expected to impair the rendering of unbiased and objective advice, are fully disclosed throughout this Brochure. Clients are advised that the investment recommendations and advice offered by VCM do not represent legal advice or accounting advice. Clients should coordinate and discuss the impact of financial advice with their attorney and/or accountant. Clients are advised that it is necessary to inform VCM promptly with respect to any changes in their financial situation and investment goals and objectives. Failure to notify VCM of any such changes could result in investment recommendations not meeting their needs.

## **Item 5 Fees and Compensation**

### ***Reasonableness of Fees***

VCM believes its fees are reasonable in light of the services offered and the experience and expertise of Jason Vavra. Lower fees for comparable services may be available from other sources.

### ***Variation of Fees***

VCM does not impose a minimum account size, although the Firm reserves the right to do so in the future, if such a minimum is necessary to assist clients in achieving their investment objectives. Pre-

existing advisory clients are subject to VCM's advisory fee schedule in effect at the time the client entered into the advisory relationship, and/or executed its investment management agreement. Therefore, fee schedules will differ among clients.

Clients will not be charged a total management fee over the 3% industry average.

VCM may group certain related client accounts for the purposes of determining the annualized fee. Discounts, not generally available to our advisory clients, may be offered to family members and friends of associated persons of our Firm.

VCM shall deliver a Firm Brochure to every client or prospective client. When a client has not received a copy of the Brochure Documents at least 48 hours prior to signing an agreement, the client has five business days in which to cancel, with no penalty, or for a full refund (if any funds were prepaid).

### ***Automatic Fee Deduction***

VCM may, as authorized by clients, direct each client's account custodian to debit from the client's account and to pay VCM the advisory fee due from the client. In connection with this process, the Firm shall:

- Initially obtain written authorization from the client permitting VCM's fees to be paid directly from the client's account.
- Communicate with each client's custodian regarding the amount of fee to be paid to VCM on the client's behalf (the "fee invoice").
- Ensure that the independent custodian agrees to send the client, at least quarterly, a statement indicating all amounts disbursed from the account.
- Deliver a fee invoice to each client for the amount equal to the advisory fee due from the client for payment along with the calculation formula.

## **INVESTMENT SUPERVISORY SERVICES - INDIVIDUAL PORTFOLIO MANAGEMENT FEES**

VCM's annual fees for Investment Supervisory Services are based upon a percentage of assets under management and generally range from 0.50% to 1.00% billed quarterly in arrears. Although VCM has established the aforementioned fee schedule(s), we retain the discretion to negotiate alternative fees on a client-by-client basis. Client facts, circumstances and needs will be considered in determining the fee schedule. These include the complexity of the client's advisory profile, assets to be placed under management, anticipated future additional assets, related accounts, portfolio style, account composition, and reporting requirements, among other factors. The specific annual fee schedule will be identified in the contract between VCM and each client.

## **FINANCIAL PLANNING FEES**

VCM's 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 any client.

Our Financial Planning fees may be calculated and charged on an hourly basis of \$250 per hour. Although the length of time it will take to provide a Financial Plan will depend on each client's personal situation, we will provide an estimate for the total hours at the start of the advisory relationship. Our Financial Planning fees may be calculated and charged on a fixed fee basis, typically ranging from \$250 to \$2,000, depending on the specific arrangement reached with the client. The fees are negotiable and may be modified or changed by VCM upon advance written notice to the client. Fees are billed upon delivery of the financial plan.

VCM reserves the right to reduce or waive the hourly fee and/or the minimum fixed fee if a financial planning client chooses to engage us for our Portfolio Management Services.

## **PUBLICATION OF PERIODICALS OR NEWSLETTERS – FREE OF CHARGE**

VCM publishes a newsletter providing general information on various financial topics including, but not limited to, estate and retirement planning, market trends, etc. No specific investment recommendations are provided in this newsletter and the information provided does not purport to meet the objectives or needs of any individual recipient. This newsletter is distributed free of charge to our advisory clients.

## **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 promptly 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.

### ***Termination of the Financial Planning Agreement***

The Financial Planning Agreement may be terminated by either party at any time without penalty upon receipt of written notice by the other party. Such termination shall not, however, affect liabilities or obligations incurred or arising from recommendations initiated under the Agreement prior to such termination, including the provisions regarding arbitration, which shall survive any expiration or termination of the Agreement.

### ***Mutual Fund and ETF Fees***

All fees paid to VCM for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or Exchange Traded Funds ("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.

Alternatively, clients generally can invest in a mutual fund or ETF directly, without our services and expertise thereby limiting their expenses while prospectively increasing suitability risk assumed by the account. 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, commissions and 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.

Additionally, regulators, exchanges and other third-party facilitators involved in the execution and settlement processes of traded securities may also impose nominal fees which must be borne directly by our clients.



Neither VCM nor its employees accept compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

### ***ERISA Accounts***

VCM is deemed to be a fiduciary to all client accounts wherein the Firm conveys “investment advice,” as that term is defined by rule. This fiduciary duty extends to employee benefit plans or individual retirement accounts pursuant to the Employee Retirement Income and Securities Act (“ERISA”) wherein the Firm is a designated fiduciary by statute. As such, VCM is subject to specific duties and obligations under ERISA (as enforced by the Department of Labor) and the Internal Revenue Code that include among other things, prohibitions pertaining to certain types of compensation and other transaction types.

To avoid engaging in prohibited transactions, it is the policy of VCM to only charge fees for investment advice offered to ERISA qualified accounts for products and services wherein our Firm and/or our related persons do not receive any other compensation or fees of any kind, including 12b-1 fees from mutual funds. An exception to this policy will be permitted when such ancillary fees or compensation received in connection with the management of an ERISA qualified account are offset against the investment advisory fees assessed by VCM for that account.

### ***Advisory Fees in General***

Clients should note that similar advisory services may be available from other registered (or unregistered) investment advisers for similar or lower fees.

### ***Limited Prepayment of Fees***

Under no circumstances does VCM require or solicit payment of fees in excess of \$500 more than six months in advance of services rendered.

### ***Additional Compensation***

VCM is required to disclose any material conflict of interest relating to us, our representatives and employees that could be reasonably expected to impair the rendering of unbiased or objective advice. VCM’s employees do not accept compensation for the sale of securities or other investment products. The only form of compensation we receive is asset-based investment management fees or hourly or fixed fees for financial planning services.

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

VCM does not charge performance-based fees, which are fees based on a share of capital gains on or capital appreciation of the assets of a client.

## **Item 7 Types of Clients**

VCM provides investment advisory services to the following types of clients:

- Individuals
- High net worth individuals
- Banking or thrift institutions
- Pension and profit-sharing plans
- Charitable organizations
- Corporations or other businesses
- State or municipal government entities

VCM does not generally impose a minimum account size, although the Firm reserves the right to do so in the future, if such a minimum is necessary to assist clients in achieving their investment objectives. Please refer to the "Fees and Compensation" section (Item 5) of this Form ADV for additional information.

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

### **METHODS OF ANALYSIS**

VCM utilizes a variety of methods to formulate our investment advice and/or to manage client assets, as outlined below.

#### ***Fundamental Analysis***

VCM measures what it believes is the fair value of a security by analyzing economic and financial factors and events which affect the security's asset class (e.g., equity or fixed income), the industry sector (e.g., financial services, energy, health care and consumer durables) and the specific security itself. These fundamental factors and events relate to the overall economy, industry trends regarding sales and earnings, and the financial condition and management of the security issuer itself to determine what VCM perceives to be the fair value for the security under review for acquisition (undervalued) or sale (overvalued).

The effort and resources that VCM expends to perform fundamental analysis does not provide an opinion regarding future market movements or securities valuation. Fundamental analysis provides a current temperature of the economy and industry sector under review and provides an informed opinion as to the fair value of a given security under review. This fair value process places heavy reliance upon the theory that securities issued by a competently managed company will generally revert, over time, to their mean price valuation, all things being equal.

For example, if monetary and fiscal policy in the U.S. is expected to remain stable for the intermediate future and the energy sector is indicating positive trending sales and earnings, XYZ energy corporation may be a buy if its fair valuation is indicated to be 20% higher than its current price based upon anticipated earnings of XYZ and anticipated sector growth in the energy industry. This presents a risk, however, as the actual price of a security can move in a manner that does not correlate or match the movement of the overall market or its particular sector regardless of the general economic and financial factors considered in evaluating the security.

#### ***Technical Analysis***

VCM analyzes past market movements and applies that analysis to the present in an attempt to recognize recurring patterns of investor behavior and potentially predict future price movement. VCM evaluates securities for purchase or sale by analyzing recurring statistical patterns that are generated by market activity. These statistics include past prices and trading volume and their manifestation over time (e.g., days, weeks, months, or years) as a recognizable pattern.

Unlike fundamental analysts, technical analysts do not attempt to measure a security's intrinsic value, but instead believe that the historical performance of a security relative to its price, traded volume, and time, produce patterns which may be reliable indications of the future performance of that security.

Technical analysis does not consider the underlying financial condition of a company, nor does it evaluate the competency of its management. This presents a risk in that a poorly managed or financially unsound company may underperform regardless of technical indicators. Over time, market fundamentals will

provide the ultimate basis of the true value of a security. However, VCM's application of technical analysis provides a useful corroboration of a fundamental view or in lieu of this corroboration provides an opportunity to reevaluate fundamental analysis prior to trading.

### ***Cyclical Analysis***

VCM analyzes the risk of a change in current business or economic cycles and the likelihood that the change would affect the prospective return on an investment held or under consideration primarily due to a change in the profitability of the company which issued the security under consideration. This analysis observes economic peaks, downturns and troughs and their relationship to the underlying profitability of a particular securities issuer.

### ***Asset Allocation***

In addition to securities analysis, VCM endeavors to develop and maintain an appropriate ratio of equity, fixed income, cash, and if appropriate to the client risk profile, alternative asset allocations which complement the client's investment goals and risk tolerance.

An inherent risk to any asset allocation strategy remains the possibility that while a specific allocation is being implemented, the client may not participate in sharp increases in the value of a specific security, industry, or market sector. Another risk is that the weighting of equity, fixed income, alternative investments, and cash will change over time due to non-linear appreciation/depreciation and therefore the original allocation will change in a potentially adverse manner if not appropriately monitored and corrected.

### ***Mutual Fund and/or ETF Analysis***

VCM analyzes the experience and track-record of the manager of the mutual fund or ETF to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. For example, if a manager consistently outperformed the fund's benchmark (referred to as *alpha*) this would reflect positively in our due diligence for that specific manager. VCM also looks at the underlying assets in a mutual fund or ETF to determine if there is significant overlap in the underlying investments held in another fund(s) or concentrations of securities held in the client's portfolio. VCM also monitors the funds and ETFs to ascertain whether the manager follows the investment mandate of the fund or ETF. There is a risk that a manager may deviate from the stated investment mandate or strategy of the fund or ETF, which could make the holding(s) less suitable for the client's portfolio.

A risk of mutual fund and/or ETF analysis is that, as in all securities investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as VCM does not control the underlying investments in a fund or ETF, managers of different funds held by the client may purchase the same security, increasing the risk to the client if that security were to fall in value.

An added risk with mutual funds resides in the fact that fund managers control the reaping of capital gains and losses thereby largely limiting the ability for fund investors to coordinate tax strategy when these investment vehicles are utilized in a client portfolio. At times, this risk may be quite significant if the fund is purchased within the client's portfolio immediately prior to the declaration of a large capital gain wherein the client would assume the tax liability with other investors while not participating in the upside which produced the gain.

Both ETF and mutual funds have various fees and expenses associated with the particular product which must be borne by the client. These fees and expenses are discussed in the applicable prospectus, which should be evaluated by clients.

### ***Risks for all Forms of Analysis***

VCM's securities analysis methods rely on the assumption that for the companies whose securities are purchased and sold, the data analyzed, the rating agencies that review these securities, and other publicly available sources of information about these securities, are reasonably accurate and unbiased in content and origin. While VCM is alert to indications that data may be incorrect or non-objective, there is always a risk that inaccurate or misleading information compromises our analysis.

### **INVESTMENT STRATEGIES AND RISK OF LOSS**

We follow a distinct investment philosophy and use several strategies in managing client accounts, as long as a given strategy is appropriate relative to client risk tolerance and financial suitability. Financial suitability addresses variables such as liquidity needs, annual anticipated cash flow generated by the investment strategy, and investment objectives, among other important factors.

#### ***Investment Philosophy***

VCM's investment philosophy is designed to address an investor's desire to achieve sustainable portfolio returns over time with only as much investment risk as is necessary along the way. Our philosophy targets net portfolio returns over time that are considered generally necessary for an individual investor to maintain distributions in retirement, for endowments/pensions to meet spending goals in perpetuity, and for pre-retirees to achieve measurable progress toward savings goals.

#### ***Portfolio Construction***

Implementation of VCM's process is designed to be systematic in nature, objective, and most importantly is designed to produce performance characteristics that are predictable and repeatable during various market environments. The discipline seeks to efficiently balance investment risk with investment reward, systematically exposing investors to more growth-oriented holdings during periods of sustained market advances, and in turn to less volatile holdings during periods of sustained market declines. Although VCM prioritizes risk and return management over tax efficiency, our experience has also helped high net-worth and high-income investors successfully manage today's complex tax code.

#### ***Investment Models***

VCM offers three proprietary investment models.

VCM Balanced ETF Strategy: The Balanced ETF Strategy's main objective is to achieve a balanced return by investing in a combination of asset classes. The portfolio consists of multiple ETFs and is invested by way of a disciplined research process. The asset allocation of this model is a distinct and differentiating factor. The composite is allocated 60% to the global equity markets and 40% to the global fixed income markets.

VCM Growth ETF Strategy: The Growth ETF Strategy's main objective is to achieve a growth-oriented return by investing in a combination of asset classes. The portfolio consists of multiple ETFs and is invested by way of a disciplined research process. The asset allocation of this model is a distinct and differentiating factor. The composite is allocated 70% to the global equity markets and 30% to the global fixed income markets.

VCM Aggressive ETF Strategy: The Aggressive ETF Strategy's main objective is to achieve an aggressive growth-oriented return by investing in a combination of global equity asset classes. The portfolio consists of multiple ETFs and is invested by way of a disciplined research process. The asset allocation of this model is a distinct and differentiating factor. The composite is allocated 100% to the global equity markets.

**Important Note about Allocation Percentages:** the percentage allocations noted above are provided as benchmarks. VCM retains discretion to drift slightly away from such benchmarks. They are not expected to drift much more than 5% up or down from benchmark percentages, but can, nonetheless drift.

### ***Long-term Purchases***

VCM purchases securities with the intent of holding them in the client's account for a year or longer. Typically, VCM employs this strategy when we believe the securities to be currently undervalued, and/or we want exposure to a specific asset class over time, regardless of the current projection for this class or industry sector insofar as we anticipate a significant change in the business cycle and the corresponding positive effect it will likely have upon a particular asset class or industry sector.

A risk in a long-term purchase strategy is that by holding the security for this length of time, VCM may not take advantage of short-term gains that could be profitable to a client. Moreover, if VCM's forecasts are incorrect, a security may decline sharply in value before we make the decision to sell.

### ***Short-term Purchases***

When utilizing this strategy, VCM purchases securities with the idea of selling them within a relatively short time (typically a year or less). We do this in an effort to take advantage of conditions that we believe will soon result in an advantageous price swing in the securities purchased.

A short-term purchase strategy poses risks should the anticipated price swing not materialize. In addition, this strategy involves more frequent trading than does a longer-term strategy and will result in increased brokerage and other transaction-related costs, as well as less favorable tax treatment of short-term capital gains.

### ***Trading***

Utilizing this strategy, VCM will purchase securities with the idea of selling them very quickly (typically within 30 days or less). We do this to take advantage of our predictions related to brief price swings. Trading expenses detract from profits.

### ***Short Sales***

As the long-term trend of the market is upward, short selling is a contrarian strategy. Since short sales can only be undertaken in margin accounts, the interest payable on short trades can add up over time, especially if short positions are kept open over an extended period. Shares that are difficult to borrow – because of high short interest, limited float, or any other reason – have “hard-to-borrow” fees that can be quite substantial. Short selling has a skewed payoff ratio as the maximum gain – which occurs if the shorted stock were to fall to zero – is limited, but the maximum loss is theoretically infinite. The short seller is responsible for making dividend payments on the shorted stock to the entity from whom the stock has been borrowed. The short seller is also on the hook for making payments related to events such as share splits, spin-offs, and bonus share issues, all of which are unpredictable events. Regulators may sometimes impose bans on short sales in a specific sector or even in the broad market to avoid panic and unwarranted selling pressure. Such actions can cause a sudden spike in stock prices, forcing the short seller to cover short positions at huge losses.

### ***Margin Transactions***

If appropriate in accordance with the client's risk tolerance, utilizing this strategy, VCM will purchase stocks for your portfolio with money borrowed through the client's brokerage account. This allows the client to purchase more stock than he/she would be able to with available cash and allows VCM to purchase stock without selling other holdings. It is important to note that margin transactions are

leveraged transactions and that a client may lose more than the principal amount of margin posted to borrow the trading funds from the client's broker.

### ***Option Writing***

If appropriate in accordance with the client's risk tolerance, utilizing this strategy, VCM may use options as an investment strategy. An option is a contract that gives the buyer the right, but not the obligation, to buy or sell an asset (such as a share of stock) at a specific price on or before a certain date. An option, just like a stock or bond, is a security. An option is also a derivative because it derives its value from an underlying asset.

The two types of options are calls and puts:

- A call gives us the right to buy an asset at a certain price within a specific period of time. We will buy a call if we have determined that the stock will increase substantially before the option expires.
- A put gives us the holder the right to sell an asset at a certain price within a specific period of time. We will buy a put if we have determined that the price of the stock will fall before the option expires.

VCM may use options to protect the possibility of a sharp price swing. VCM may also use options to "hedge" a purchase of the underlying security; in other words, VCM may use an option to limit the potential upside and downside of a security we have purchased for your portfolio.

We may use "covered calls" wherein we sell an option on a security the client owns. In this strategy, the client receives a fee for making the option available, and the person purchasing the option has the right to buy the security from the client at an agreed-upon price.

VCM may use a "spreading strategy" wherein we purchase two or more option contracts (for example, a call option that you buy and a call option that you sell) for the same underlying security. This effectively puts the client on both sides of the market, but with the ability to vary price, time, and other factors.

### ***Unique Risks of Economic Loss associated with Options***

Option trading entails significant risk including unlimited loss when writing uncovered calls and the entire intrinsic value at exercise when writing uncovered puts. Covered call writing against current holdings (the underlying security) in the portfolio will limit future gains in the underlying security to the strike price of the call option strategy. When the client purchases a call or a put the economic risk is primarily limited to the amount of premium paid to the dealer by the investor. Spread option writing will expose the client to net premium received or paid and thereby limit the loss to net premium paid (net debit) and the gain to net premium received (net credit). Of course, if the client does not offset exactly the notional amount on each side of the spread, the risk exposure will be potentially biased to the greater notional placement and may substantially increase the economic risk to the client.

### ***Market Disruption***

Global instability, geopolitical tensions, terrorist attacks in the United States and around the world, and a global pandemic, such as the coronavirus outbreak currently underway, result in market volatility and may have long-term effects on the United States and worldwide financial markets and may cause further economic uncertainties in the United States and worldwide. VCM cannot predict the effects of significant future events on the global economy and securities markets. A similar disruption of the financial markets could impact interest rates, credit risk, inflation, and other factors. Until it is eradicated, the coronavirus may continue to cause uncertainty in markets and businesses, including VCM's business, and may adversely affect the performance of the global economy, including causing market volatility, market and business uncertainty and closures, supply chain and travel interruptions, the need for employees and

vendors to work at external locations, and extensive medical absences. VCM has policies and procedures to address known situations, but not all events that could affect VCM's business and/or the markets can be determined and addressed in advance. You are urged to speak with us if you have any concerns about the pandemic's impact on your investment portfolio, or your investment objectives/financial situation have or may change due to the pandemic.

### ***Risk of Loss***

Investing in securities involves risk of loss that clients should be prepared to bear. The risks associated with global equity and global fixed income investing include:

- ETFs can be bought and sold only through a broker (who will usually charge a commission or transaction fee) and cannot be redeemed with the issuing fund. ETFs are subject to internal management fees and market risk. ETFs face market pricing risk, i.e., there is no guarantee that the market price of an ETF is the same as the market value of the ETF's underlying securities. Most publicly available ETFs are passively managed and offer investors few opportunities to maximize gains or limit losses through portfolio strategy.
- Equity investments – Equities are exposed to general stock market swings and changes in the business cycle which may alter market opinions about the short-term or long-term prospects for an issuer of equity securities.
- Smaller companies – Equity investments in smaller companies involve added risks, such as limited liquidity and greater fluctuations in their perceived values, which may impact our ability to sell these investments at a fair and competitive price in a timely manner.
- Foreign companies - Investments in foreign equity securities involve risk sets and special considerations not typically associated with investing in the more developed and highly regulated U.S. capital markets. These risks may relate to: (a) currency exchange; (b) differences between the U.S. and foreign securities markets, including general market volatility, liquidity, and regulation among other differences; (c) certain economic and political risks, including potential exchange control regulations and limits on foreign investment and repatriation of capital, the risk of political, economic, or social instability, including war and the possibility of expropriation or confiscatory taxation; (d) the possible imposition of foreign taxes on income and gains recognized on such securities; (e) dependence on exports and the corresponding importance of international trade; (f) higher rates of inflation; (g) governmental involvement in and control over the economies; (h) longer settlement periods for securities transactions; and (i) less developed corporate laws regarding fiduciary duties and related investor protections.
- Domestic bonds expose investors to interest rate, credit, and inflation risk.
- International bonds expose investors to interest rate fluctuations, inflation and economic cycles, and issues associated with changing or unstable political regimes.
- Mutual fund investing involves risk; principal loss is possible. Investors will pay fees and expenses, even when investment returns are flat or negative. Investors cannot influence the securities bought and sold, nor the timing of transactions which may result in undesirable tax consequences.

### ***Cash Balances in Client Accounts***

VCM considers cash to be an asset class. Cash held in the client's investment accounts are typically swept into the money market fund accounts or money market bank accounts at the client's custodian. During periodic portfolio reviews, VCM will generally discuss upcoming cash flow needs with each client and seeks to plan accordingly to meet those needs. VCM includes cash and cash equivalents in the

calculation of assets under management and fees. During periods of exceedingly low short-term interest rates, client fees paid on cash balances will exceed money market yields.

### ***Risks Related to Russian Invasion of Ukraine***

Russia's invasion of Ukraine and corresponding events which began in February 2022, have had, and could continue to have, severe adverse effects on regional and global economic markets. Following Russia's actions, various governments, including the United States, have issued broad-ranging economic sanctions against Russia, including, among other actions, a prohibition on doing business with certain Russian companies, large financial institutions, officials and oligarchs; a commitment by certain countries and the European Union to remove selected Russian banks from the Society for Worldwide Interbank Financial Telecommunications, the electronic banking network that connects banks globally; and restrictive measures to prevent the Russian Central Bank from undermining the impact of the sanctions. The duration of ongoing hostilities and the vast array of sanctions and related events cannot be predicted. These events present notable uncertainty and risk with respect to markets globally, which pose potential adverse risks to client portfolios and the performance of their investments.

### ***Cybersecurity***

As the use of technology has become more prevalent in the course of business, VCM has become more susceptible to operational and information security risks. Cyber incidents can result from deliberate attacks or unintentional events and include, but are not limited to, gaining unauthorized access to electronic systems for purposes of misappropriating assets, personally identifiable information (“PII”) or proprietary information (e.g., trading models and algorithms), corrupting data, or causing operational disruption, for example, by compromising trading systems or accounting platforms. Other ways in which the business operations of VCM, other service providers, or issuers of securities in which VCM invests a client’s assets may be impacted include interference with a client’s ability to value its portfolio, the unauthorized release of PII or confidential information, and violations of applicable privacy, recordkeeping and other laws. A client and/or its account could be negatively impacted as a result. While VCM has established internal risk management security protocols designed to identify, protect against, detect, respond to and recover from cybersecurity incidents, there are inherent limitations in such protocols including the possibility that certain threats and vulnerabilities have not been identified or made public due to the evolving nature of cybersecurity threats. Furthermore, VCM cannot control the cybersecurity systems of third-party service providers or issuers. There currently is no insurance policy available to cover all of the potential risks associated with cyber incidents. Unless specifically agreed by VCM separately or required by law, VCM is not a guarantor against, or obligor for, any damages resulting from a cybersecurity-related incident.

We ask that you work with us to help VCM understand your tolerance for risk. VCM will never guarantee the profitability of a specific security or strategy.

## **Item 9 Disciplinary Information**

VCM is required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management. VCM and Jason Vavra have no reportable disciplinary events to disclose.



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

Neither VCM nor its employees are registered or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

Neither VCM nor its employees are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.

Although two VCM employees hold CPA licenses, VCM and its employees are not affiliated with a CPA firm, have no signatory authority for client accounts, and have no custody over client funds.

VCM retains a fiduciary duty to our clients. This duty requires the Firm to disclose and responsibly manage or remove all current and emergent conflicts of interest or a material nature. A conflict of interest is best defined as a set of circumstances (involving individuals, entities, or events) that creates a risk that professional judgment or actions regarding client interests will be unduly influenced by a secondary interest (the set of circumstances referenced).

Affiliations by VCM and its employees create potential conflicts of interest. We are required to disclose to clients all material conflicts of interest. For example, the receipt of additional compensation by VCM and its employees creates a conflict of interest that may impair the objectivity when making advisory recommendations. It is the policy of VCM to put the interest of its clients first and foremost at all times and to disclose and responsibly manage all conflicts of interest. To achieve this policy objective, we have implemented the following controls and procedures to ensure that client accounts are managed, and that our investment advice is developed and conveyed, in congruence with our fiduciary standard of care:

- We disclose to clients the existence of all material current and emergent conflicts of interest, including the potential for VCM and its employees to earn compensation from advisory clients in addition to advisory fees;
- We disclose to clients that they are not obligated to purchase recommended investment products or services from our employees;
- We develop, maintain and document accurate, complete, and relevant client background information, including the client's financial goals, objectives, and risk tolerance;
- We conduct regular reviews of each client account to verify that all recommendations made to a client are suitable to the client's needs and circumstances;
- The VCM Code of Ethics requires employees to report any outside employment activity so that we may ensure that any conflicts of interests in such activities are properly addressed; if these outside business activities present a material conflict they will be disclosed to clients;
- We monitor, as necessary, these outside employment activities to verify that any conflicts of interest continue to be properly addressed by VCM;
- We educate our employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients; and
- When we work with other advisers or platform providers, we endeavor to confirm that these other advisers and platform providers are properly licensed or registered as an investment adviser, broker-dealer, or registered as otherwise required, prior to engagement.

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

### ***Code of Ethics***

Our Firm has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws.

VCM and our personnel owe a duty of loyalty, care, fairness, and good faith towards our clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code.

Our Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports submitted by employees. Among other things, our Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Our Code also provides for oversight, enforcement, and recordkeeping provisions.

VCM's Code of Ethics further includes the Firm's policy prohibiting the illegal use of material non-public information. While we do not believe that we have any unique access to non-public information, all employees are reminded that such information may not be used in a personal or professional capacity.

A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by email sent to [jvavra@vcm-wealth.com](mailto:jvavra@vcm-wealth.com), by calling us at 610-489-3018, or through our website at [www.vcm-wealth.com](http://www.vcm-wealth.com).

### ***Participation or Interest in Client Transactions and Personal Trading***

VCM and its employees are prohibited from engaging in principal transactions or agency cross transactions. An agency cross transaction is where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction.

Jason Vavra is responsible to evaluate ongoing quality and performance of current brokerage arrangements. Among factors to be assessed are the quality of executions, brokerage research, commission rates, and overall brokerage relationships.

Our Code of Ethics is designed to assure that the personal securities transactions, activities, and interests of our employees will not interfere with: (a) making decisions in the best interest of advisory clients and (b) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

VCM employees may buy or sell for their personal accounts, securities identical to or different from those recommended to our clients. It is the expressed policy of VCM that no employee may purchase or sell any security prior to a transaction(s) being implemented for an advisory account, thereby preventing such employee from benefiting from transactions placed on behalf of advisory accounts.

We may aggregate our employee or related trades with client transactions where possible and when compliant with our duty to seek best execution for our clients. In these instances, participating clients will receive an average share price and transaction costs will be shared equally and on a pro-rata basis. In the instances where there is a partial fill of a specific batched order, we will allocate all purchases pro-rata, with each account paying the average price. VCM employee or related accounts will be included in the pro-rata allocation.

Although VCM employees may buy or sell for themselves securities that they also recommend to advisory clients, VCM and its employees DO NOT recommend securities (or other investment products) to advisory clients in which VCM, or its employees have some other proprietary (ownership) interest. VCM has established the following policies and procedures to ensure that VCM complies with its regulatory obligations and provides our clients and potential clients with full and fair disclosure of material conflicts of interest:

1. Neither VCM nor its employees may recommend to clients, or buy or sell for client accounts, securities in which VCM or its employees have a material financial interest.
2. No employee may put his or her own interest above the interest of an advisory client.
3. No employee may buy or sell securities for their personal portfolio(s) where their decision is a result of information received due to his or her employment unless the information is also available to the investing public.
4. It is the policy of VCM that no employee may purchase or sell any security prior to a transaction(s) being implemented for an advisory account. This prevents such employees from benefiting from transactions placed on behalf of advisory accounts.
5. VCM requires that employees seek prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering to ensure that employees are not taking limited opportunities for themselves that should be offered to clients.
6. VCM maintains a list of all reportable securities holdings and transactions for employees with access to advisory recommendations.
7. VCM has established procedures for the maintenance of all required books and records.
8. Employees must act in accordance with all applicable federal and state regulations governing registered investment advisory practices.
9. VCM requires delivery to and acknowledgement of the Code of Ethics by each employee.
10. VCM has established policies requiring the reporting and documentation of Code of Ethics violations.
11. Any individual who violates any of the above restrictions may be subject to termination.

## **Item 12 Brokerage Practices**

### ***Discretionary Authority***

For discretionary account arrangements, VCM requires these clients to provide us with written authority to perform due diligence for them regarding their selection of a broker-dealer to execute trades and custody their securities. This due diligence process will ascertain brokerage and clearing costs to be borne by the client as they are assessed by the third-party broker-dealer.

### ***Selection of Custodian***

VCM generally recommends that investment management accounts be maintained at Charles Schwab and Co., Inc. (“Schwab”) Schwab, a FINRA-registered broker-dealer and member of SIPC.<sup>1</sup> VCM is independently owned and operated and not affiliated with Schwab. Schwab will hold your assets in a

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<sup>1</sup> VCM accounts had historically been custodied at TD Ameritrade Inc. which was acquired by Schwab. All VCM accounts have fully transitioned to Schwab.

brokerage account and buy and sell securities when VCM instructs them to do so. While VCM recommends clients use Schwab as a custodian/broker, clients will decide whether to do so.

It should be noted that not all advisers require their clients to direct brokerage or recommend custodians to clients.

Factors that VCM considers in recommending Schwab (or any other broker-dealer/custodian to clients) include historical relationship with VCM, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by VCM's clients shall comply with our duty to obtain best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where VCM determines, in good faith, that the commission/transaction fee is reasonable in relation to the value of the brokerage and research services received.

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. Accordingly, although VCM will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. The brokerage commissions or transaction fees charged by Schwab are exclusive of, and in addition to, VCM's investment management fee. VCM's best execution responsibility is qualified if securities that it purchases for client accounts are mutual funds that trade at net asset value as determined at the daily market close.

VCM does not receive client referrals from Schwab in exchange for VCM's recommendation that clients choose Schwab as their custodian.

### ***Block Trading***

VCM will block trades where possible to obtain lower commission costs for our clients or achieve other benefits for clients. This blocking of trades permits the trading of aggregate blocks of securities composed of assets from multiple client accounts, so long as transaction costs are shared equally and on a pro-rated basis between all accounts included in any such block.

Block trading may allow us to execute equity trades in a timelier, more equitable manner, at an average share price which is lower than would be the case were the orders not blocked. VCM will typically aggregate trades among clients whose accounts can be traded at a given broker, and VCM generally will rotate or vary the order of brokers through which it places trades for clients on any particular day. VCM's block trading policy and procedures are as follows:

1. Transactions for any client account may not be aggregated for execution if the practice is prohibited by or inconsistent with the client's investment management agreement with VCM or the Firm's order allocation policy.
2. The Firm must determine that the purchase or sale of the particular security involved is appropriate for the client and consistent with the client's investment objectives and with any investment guidelines or restrictions applicable to the client's account.
3. The Firm must reasonably believe that the order aggregation will benefit our clients while facilitating the Firm's compliance with best execution requirements. This requires a good faith judgment to be made by the Firm at the time the order is placed insofar as the blocked order will provide best qualitative execution for the client orders which have been blocked. Best qualitative execution refers to the numerous factors which affect the execution of a trade including price,

time, security liquidity and share count.

4. Prior to placing an aggregated order, a written order ticket or statement of allocation must be completed which identifies each client account participating in the order and the proposed allocation of the order, upon completion, to those clients.
5. If the order cannot be executed in full at the same price or time, the securities actually purchased or sold by the close of each business day must be allocated pro rata among the participating client accounts in accordance with the initial order ticket or other written statement of allocation. However, adjustments to this pro rata allocation may be made to participating client accounts in accordance with the initial order ticket or other written statement of allocation. Furthermore, adjustments to this pro rata allocation may be made to avoid having odd amounts of shares held in any client account, or to avoid excessive ticket charges in smaller accounts.
6. Generally, each client that participates in the aggregated order must do so at the average price for all separate transactions made to fill the order and must share in the commissions on a pro rata basis in proportion to the client's participation. Under the client's agreement with the custodian, transaction costs may be based on the number of shares traded for each client.
7. If the order is allocated in a manner other than that stated in the initial statement of allocation, a written explanation of the change must be documented.
8. VCM's client account records separately reflect, for each account in which the aggregated transaction occurred, the securities which are held by, and bought and sold for, that account.
9. Funds and securities for aggregated orders are clearly identified on VCM's records and to the broker-dealers, custodians or other intermediaries handling the transactions, by the appropriate account numbers for each participating client.
10. No client or account will be favored over another.
11. Outside of aggregated trades, on any given trading day, VCM will not execute trades in related person accounts until all client transactions are completed on that day.

### ***Soft Dollar Benefits***

Schwab offers services to independent investment advisers which include custody of our clients' securities, trade execution, clearance and settlement of transactions which are Schwab service offerings benefiting and paid for by our clients. VCM receives certain business benefits from Schwab through this business arrangement.

To enjoy such benefits, VCM may require that clients maintain accounts with Schwab or recommend Schwab to our clients for custody and brokerage services. There is no direct link between VCM's business arrangement with Schwab and the investment advice we give to our clients.

The benefits of working with Schwab include the following products and services (provided without cost or at a discount): duplicate client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving adviser 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 VCM by third party vendors. Schwab may also pay for business consulting and professional services received by VCM's related persons and may also pay or reimburse expenses (including travel, lodging, and meals) for VCM's personnel to attend conferences or meetings relating to the program or to Schwab's adviser custody and brokerage services generally.

Additionally, some of the products and services made available by Schwab may benefit VCM but may not directly benefit our client accounts. These products or services may assist us in managing and administering client accounts, including accounts not maintained at Schwab. Other services made available by Schwab are intended to help us manage and further develop our business enterprise. The benefits received by VCM through this arrangement do not depend on the volume or value of brokerage transactions directed to Schwab. Clients should be aware, however, that the receipt of economic benefits by VCM or our related persons in and of itself creates a potential conflict of interest and may indirectly influence our choice of Schwab for custody and brokerage services.

The best execution policy and procedure of the Firm sets forth internal controls to ensure that this conflict is well disclosed and appropriately managed.

### **Item 13 Review of Accounts**

#### **INVESTMENT SUPERVISORY SERVICES - INDIVIDUAL PORTFOLIO MANAGEMENT**

##### ***Client Reviews***

While the underlying securities within Individual Portfolio Management Services accounts are continually monitored, these accounts are formally reviewed at least quarterly. Accounts are reviewed in the context of each client's stated investment objectives and guidelines. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the market, political or economic environment.

These accounts are reviewed by Jason Vavra, Managing Member. Significant exceptional activity in client accounts and/or changes in client suitability and investment risk thresholds, as conveyed by the client or the client's agent, are documented in this formal review process.

##### ***Client Reports – Investment Management***

In addition to the monthly statements and confirmations of transactions that clients receive from their custodian, VCM may provide quarterly reports summarizing account performance, balances, and holdings. Clients are urged to carefully review and compare any report they may receive from the Firm to statements received from their qualified custodian. VCM reports may vary from custodial statements based on differences between accounting procedures, reporting dates, or valuation methods for certain securities.

##### ***Client Meetings***

Jason Vavra may also schedule client meetings on a periodic basis, or request basis, to review the client's portfolio, performance, market conditions, financial circumstances, and investment objectives, among other things, to confirm that VCM's investment decisions and services are consistent with the client's objectives and goals.

## **FINANCIAL PLANNING SERVICES**

### ***Client Reviews***

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 explicitly contracted for in the Agreement.

### ***Client Reports***

Under the terms of a Financial Planning Agreement, a client's accounts and source information will be reviewed as contracted for at the inception of the engagement. Each financial planning client will receive a written financial plan or written report containing financial planning recommendations in accordance with the terms outlined in the respective Agreement. Additional reports will not typically be provided unless otherwise contracted for at the time of engagement.

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

VCM currently uses the services of a third-party solicitor who periodically refers prospective clients to the Firm. The solicitor is also a client of VCM. This arrangement(s) is governed by a legal agreement between parties to ensure compliance with applicable federal and state statutes. If a client is introduced to VCM by the solicitor, VCM pays that solicitor a referral fee in accordance with the terms of the agreement and any corresponding state securities law requirements. Any such referral fee shall be paid solely from VCM's investment management fee and shall not result in any additional charge to the client. At the time of solicitation, the solicitor is responsible to disclose the nature of his relationship with VCM and provide each prospective client with VCM's written Brochure and a written statement disclosing the terms of the solicitation arrangement between VCM and the solicitor, including the compensation to be received by the solicitor from VCM.

The fact that this solicitor is a client of VCM presents a conflict of interest, as VCM could be incentivized to favor this client in some way in order to garner more client referrals. To minimize this conflict, VCM follows investment allocation and trading procedures designed to ensure that no client is favored as a result of referred business. Furthermore, VCM is responsible to fully screen and qualify each prospective client to ensure their suitability for the investment advisory services offered.

VCM will comply with applicable state requirements that relate to registration of Solicitors. To this end, VCM will not engage a Solicitor to solicit clients in any state where such Solicitor is not properly registered. VCM will not engage the services of any Solicitor who is subject to disciplinary actions, in accordance with state regulations.

## **Item 15 Custody**

VCM does not have custody because the Firm does not act as a general partner for a partnership, managing member for a limited liability company, or trustee for a trust in which our advisory clients are either partners of the partnership, members of the limited liability company or beneficiaries of the trust. Nor does VCM have signatory authority for any client's checking account.

Clients are responsible to select qualified custodians to hold funds and securities within investment accounts managed on their behalf.

### ***Direct Fee Debit Arrangements***

VCM previously disclosed in the "Fees and Compensation" section (Item 5) of this Brochure that our Firm directly debits advisory fees from client accounts. For each direct fee debit arrangement, VCM receives and retains written authorization from the client (generally through the investment management agreement) to deduct investment management fees from the account held with the qualified custodian. In these arrangements, the Firm will be deemed to have constructive custody of client assets.

VCM's policy only permits direct fee debit arrangements when certain safeguards are implemented, as detailed herein. As part of the direct fee billing process, each time a fee is directly deducted from a client account, VCM concurrently sends the qualified custodian an invoice or statement of the amount of the fee to be deducted from the client's account and sends the client an invoice or statement itemizing the fee. Itemization includes the formula used to calculate the fee, the value of the assets under management on which the fee is based, and the period covered by the fee. On at least a quarterly basis, the custodian 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 are urged to compare the account statements they receive from the qualified custodian with those they receive from VCM. Clients should contact us directly if they believe that there may be an error in their statements.

### ***Third-Party Standing Letters of Authorization***

In accordance with regulatory guidance, VCM would have custody if it has the authority to transfer client funds to a non-account owner pursuant to a Standing Letter of Authorization ("SLOA"). Under a third-party SLOA, the client account owner generally executes a document for the custodian that permits VCM to transfer funds from the account to a person or entity other than the account owner (i.e., for payment of bills, insurance premiums, taxes, etc.) on an ongoing basis (rather than requiring the account owner to pre-authorize the transfer, in writing, each time), after having provided standing instructions to do so. In accordance with regulatory guidance, and to avoid a surprise custody exam, VCM only permits third party SLOAs when all of the following criteria are met:

1. Client provides written instruction to custodian, signed by the client, and includes recipient's name and address or name and account number at the custodian to which the transfer is to be directed.
2. Client provides written authorization to VCM (on custodial form or separately), to direct transfers to the third party either on a specified schedule or from time to time.
3. Client's custodian verifies client's instruction, such as signature review or other method, and provides transfer of funds notice to client promptly after each transfer.
4. Client has the ability to terminate or change instruction to custodian.
5. VCM has no authority or ability to designate or change the identity of the third party, address, or any other information about the third party contained in the client's instruction.
6. VCM maintains records showing that the third party is not a related party of VCM or located at the same address as VCM.
7. Client's custodian sends the client initial and annual written notices confirming the instruction.

At this time, VCM has no clients or assets subject to custody disclosure relative to SLOAs. If VCM clients do participate in third-party SLOAs, VCM will comply with each of the requirements and conditions listed in the "Bureau's Position on Custody Requirements for Investment Advisers with



Standing Letters of Authorization Arrangements Established by a Client and Qualified Custodian.”

### ***First-Party Standing Letters of Authorization***

In certain situations, custody may include first party transfers of funds among a client’s own accounts held at different custodians. For VCM to avoid a surprise custody exam, the client must provide written, signed authorization to the sending custodian, specifying the name and account numbers on the sending and receiving accounts (routing number or name of receiving custodian), such that the sending custodian has a record that the client has identified the accounts for which the transfer is being effected as belonging to the client. If these criteria cannot be satisfied, then VCM must treat the situation as a third-party SLOA, which is discussed above.

### ***Notice to Clients***

If VCM opens an account with a qualified custodian on our client’s behalf, under the client’s name, or under the name of VCM as agent, VCM’s policy requires that we notify the client in writing of the qualified custodian’s name, address, and the manner in which the funds or securities are maintained, promptly when the account is opened and following any changes to this information.

## **Item 16 Investment Discretion**

When clients engage VCM to provide discretionary asset management services, we place trades on behalf of a client's account without obtaining client consent prior to or after each trade.

On behalf of VCM’s direct clients, our discretionary authority includes the ability to do the following without client pre-approval:

- Determine the security to buy or sell; and/or
- Determine the amount of the security to buy or sell; and/or
- When to buy or sell a security or other suitable investment pursuant to investment objectives and guidelines as referenced in the investment policy.

Clients give us discretionary authority when they sign a discretionary investment management agreement with VCM and may limit this authority by giving us written instructions relative to restricted asset classes, asset types or specific securities. All such restrictions will be provided to VCM in writing and will be explicitly referenced in the investment management agreement or investment policy. Clients may also change/amend such limitations by providing us with written instructions.

Were VCM to manage a client’s account on a non-discretionary basis, VCM would properly secure the client’s permission prior to effecting securities transactions in client accounts managed on a non-discretionary basis.

## **Item 17 Voting Client Securities**

As a matter of policy, VCM does not vote proxies on behalf of clients. Therefore, although VCM may provide investment advisory services relative to client investment assets, clients maintain exclusive responsibility for: (a) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (b) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client’s investment assets. Clients are responsible for instructing each custodian holding such assets to forward to the client copies

of all proxies and shareholder communications relating to the client's investment assets.

VCM does not offer any consulting assistance regarding proxy issues to clients.

## **Item 18 Financial Information**

VCM has no additional financial circumstances to report that would impair its ability to meet contractual commitments to clients.

Under no circumstances do we require or solicit payment of fees from clients more than six months in advance of services rendered.

VCM has not been the subject of a bankruptcy petition at any time during the past ten years.

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

We are required to disclose all material facts regarding certain legal or disciplinary events pertaining to arbitration awards or other civil, regulatory, or administrative proceedings in which VCM or Jason Vavra were found liable or against whom an award was granted. VCM and Jason Vavra have no reportable disciplinary events to disclose.

As previously disclosed in "Other Financial Industry Activities and Affiliations" (Item 10), neither VCM nor Jason Vavra have a relationship or arrangement with any issuer of securities.

### ***Executive Officer and Management Personnel***

Jason Vavra is the Founder and Managing Member of Vavra Capital Management, LLC. Information regarding the formal education and business background of Jason Vavra is provided in his Brochure Supplement.

### ***Other Business Activities***

Under this Item, VCM is required to describe any business in which its executive officers and management persons are actively engaged (other than giving investment advice) and the approximate amount of time spent on that business. VCM has no other business activities to disclose.

### ***Performance-Based Fees***

As noted above in Item 6 (Performance-Based Fees and Side-By-Side Management), VCM does not charge performance-based fees for our services.

### ***Arbitrations and Regulatory Events***

Under this Item, VCM is required to disclose all material facts regarding certain legal or disciplinary events pertaining to arbitration awards or other civil, regulatory, or administrative proceedings in which VCM or Jason Vavra were found liable or against whom an award was granted. VCM and Jason Vavra have no reportable disciplinary events to disclose.

### ***Issuer of Securities***

VCM and Jason Vavra do not have any relationships with issuers of securities.

### ***Business Continuity Plan***

VCM has developed a disaster recovery and business continuity plan (the “Plan”). The Plan focuses on the following priorities:

- Safeguarding human life.
- Protecting client assets and their accessibility.
- Protecting and preserving confidential client information.
- Minimizing financial loss.
- Ensuring a resumption of operations in the event of a disruption, disaster, or emergency.
- Arranging for the orderly transition of the business in the event of the loss or incapacity of key persons.
- Reviewing the plan as necessary to ensure its efficacy.

Clients are invited to contact Jason Vavra at 610-489-3018 with any questions about our Plan.

## **Privacy Notice**

### **We Value Our Relationship**

At Vavra Capital Management, LLC we value our relationship with you and consider your privacy to be of paramount importance in maintaining that relationship. We are committed to protecting the security and confidentiality of the nonpublic personal information provided to us by our clients. As part of this commitment, Vavra Capital Management, LLC has adopted the following privacy policy concerning the collection, maintenance, disclosure, and disposal of our clients' nonpublic personal information.

### **Collection of Information**

As Vavra Capital Management, LLC works with you to achieve your investment goals and to effect transactions that you request or authorize, we may collect the following types of information, some of which may be nonpublic and personal in nature: name, address, e-mail, social security number, age, financial status, assets, income, employment status, tax information, retirement and estate plan information, transaction history, account balances, risk tolerance, investment objectives, marital status, family relationships, and banking arrangements.

This information may be collected by Vavra Capital Management, LLC via telephone and/or in-person meetings, e-mail, new account documentation and other forms of communication we use to remain current with you. We may also collect information from or about other financial institutions wherein you have relationships and/or have authorized them to provide information to us. We collect and maintain this personal information in order to properly serve your investment needs. We consider protecting it a vital part of our job.

### **Protection and Disposal of Information**

Vavra Capital Management, LLC maintains strict policies for protecting your nonpublic personal and financial information and implements physical, electronic, and procedural safeguards to protect such information. Vavra Capital Management, LLC will dispose of records containing a client's personal identifying information utilizing one of the following methods: shredding, destruction of the personal identifying information contained in such records, modification of the records to make the personal identifying information unreadable, or other action consistent with commonly accepted industry practices to safeguard personal information.

### **Disclosure of Information**

We do not disclose any nonpublic personal and financial information about our clients or former clients to anyone except as permitted by law, or as outlined herein. In order to provide investment services and to effect transactions that you request or authorize, we may disclose information about you to the following types of third parties:

- If you have asked us to work with another investment adviser, securities broker, or financial institution, we may disclose your nonpublic personal and financial information to any of them, as well as to their service providers or legal representatives.

- We may disclose your nonpublic personal and financial information to any person acting in a fiduciary or representative capacity on your behalf (such as a trustee of a grantor trust or IRA custodian.)
- We may use custodians, mailing houses and other third-party businesses to manage your account and provide services to you and may disclose your personal and financial information to these businesses in order to better serve you.
- We may disclose your nonpublic personal and financial information to other non-affiliated third parties as permitted or required by law. For example, we may disclose to law enforcement agencies or computer security consultants for the purpose of protecting against fraud and unauthorized transactions or in order to maintain the confidentiality of our records. We may disclose your nonpublic personal information to our attorneys and accountants.
- We may be required to provide information about you and your transactions to governmental agencies, self-regulatory organizations, industry associations and similar bodies in order to fulfill legal and regulatory requirements. In addition, federal and state laws give parties involved in lawsuits and other legal proceedings the right under certain circumstances to obtain information from us, including your personal and financial information. We will comply with these laws to the extent that we are required to do so.

On all occasions when it is necessary for Vavra Capital Management, LLC to share your personal information with non-affiliated companies or third parties, we will require that such information only be used for the limited purpose for which it is shared and will advise these companies and/or third parties not to further share such information except to fulfill that limited purpose. We will not sell your personal and financial information to any outside third party. In particular, we do not sell or otherwise disclose our client lists to outside businesses that may try to sell you products and/or services.

### **Inactive or Former Clients**

If a client decides to close their Vavra Capital Management, LLC account(s) or becomes an inactive client, we will continue to adhere to our privacy policy and related practices with respect to that client as described in this notice.

### **Modification of Privacy Policy**

We will notify you of our privacy policy annually as required by federal law. We reserve the right to modify this policy at any time, however, and will promptly notify you of any material amendment.

### **Policy Inquiries**

Please direct your questions about this Privacy Notice to:

Vavra Capital Management, LLC  
1026 Blacksmith Lane  
Collegeville, PA 19426  
Telephone: 610-489-3018

**Item 1: Cover Page**

**Part 2B of Form ADV: *Brochure Supplement***

**Jason M. Vavra**  
**CRD # 4141611**  
Managing Member  
Vavra Capital Management, LLC  
1026 Blacksmith Lane  
Collegeville, PA 19426  
Telephone: 610-489-3018  
Email: [jvavra@vcm-wealth.com](mailto:jvavra@vcm-wealth.com)

**Vavra Capital Management, LLC**  
1026 Blacksmith Lane  
Collegeville, PA 19426  
Web Address: [www.vcm-wealth.com](http://www.vcm-wealth.com)

February 28, 2024

This Brochure Supplement provides information about Jason M. Vavra that supplements the Vavra Capital Management, LLC Brochure. You should have received a copy of that Brochure. Please contact Jason M. Vavra at 610-489-3018 if you did not receive Vavra Capital Management, LLC's Brochure or if you have any questions about the contents of this Supplement. Additional information about Jason M. Vavra is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2: Educational Background and Business Experience**

**Full Legal Name:** Jason M. Vavra

**Born:** 1972

**Education:** Bloomsburg University; Bachelor, Accounting; 1995

### **Business Experience:**

- Vavra Capital Management, LLC; Managing Member; from 08/2007 to Present
- Century Securities Associates, Inc.; Independent Investment Executive; from 07/2002 to 05/2009<sup>2</sup>

### **Designations:**

#### **CPA and PFS**

**CPA:** In 2000, Jason M. Vavra became a Certified Public Accountant (“CPA”), licensed and regulated by the Pennsylvania State Board of Accountancy. While state laws and regulations vary, the education, experience, and testing requirements for licensure as a CPA in Pennsylvania require 150 semester credits of post-secondary education with at least a baccalaureate degree and twenty-four semester credits of accounting and auditing, business law, finance, or subjects of content satisfactory to the board. In addition to the educational requirements, there is a requirement that 1,600 hours of relevant work experience be completed and successful passage of the Uniform CPA Examination. In order to maintain a CPA license, Pennsylvania requires the completion of 80 hours of continuing professional education (“CPE”) over a two-year period, with a minimum of 20 hours of CPE in each year. Additionally, all American Institute of Certified Public Accountants (“AICPA”) members are required to follow a rigorous Code of Professional Conduct which requires that they act with integrity, objectivity, due care, competence, fully disclose any conflicts of interest, maintain client confidentiality, disclose to the client any commission or referral fees, and serve the public interest when providing financial services. Most state boards of accountancy have adopted the AICPA’s Code of Professional Conduct within their state accountancy laws or have created their own. More information about the CPA is available at <http://nasba.org/stateboards/>. While Jason M. Vavra is a CPA, Vavra Capital Management, LLC is not a CPA firm, nor is Jason M. Vavra performing any accounting work.

**PFS:** In 2000, Jason M. Vavra became a Personal Financial Specialist (“PFS”), a designation issued by The American Institute of Certified Public Accountants (“AICPA”). In order to receive this designation, the candidate must meet all of the following requirements: (a) be a member of the AICPA, (b) hold an unrevoked CPA certificate issued by a state authority, and (c) have at least two years of full-time teaching or business experience (or 3000 hours equivalent) in personal financial planning within the five-year period preceding the date of the CPA/PFS application. The educational requirements include a minimum of 75 hours of personal financial planning education within the five-year period preceding the date of the PFS application. In addition, successful passage of a final certification exam is required. PFS designees are required to complete 60 hours (or its equivalent) of continuing professional education every three

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<sup>2</sup> From August 2007 until April 2009, Mr. Jason Vavra used “Vavra Capital Management, LLC” as a “doing business as” name while employed by, and with the permission of, Century Securities Associates, Inc.

years. More information about the PFS is available at <http://www.aicpa.org>. While Jason M. Vavra is a CPA, Vavra Capital Management, LLC is not a CPA firm, nor is Jason M. Vavra performing any accounting work.

### **Item 3: Disciplinary Information**

Jason M. Vavra has no reportable disciplinary history.

### **Item 4: Other Business Activities**

#### **Investment-Related Activities:**

##### **A. Investment-Related Activities**

1. Jason M. Vavra is not engaged in any other investment-related activities.
2. Jason M. Vavra does not receive commissions, bonuses, or other compensation for the sale of securities or other investment products.

#### **Non-Investment-Related Activities:**

Jason M. Vavra is not engaged in any other business or occupation that provides substantial compensation or involves a substantial amount of his time. He currently holds the following volunteer positions: Board Chairperson - Superior Credit Union, and Investment Committee Member – Bloomsburg University Foundation, Inc.

Jason M. Vavra holds a CPA license but is not a practicing accountant. He is not affiliated with a CPA firm, has no signatory authority for client accounts, and has no custody of client funds or securities.

### **Item 5: Additional Compensation**

Jason M. Vavra does not receive any economic benefit from a non-advisory client for the provision of advisory services.

### **Item 6: Supervision**

As the Managing Member of Vavra Capital Management, LLC, Jason M. Vavra is not subject to the direct supervision of any other individual.

### **Item 7: Requirements for State-Registered Advisers**

#### **A. Additional Disciplinary History:**

Jason M. Vavra has no additional reportable disciplinary history.

#### **B. Bankruptcy History:**

Jason M. Vavra has not been the subject of a bankruptcy petition.



**Item 1: Cover Page**

**Part 2B of Form ADV: *Brochure Supplement***

**Karen Suzanne Vavra**  
**CRD # 2918570**  
Relationship Manager  
Vavra Capital Management, LLC  
1026 Blacksmith Lane  
Collegeville, PA 19426  
610-246-6192  
Email: kvavra@vcm-wealth.com

Vavra Capital Management, LLC  
1026 Blacksmith Lane  
Collegeville, PA 19426  
Web Address: [www.vcm-wealth.com](http://www.vcm-wealth.com)

February 28, 2024

This Brochure Supplement provides information about Karen Suzanne Vavra that supplements the Vavra Capital Management, LLC Brochure. You should have received a copy of that Brochure. Please contact Jason M. Vavra at 610-489-3018 if you did not receive Vavra Capital Management, LLC's Brochure or if you have any questions about the contents of this Supplement. Additional information about Karen Suzanne Vavra is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2: Educational Background and Business Experience**

**Full Legal Name:** Karen Suzanne Vavra **Born:** 1971

### **Education**

- University of Missouri, St. Louis; Bachelor, Accounting; 1993
- Villanova University; Masters, Finance; 2005

### **Business Experience**

- Vavra Capital Management, LLC; Relationship Manager; from July 2009 to Present
- BNY Mellon; Senior Vice President/Relationship Executive; from July 2010 to Present
- PNC Financial; Senior Vice President/Relationship Manager; from August 2007 to July 2010

### **Designations:**

#### **CPA**

**CPA:** In 1995, Karen Suzanne Vavra became a Certified Public Accountant (“CPA”), licensed and regulated by the Missouri State Board of Accountancy, and subsequently in 1999 became licensed and regulated by the Pennsylvania State Board of Accountancy. While state laws and regulations vary, the education, experience, and testing requirements for licensure as a CPA in Pennsylvania require 150 semester credits of post-secondary education with at least a baccalaureate degree and twenty-four semester credits of accounting and auditing, business law, finance, or subjects of content satisfactory to the board. In addition to the educational requirements, there is a requirement that 1,600 hours of relevant work experience be completed and successful passage of the Uniform CPA Examination. In order to maintain a CPA license, Pennsylvania requires the completion of 80 hours of continuing professional education (“CPE”) over a two-year period, with a minimum of 20 hours of CPE in each year. Additionally, all American Institute of Certified Public Accountants (“AICPA”) members are required to follow a rigorous Code of Professional Conduct which requires that they act with integrity, objectivity, due care, competence, fully disclose any conflicts of interest, maintain client confidentiality, disclose to the client any commission or referral fees, and serve the public interest when providing financial services. Most state boards of accountancy have adopted the AICPA’s Code of Professional Conduct within their state accountancy laws or have created their own. More information about the CPA is available at <http://nasba.org/stateboards/>. While Karen Suzanne Vavra is a CPA, she is not affiliated with a CPA firm. Vavra Capital Management, LLC is not a CPA firm, nor is Karen Suzanne Vavra performing any accounting work.

## **Item 3: Disciplinary Information**

Karen Suzanne Vavra has no reportable disciplinary history.

## **Item 4: Other Business Activities**

### **A. Investment-Related Activities**

1. Karen Suzanne Vavra is not engaged in any other investment-related activities.
2. Karen Suzanne Vavra does not receive commissions, bonuses, or other compensation for the sale of securities or other investment products.

### **B. Non-Investment-Related Activities**

Karen Suzanne Vavra is Senior Vice President and Relationship Executive for BNY Mellon. She is not involved in the purchase or sale of securities in this position.

Karen Suzanne Vavra holds a CPA license but is not a practicing accountant. She is not affiliated with a CPA firm, has no signatory authority for client accounts, and has no custody of client funds or securities.

## **Item 5: Additional Compensation**

Karen Suzanne Vavra does not receive any economic benefit from a non-advisory client for the provision of advisory services.

## **Item 6: Supervision**

**Supervisor:** Jason M. Vavra

**Title:** Managing Member

**Phone Number:** 610-489-3018

Supervision policies are documented in the firm's policies and procedures manual.

## **Item 7: Requirements for State-Registered Advisers**

### **A. Additional Disciplinary History:**

Karen Suzanne Vavra has no additional reportable disciplinary history.

### **B. Bankruptcy History:**

Karen Suzanne Vavra has not been the subject of a bankruptcy petition.