



**Vestor Capital**

A FOCUS FINANCIAL PARTNER

# **Vestor Capital, LLC**

## **Firm Brochure**

### **Form ADV Part 2A**

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**Updated: June 29, 2020**

This ADV Part 2A brochure (“Brochure”) provides information about the qualifications and business practices of Vestor Capital, LLC (“Vestor Capital”). If you have any questions about the contents of this brochure, please contact our Chief Compliance Officer, Carolyn Barr, at (312) 641-2400 or by email at [vestor@vestorcapital.com](mailto:vestor@vestorcapital.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”), or by any state securities authority.

Additional information about Vestor Capital, LLC is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by firm name or by a unique identifying number, known as a Central Registration Depository (“CRD”) number. The CRD number for Vestor Capital is 165855. The SEC’s website also provides information about any associated persons affiliated with Vestor Capital, LLC who are registered, or are required to be registered, as investment advisor representatives of Vestor Capital, LLC.

## Item 2: Material Changes

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### Annual Brochure Offer

We are required to provide our clients with a summary of any material changes to our brochure since the time of our last annual updating amendment, within 120 days of the close of our fiscal year end, together with an offer to provide our current Brochure without charge. Our fiscal year ends on December 31, so we will provide you a summary of the material changes no later than April 29, 2020.

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### Material Changes

Our last annual update was on March 30, 2019. The following material changes occurred since that update.

- William McNulty retired from his position as Chief Compliance Officer of Vestor Capital, LLC effective January 15, 2020. Martin Buehler served as the Firm's Chief Compliance Officer on an interim basis until June 2020. In June 2020, Carolyn Barr was named the Firm's Chief Compliance Officer. We have revised our cover and Item 2 to reflect this change.
- We have closed down our affiliated broker-dealer, Vestor Capital Securities. We have revised Items 5, 10, 12 and 14 to reflect this change.

We have made many other stylistic revisions to streamline the Brochure. Clients are encouraged to read the entire Brochure.

### Full Brochure Available

If you would like to receive a complete copy of our Brochure, without charge, please contact our Chief Compliance Officer, Carolyn Barr, by telephone at: (312) 641-2400 or by email at: [vestor@vestorcapital.com](mailto:vestor@vestorcapital.com). You may find our brochure online on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search for Vestor Capital using our name or CRD number, which is 165855.

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## Item 4: Advisory Business

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### Firm Description

Vestor Capital is an investment advisory firm registered with the Securities and Exchange Commission pursuant to Section 203 of the Investment Advisers Act of 1940, as amended (the Act). Vestor Capital has operated as an investment adviser since 1984 and is incorporated under the laws of the State of Delaware.

Vestor Capital is a part of the Focus Financial Partners, LLC (“Focus LLC”) partnership. Specifically, Vestor Capital is a wholly owned subsidiary of Focus Operating, LLC (“Focus Operating”), which is a wholly owned subsidiary of Focus Financial Partners, LLC. Focus Financial Partners Inc. (“Focus Inc.”) is the sole managing member of Focus LLC and is a public company traded on the NASDAQ Global Select Market, is the sole managing member of Focus LLC. Focus Inc. owns approximately two-thirds of the economic interests in Focus LLC.

Focus Inc. has no single 25% or greater shareholder. Focus Inc. is the managing member of Focus LLC and has 100% of its governance rights. Accordingly, all governance is through the voting rights and Board at Focus Inc. As of the end of 2019, investment vehicles affiliated with Stone Point Capital, LLC (“Stone Point”) had a greater than 25% voting interest in Focus Inc., and Stone Point had the right to designate two of seven directors on the Focus Inc. Board. As of the end of 2019, investment vehicles affiliated with Kohlberg Kravis Roberts & Co., L.P. (“KKR”) had a less than 25% voting interest in Focus Inc., and KKR had the right to designate one of seven directors on the Focus Inc. Board.

Focus LLC also owns other registered investment advisers, broker-dealers, pension consultants, insurance firms, business managers and other financial service firms (the “Focus Partners”), most of which provide wealth management, benefit consulting and investment consulting services to individuals, families, employers and institutions. Some Focus Partners also manage or advise limited partnerships, private funds, or investment companies as disclosed on their respective Forms ADV.

Vestor Capital is managed by Martin Buehler and Dennis J. Slott (“Vestor Capital Principals”), pursuant to a perpetual management agreement between V C Management, LLC and Vestor Capital. The Vestor Capital Principals serve as officers of Vestor Capital and are responsible for the management, supervision and oversight of Vestor Capital.

Vestor Capital is an investment and wealth management firm which serves the investment needs of individuals and families who seek thoughtful strategies to grow, protect and transfer their wealth.

Since 1984, we have successfully assisted our individual, corporate and institutional Clients in their efforts to grow and preserve their wealth by providing investment advice and responsive asset management. We take great pride in the trusted relationships we have built with our Clients along the way.

Please take a few minutes to explore our website at [www.vestorcapital.com](http://www.vestorcapital.com). If you would like to learn more about Vestor Capital and our investment services, please feel free to contact us either by email or telephone.

### Conditions for Managing Portfolios

We typically require prospective clients to have a minimum of \$500,000 to invest, and an in-depth meeting to determine that a client’s goals and our services are compatible prior to opening any Client account. Present financial status, risk tolerance, investment restrictions, living style and wealth accumulation goals will be discussed to determine realistic investment expectations. The minimum asset value may be waived or adjusted for related persons and certain other specific Clients and organizations.

## **Client Analysis and Planning Advice**

A comprehensive investment solution starts with a discussion of various considerations of your savings and investment status, potential risks, liquidity, financial attitudes and asset allocation. We will analyze all these components to help you determine your tolerance for market volatility and select an asset allocation and investment strategy that takes into account your financial circumstances and risk tolerance, and is structured to help meet your goals.

Where we and the client mutually deem appropriate, we will assist our clients with financial and goals-based planning that will inform our portfolio management recommendations. This may include one or more of the following exercises:

- *General Planning*

Considering the following aspects of your financial well-being: Cash Flow, Net Worth, Liability Management and Liquidity Analysis.

- *Investments*

Reviewing your savings and investment status, potential risks, liquidity, financial attitudes and asset allocation.

- *Retirement Solutions*

Reviewing your retirement goals and objectives, assets available to use in retirement and an estimate of how long your funds might last, based on various assumptions. Monte Carlo simulations may be included where appropriate.

- *Employee Benefits*

Reviewing your employee benefits and advising you on how to integrate them into your financial planning decisions.

- *Education Funding*

Reviewing the benefits of both a lump sum and monthly deposit method and helping you plan for education expenses.

- *Income Tax*

Performing an analysis of your income sources, exemptions, deductions and Federal and State taxes due.

- *Wealth Transfer/Estate Planning*

Working with your attorney, accountant and/or other professionals, to guide you through the estate planning process so that your wealth transfer goals are woven into your overall financial strategy.

**Risk Management and Insurance:** Where appropriate, we will work together with your insurance professional(s) to guide you through the insurance process. An important consideration for your financial security is the need for funds in the event of premature death, disability or estate liquidity.

## **Financial Planning and Consulting Services**

Vestor Capital may offer Financial Planning and Consulting services on a standalone basis. Financial Planning and Consulting services include assisting Clients in the development of a long-term financial plan, investment advice, income tax planning, education funding, estate planning advice and recommendations, cash flow and debt management, insurance and risk management, net worth analysis, retirement planning and wealth transfer planning.

### **Professional Service Providers**

Vestor Capital may introduce Clients to other investment and non-investment related professionals, such as accountants, attorneys, insurance providers, and other wealth planning consultants. The Client is under no obligation to engage the services of any such introduced professional. The Client retains absolute discretion over all such implementation decisions and is free to accept or reject any introduction or recommendation made by Vestor Capital. Vestor Capital cannot replace the services provided by licensed CPAs or attorneys. Vestor Capital will work closely with Clients to help utilize independent tax consultants or legal advisors for additional information.

### **Co-Investment Adviser Programs**

Vestor Capital will share in the fees and account investment management responsibilities for Program Clients engaged by the following independent Advisers:

- Vestor Capital and Cambridge Investment Research Advisors, Inc. (“CIRA”) (See Item 5 for fees) offer this program effective 12/1/2017, through which Vestor Capital provides investment management and reporting services, custodial services are provided through T.D. Ameritrade, and CIRA, acting through its Investment Advisory Representatives at Wealth Planners, LLC (“Wealth Planners”), is responsible for direct client contact including but not limited to conducting and documenting an assessment of Client’s financial circumstances, investment objectives, investment experience and risk tolerance, and for recommending investment management services suitable for the Client.
- Calton and Associates, Inc. (“Calton”) and Vestor Capital (See Item 5 for fees) offer this Third-Party Asset Manager Program through which Vestor Capital provides investment management and reporting services, custodial services are provided through National Financial Services, LLC, and Calton is responsible for direct client contact and conducting and documenting an assessment of Client’s financial circumstances, investment objectives, investment experience and risk tolerance, and for recommending investment management services suitable for the Client.

### **Wrap Fee Program Portfolio Manager**

Vestor Capital is paid as a sub-adviser under a wrap fee program sponsored by Ausdal Financial Partners, Inc. (“Ausdal”). Under this program, effective 9/1/2019, Vestor Capital provides investment management and Ausdal provides a variety of client-facing services. Participating clients are typically required to allocate a minimum of \$250,000 to portfolio management by Vestor Capital. See Item 5 for information regarding fees.

### **ERISA**

Vestor Capital is a fiduciary under the Employment Retirement Income Security Act of 1974, as amended (“ERISA”) with respect to investment management services and investment advice provided to ERISA plan clients, including ERISA plan participants. Vestor Capital is also a fiduciary under the Internal Revenue Code (the “IRC”) with respect to investment management services and investment advice provided to ERISA plans, ERISA plan participants, IRAs and IRA owners (collectively, “Retirement Account Clients”). As such, Vestor Capital is subject to specific duties and obligations under ERISA and the IRC that include, among other things, prohibited transaction rules which are intended to prohibit fiduciaries from acting on conflicts of interest. When a fiduciary gives advice in which it has a conflict of interest, the fiduciary must either avoid or eliminate the conflict or rely upon a prohibited transaction exemption (a “PTE”).

### **Assets under Management (“AUM”)**

As of May 31, 2020, Vestor Capital managed and advised on Assets of \$1,010,289,222 as follows:

Discretionary Advisory AUM:	\$944,487,609.67
Non-Discretionary Advisory AUM:	\$2,233.46
<b>TOTAL Advisory AUM</b>	<b>\$ 944,489,843.13</b>
Participant Directed Retirement Plan Assets	\$ 13,639,665.22
Other Advised Assets*	\$ 52,159,714.04
<b>TOTAL Assets Under Advisement</b>	<b>\$ 1,010,289,222.39</b>

\*Advisory Fees are not charged on Other Advised Assets.

## Item 5: Fees and Compensation

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### Fee Compensation

Our Investment and Wealth Management Advisory Fee (“Fee”) is calculated as a percentage of Client’s assets under our management. The Fee rate for some Client accounts is calculated on tiered asset values because of the size or number of related accounts that are invested in a like-kind strategy. The amount of the Fee is specified in the Client’s agreement with us. Fees are negotiable and vary from client to client based on a variety of factors, including, but not limited to: our historical relationship with the clients, the client’s total assets, assets invested with us and anticipated future assets, complexity of the engagement or the number of related accounts. Fees will differ for charitable and non-profit organizations, accounts containing securities restrictions and accounts charged on a fixed-fee or adjusted basis. Vestor Capital will waive its Fee at any time when it deems it appropriate and/or necessary. Fees also will be adjusted for related persons of Vestor Capital or for specific Clients. Generally, fees are assessed on cash, cash equivalents and margin balances in Client accounts.

### Payment of Fees

The specific manner in which Fees are charged by Vestor Capital is established in the Client’s agreement with Vestor Capital. In general:

- Fees for Clients who are subject to our Basic Fee Schedule, determined as a percentage of assets under our management, are payable in advance from Client accounts each calendar quarter or part thereof.
- Fees for some specific Clients who are subject to our Basic Fee Schedule, and certain legacy Clients, determined as a percentage of assets under our management, are payable in arrears from Client accounts for each calendar quarter or part thereof.
- Co-Investment Adviser Program Fees, determined as a percentage of assets under our management, are payable in advance each calendar quarter or part thereof.
- Co-Advisor Wrap Program Fees, determined as a percentage of assets under management, are payable in advance from Client accounts each calendar quarter or part thereof by the Wrap Fee Sponsor.

Most of the time, we deduct our Fees directly from Clients’ custodial accounts. We invoice some clients directly for our Fees.

Vestor Capital provides a pro-rata refund of any unearned fees within 30 calendar days of the effective date of a termination notice from the Client. Earned add-on charges or administrative fees are not subject to a refund.

Vestor Capital will not offset its Fee against management fees of other investment managers, managed funds, mutual funds and/or separately managed accounts in which a Client’s assets may be invested.

## Fee Schedules

### Basic Fee Schedule

#### Annual Fee Schedule for Equity and Balanced Accounts

	Asset Fee Tier	Maximum Fee
On the First	\$1,000,000	1.35%
On the next	\$2,000,000	1.25%
On the next	\$2,000,000	1.20%
On the next	\$1,000,000	1.10%
On assets over	\$6,000,000	1.00%

#### Annual Fee Schedule for Fixed Income Only Relationships

0.50% subject to a minimum fee of \$2,500

Fees may differ for charitable and non-profit organizations, accounts containing non-supervised securities, and accounts charged on a fixed-fee or negotiated basis.

### Vestor Capital and CIRA Co-Investment Adviser Program Fees

#### Annual Fee Schedule for U.S. Large Cap Core Equity Strategy

	Asset Fee Tier	Maximum Fee
On the First	\$ 500,000	1.95%
On the next	\$ 500,000	1.65%
On assets over	\$1,000,000	1.50%

### Calton and Vestor Capital Third-Party Asset Manager Program Fees

#### Annual Fee Schedule for U.S. Large Cap Core Equity Strategy

	Asset Fee Tier	Maximum Fee
On the First	\$ 500,000	1.82%
On the next	\$ 500,000	1.70%
On assets over	\$1,000,000	1.60%

### Ausdal Wrap Fee Program Fees

#### Annual Fee Schedule for U.S. Large Cap Core Equity Strategy

	Asset Fee Tier	Maximum Fee
On the First	\$ 500,000	1.75%
On the next	\$ 500,000	1.70%
On assets over	\$1,000,000	1.65%

### Financial Planning and Consulting Service Fees

Our services for standalone financial planning and consulting services vary widely from client to client and so our fees for these services are determined on a case-by-case basis. Our fees, which are specified in the agreement with the Client, may be ongoing fixed fees, determined on an hourly basis, a percentage of assets under consultation or a one-time flat fee.

### Other Fees and Expenses

In addition to our Fees, Clients are responsible for the fees and expenses associated with the investment of their assets, such as transaction fees, account fees and other fees charged by broker-dealers, custodian fees, exchange fees, taxes, fees charged by external managers of separately managed accounts, fees and expenses of mutual funds, private investment funds and exchange-traded funds and any other transaction, processing or administrative costs.

The Ausdal Wrap Fee Program fee covers investment advisory fees for us and for Ausdal, and execution costs for transactions executed through the wrap program broker-dealer.

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

### **Performance-Based Fees**

Neither Vestor Capital nor any person Vestor Capital supervises charges a performance-based fee.

### **Side-by-Side Management**

Neither Vestor Capital nor any person Vestor Capital supervises manages Client portfolios Side-by-Side with clients that pay performance-based fees.

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

Vestor Capital provides investment advice to individuals, not-for-profit organizations, foundations and other institutions, and qualified retirement plans. We typically require new clients to have a minimum of \$500,000 to invest.

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

### **Methods of Analysis**

#### **Investment Committee**

Vestor Capital utilizes internal research professionals to conduct fundamental analysis on a wide range of sectors, industries and companies. Investment opportunities drawn from this research are presented at a Investment Committee Meetings attended by Senior Management and all Wealth Management Advisors. Investment strategy decisions are centralized and rest with the Investment Committee. As with any method utilized to analyze investment opportunities, our fundamental approach is based on the use of assumptions and projections that may or may not be realized. As with any investment, past performance is not necessarily indicative of future results.

#### **Individual Equity Securities**

We conduct fundamental analysis of equity securities of individual companies. The main sources of data and information include Bloomberg, Value Line, Morningstar, Wall Street research reports, annual reports, media newspapers and magazines, SEC filings, company conference calls, industry conferences and on- and off-site visits with company executives.

#### **Mutual Funds and Exchange Traded Funds (“ETF”)**

Mutual fund selection is based on funds that have a fundamental-based investment philosophy with sufficient individual security and sector diversification. Fund selection is also based on tax efficiency, low portfolio turnover, competitive expense ratio, style consistency and investment staff stability. The funds we select typically demonstrate attractive long-term investment performance compared to the applicable market benchmark and peer group, with similar or below-market benchmark and peer group volatility. ETF selection is typically based on the market sector in which we desire to invest, composition of the ETF, expense ratio, tracking error and liquidity.

## **Investment Strategies**

### **Individual U.S. Large-Cap Stocks and ETFs**

We invest in companies we consider to be of high quality, with comprehensible and consistent business models, typically including companies with above-average returns on capital and equity. We seek out companies whose fundamentals are improving or are expected to improve in the near future. For exposures that cannot easily be implemented with individual stocks we select ETFs. In order to maximize the potential benefit of our security selection skills, we create equity portfolios that are concentrated and generally hold 35 to 50 companies, diversified by sector and industry. With our long-term perspective, the annual portfolio turnover tends to be low. This increases the potential long-term after-tax returns. The objective of this strategy is to provide diversification and participation in large multi-national companies.

### **Individual U.S. Large-Cap Stocks and ETFs with Higher Dividend Yields**

We invest in individual companies with higher dividend yields, utilizing a valuation and fundamental selection process similar to the strategy used for our Individual U.S. Large-Cap Stocks. For exposures that cannot easily be implemented with individual stocks we select ETFs. In addition, we seek securities that typically pay a minimum 2% dividend yield and have a demonstrated history of uninterrupted dividend payments. Further, we prefer those companies that have a recent history of raising dividends. In order to maximize the potential benefit of our stock selection skills, we generally limit our portfolio holdings to approximately 25 to 30 companies, diversified by sector and industry. With our long-term perspective, the annual portfolio turnover tends to be low. Low turnover increases the potential long-term after-tax returns. The strategy objective is to provide a total return solution for our Clients by diversification and participation in large multi-national companies offering income and appreciation potential.

### **U.S. Mid Cap**

Investing in the U.S. Mid Cap universe is conducted with a combination of active mutual funds and passive, low-cost, tax-efficient ETFs to establish an equity position invested in U.S. businesses with market capitalizations from \$2 to \$10 billion. The objective of this strategy is to provide diversification and participation in the traditionally faster growing U.S. mid-sized business sector.

### **U.S. Small Cap**

Investing in the U.S. Small Cap universe is conducted with a combination of active mutual funds and passive, low-cost, tax-efficient ETFs to establish an equity position invested in U.S. businesses with market capitalizations up to \$2.5 billion. The objective of this strategy is to provide diversification and participation in the traditionally faster growing U.S. small business sector.

### **International Developed Large Cap**

Investing in the International Developed Large Cap universe is conducted with a combination of active mutual funds and passive low cost and tax-efficient ETFs to establish an equity position invested in mid-to-large size businesses operating in Latin America, Europe, Australia, Asia and Far Eastern markets. The objective of this strategy is to provide diversification and participation in companies operating in more established international economies.

### **International Developed Small Cap**

Investing in the International Developed Small Cap universe is conducted with a combination of active mutual funds and passive, low-cost and tax-efficient ETFs to establish an equity position invested in small business operating in Latin America, Europe, Australia, Asia and Far Eastern markets. The objective of this strategy is to provide diversification and participation in the traditionally faster growing small business sector of the more established international economies.

### **Emerging Markets**

Investing in the Emerging Markets universe is conducted with active mutual funds to establish an equity position in emerging market economies located in Asia, Latin America, Eastern Europe, Africa and the Middle East. The objective of this strategy is to provide diversification and participation in the significant growth of the businesses operating in the economies of emerging market countries.

### **U.S. Taxable Fixed Income**

Investing in the U.S. Taxable Bond universe is conducted with mutual funds invested in taxable fixed income securities. For account allocations greater than \$500,000, Vestor Capital offers a U.S. Taxable Bond Strategy through a sub-advisory relationship with an experienced fixed income advisor managing in excess of \$30 billion. Our Taxable Bond Strategy offers portfolios to Clients who seek an allocation to high quality bonds but do not require tax-exempt income. All taxable municipals must meet the same criteria as the municipals purchased for tax-free portfolios, including primarily investment grade general obligation or essential service revenue bonds. The strategy objective is to outperform in bear bond markets and keep pace in bull bond markets.

### **U.S. Tax-Exempt Municipal Bond**

Investing in the U.S. Tax Exempt Municipal Bond universe is conducted with mutual funds invested in tax-exempt fixed income securities. For account allocations greater than \$500,000, Vestor Capital offers a U.S. Tax Exempt Municipal Bond Strategy through a sub-advisory relationship with an experienced fixed income advisor managing in excess of \$30 billion. Our Tax-Exempt Bond Strategy offers portfolios to Clients who require tax-exempt income and seek an allocation to high-quality municipal bonds. Securities include primarily investment-grade general obligation or essential service revenue bonds. The objective of this strategy is to outperform in bear bond markets and keep pace in bull bond markets.

### **Alternatives**

Investing in the Alternative universe is conducted with a combination of mutual funds, ETFs, sub-advisors and private placements to provide long/short, absolute return, commodities, managed futures and opportunistic hybrid investment strategies. The objective of this strategy is to identify non-traditional investment strategies that may have low or negative correlation to the price movements of the Standard & Poor's 500 Composite Index yet, are expected to provide long-term investment returns in excess of the Vestor Capital fixed income strategies.

Vestor Capital on a non-discretionary basis, may recommend that qualified clients consider allocating a portion of their investment assets to private placements held in custody with Millennium Trust Company. The terms and conditions for participation in any private placement, including management fees, conflicts of interest, and risk factors are detailed in each fund's offering documents.

Vestor Capital's Clients are under no obligation to consider an investment in these or any other private placement. Every prospective investor is required to complete a private placement suitability questionnaire to establish that he or she is qualified for this type of investment and acknowledges and accepts the various risk factors that are associated with such an investment.

## **Valuation**

### **Private Placements**

- The purchase price of Membership Interests in Private Placement investment is determined by the Sponsor of the investment ("Sponsor Company") and may have no relationship to its book value assets, earning of the Sponsor Company or other Sponsor Company investments or any other established criteria or quantifiable information for valuing a business or investment. The purchase price of the Membership Interests should not be considered an indication of the actual value of the Membership

Interests. The actual value at any point in time may be greater than or less than the initial purchase price.

- Private Placement investment valuations are reported by the custodian, Millennium Trust, at cost and remain at cost until an annual valuation is received from the Sponsor Company. The annual valuation is expected from the Sponsor Company to Millennium Trust within a reasonable amount of time (generally within six months). Real estate development project valuations generally remain at cost until the project is completed and the property is put to use. If market conditions were projected downward, the Firm would discuss a lower of cost or market value with the Sponsor Company and Millennium Trust.
- Vestor Capital's investment management fees on Membership Interest are billed at cost, which may be higher or lower than the actual value of the investment, until an actual market valuation is made available by the Sponsor Company, at which time the investment management fees would be adjusted up or down accordingly. No representation is made by the Sponsor Company or its Manager that the Membership Interests have or will have a market value equal to their original purchase price or could be resold (if at all) at their original purchase price.
- Vestor Capital's Partners and select employees may also participate in private placement investments alongside Vestor clients.

### **Investment Risks**

*Investing in securities involves the risk of loss that clients should be prepared to bear.*

Investment risks include, but are not limited to, the following:

- **Loss of Principal Risk**  
All investment involves risks including loss of principal which is defined as a decline in value below the amount invested. The risk is generally higher for equity investments and to a lesser extent, fixed income investments.
- **Interest Rate Risk**  
Interest rates can change suddenly and unpredictably. Factors influencing interest rates include but are not limited to; government policy, monetary policy, inflation expectations and supply and demand related to bonds. Debt securities generally lose value when interest rates rise and increase when rates fall. In addition, sudden changes in interest rates can adversely affect liquidity, which may negatively impact bond prices.
- **Market Risk**  
The price of securities may rise or fall because of changes in the broad market or due to changes in a company's financial condition. Changes to sector or industry fundamentals along with general economic or political conditions can also impact security prices.
- **Inflation Risk**  
Inflation erodes purchasing power, causing each dollar to buy fewer goods and services. Rapid or unexpected increases in inflation can negatively impact bond prices which tend to fall in response to higher inflation. Equity prices also tend to decline due to an increase in the discount rate of future cash flows.
- **Currency Risk**

Foreign securities may be issued and traded in their local currency, resulting in their market values being affected by changes in exchange rates between the local currency and the U.S. dollar. This will affect the value of the investment when the local currency strengthens or weakens relative to the U.S. dollar.

- **Reinvestment Risk**

Risk that an investor will be unable to reinvest cash flows from dividends or interest payments at a rate comparable to the current investment's rate of return.

- **Business Risk**

Corporate profitability is influenced by several factors including sales volume, margin changes, competition and general economic conditions. If a company reports below-expected profitability or guides to future declines in profitability, stock prices can react negatively to such events.

- **Reputation Risk**

Reputation risk is a risk of loss resulting from damages to a firm's reputation, in lost revenue; increased operating, capital or regulatory costs; or destruction of shareholder value, consequent to an adverse or potentially criminal event or security breach.

- **Liquidity Risk**

Liquidity risk exists when the markets for a particular security becomes relatively illiquid and trading volumes are low, which can make it difficult to sell a security. Reduced liquidity may have an adverse impact on the market price of the security and the ability to sell the particular security.

### **Private Placement Investment Risk**

Private placement investments generally involve risk factors, including, but not limited to, the potential for complete loss of principal, liquidity constraints, and lack of transparency. Unlike other traditional liquid investments that a Client may maintain, private placement investments do not provide daily liquidity or pricing. These risk factors are detailed in each fund's offering documents, which are provided to each prospective investor for review and consideration.

### **Cybersecurity Risk**

The computer systems, networks and devices used by Vestor Capital (and service providers to us and our clients) to carry out routine business operations employ a variety of protections designed to prevent damage or interruptions from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches. Despite the various protections utilized, systems, networks, or devices potentially can be breached. A client could be negatively impacted as a result of a cybersecurity breach.

Cybersecurity breaches can include unauthorized access to systems, networks, or devices; infection from computer viruses or other malicious software code; and attacks that shut down, disable, slow, or otherwise disrupt operations, business processes, or website access or functionality. Cybersecurity breaches may cause disruptions and impact business operations, potentially resulting in financial losses to a client; impediments to trading; the inability by us and other service providers to transact business; violations of applicable privacy and other laws; regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs; as well as the inadvertent release of confidential information.

Similar adverse consequences could result from cybersecurity breaches affecting issuers of securities in which a client invests; governmental and other regulatory authorities; exchange and other financial market operators, banks, brokers, dealers, and other financial institutions; and other parties. In addition,

substantial costs may be incurred by these entities in order to prevent any cybersecurity breaches in the future.

## **Item 9: Disciplinary Information**

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### **Legal and Disciplinary**

This section requires advisers to disclose certain legal or disciplinary events that could be material to a client's evaluation of the advisory business or the integrity of the adviser's management. We have no legal or disciplinary events to disclose.

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

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### **Focus Operating, LLC and Focus Financial Partners, LLC**

As noted above in response to Item 4, certain investment vehicles managed by Stone Point collectively are principal owners of Focus LLC and Focus Inc., and certain investment vehicles managed by KKR collectively are minority owners of Focus LLC and Focus Inc. Because Vestor Capital is an indirect, wholly-owned subsidiary of Focus LLC and Focus Inc., the Stone Point and KKR investment vehicles are indirect owners of Vestor Capital. None of Stone Point, KKR, or any of their affiliates participates in the management or investment recommendations of our business.

Vestor Capital does not believe the Focus Financial Partnership presents a conflict of interest with our Clients. Vestor Capital has no business relationship with other Focus Financial Partners that is material to its advisory business or to its Clients.

Additional information about Focus can be found at [www.focusfinancialpartners.com](http://www.focusfinancialpartners.com).

### **Potential Conflicts of Interest**

As part of its fiduciary duties to Clients, Vestor Capital endeavors always to put the interests of its Clients first. Clients should be aware, however, that the receipt of economic benefits by Vestor Capital or its related persons in and of itself creates a potential conflict of interest and may indirectly influence Vestor Capital's choices. Management persons are defined as those with the power to exercise, directly or indirectly, a controlling influence over the firm's management or policies, or to determine the general investment advice given to the clients of the firm.

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

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### **Participation or Interest in Client Transactions**

We and our officers, employees and relatives of employees ("related persons") may acquire and sell securities that are also recommended to Clients. Security transactions executed in the accounts of related persons are done so on the same basis as non-related accounts. Neither we nor any of our related persons shall intentionally profit through any structured staggered timing of securities owned in or transacted for Client accounts.

When managing a specific Client account, we may give advice and act with respect to any of our other Clients or related accounts which may differ from advice given, or the timing or nature of action taken,

with respect to the specific Client. However, it is our policy, to the extent practical, to allocate investment opportunities to the specific Client over time on a fair and equitable basis relative to other Clients.

We have adopted a Code of Ethics (the “Code”) to establish policies addressing our fiduciary duties to our Clients. Among other things, the Code establishes policies regarding personal trading by our employees, including the requirement that we report our securities holdings and transactions for compliance review. We will provide a copy of our Code to any Client or prospective Client upon request, by contacting us at (312) 641-2400 or by email at [vestor@vestorcapital.com](mailto:vestor@vestorcapital.com).

## **Item 12: Brokerage Practices**

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### **Selecting Brokerage and Custodian Firms**

Vestor Capital recommends brokers and custodians to clients based on their reputation, perceived financial responsibility, service and responsiveness, the quality of securities execution and the reasonableness of their commission rates.

Vestor Capital works with the following brokers and qualified custodian firms:

- Pershing (member FINRA/SIPC)
- Schwab Institutional (a division of Charles Schwab & Co, Inc., member FINRA/SIPC/NFA)
- TD Ameritrade Institutional (a division of TD Ameritrade Inc., member FINRA/SIPC)
- Millennium Trust Company
- Nationwide Advisory Services
- Bright Directions
- Ascensus

Vestor Capital does not receive fees or commissions paid from any broker or qualified custodian listed above. However, Vestor Capital participates in institutional customer programs sponsored by certain custodians Vestor Capital recommends for custody and brokerage services. There is no direct link between Vestor Capital’s participation in these programs and the investment advice Vestor Capital provides to its Clients. Vestor Capital receives economic benefits for its participation in these programs that are typically provided to investment advisers such as Vestor Capital, but typically are not available to custodian retail investors. These benefits include the following products and services (provided without cost or at a discount to Vestor Capital): research related products and tools; consulting services; access to a trading desk serving Advisor 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 Advisor by third party vendors. Certain custodians may also have paid for business consulting and professional services received by Vestor Capital’s related persons.

Some of the products and services made available by these custodians through their program may benefit Vestor Capital but may not benefit its Client accounts. These products or services may assist Vestor Capital in managing and administering Client accounts, including accounts not maintained at that certain custodian. Other services made available by these custodians are intended to help Vestor Capital manage and further develop its business enterprise. These services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, marketing, recruiting, and referrals. In addition, certain broker-dealers and custodians may make available, arrange and/or pay for these types of services rendered to Vestor Capital by independent third parties. Certain

broker-dealers and custodians may discount or waive fees they would otherwise charge for some of these services or pay all or a part of the fees of a third party providing these services to Vestor Capital.

The benefits received by Vestor Capital or its personnel through participation in these programs do not depend, to the best of Vestor Capital's knowledge, on the amount of brokerage transactions directed to the custodian. In the exercise of its fiduciary duties to Clients, Vestor Capital endeavors always to put the interests of its Clients first. Clients should be aware, however, that the receipt of economic benefits by Vestor Capital or its related persons in and of itself creates a potential conflict of interest and may indirectly influence Vestor Capital's choice of a custodian for custody and brokerage services. Vestor Capital addresses this conflict of interest through this disclosure and by monitoring the fees and services provided by the custodians.

Vestor Capital participates in the institutional advisor program (the "TD Program") offered by TD Ameritrade Institutional. TD Ameritrade Institutional is a division of TD Ameritrade Inc., member FINRA/SIPC ("TD Ameritrade"), an unaffiliated SEC-registered broker-dealer and FINRA member. TD Ameritrade offers to independent investment advisors services which include custody of securities, trade execution, clearance and settlement of transactions. Vestor Capital receives some benefits from TD Ameritrade through its participation in the TD Program. (Please see the disclosure under Item 14 below.)

Certain Clients participating in the Calton Third-Party Asset Manager Program ("TPAM") are introduced to Vestor Capital through Calton, the program sponsor. Calton is both an investment adviser and broker-dealer clearing through National Financial Services, LLC for brokerage transactions in addition to providing custodial services for advisory clients. For these certain TPAM Clients, Vestor Capital will direct all brokerage transactions and investment activity through the Calton broker-dealer and National Financial Services, LLC.

Certain Clients participating in the Ausdal Vestor Capital Co-Advisor Wrap Fee Program are introduced to Vestor Capital through Ausdal Financial Partners, Inc ("AFP"), the program sponsor. AFP is both an investment adviser and broker-dealer clearing through Pershing, LLC for brokerage transactions in addition to providing custodial services for advisory Clients. For these certain Clients, Vestor Capital will direct all brokerage transactions and investment activity through AFP.

We routinely recommend that clients use certain custodians and we execute virtually all transactions through those custodians to avoid trade away fees.

### **Directed Brokerage**

Vestor Capital is willing to execute securities transactions through the brokerage firm directed by our clients. We use best efforts to utilize electronic trade execution technology to enable efficient transaction and execution processing. However, Clients should be aware that directing us to use a particular broker-dealer for execution of their securities transactions could cost clients more money, as we will not seek to negotiate prices and may not be able to aggregate orders to reduce transaction costs, or obtain more favorable prices.

### **Trade Error Policy**

Vestor Capital will generally make every effort to correct trade errors on the day reported, however various factors may affect our ability to do so. If a trade error occurs resulting in a gain or loss for a Client, Vestor Capital will take action to correct the error in a manner that any losses from the error are not borne by the client account. If an error results in a gain, the gain will be handled in accordance with the policies of the client's account custodian, which could provide for netting of gains against losses from other trade errors or require donation of trade error gains to charity.

### **Trade Aggregation Policy**

In affecting securities transactions, we may affect similar transactions in the same security simultaneously for the specific Client and for the accounts of other Clients or related persons. We may bunch these securities transaction orders and allocate the securities purchased or sold on behalf of our Clients in such a bunched order among the participating Clients on a fair and equitable basis as we determine to be reasonable. Partial fills for securities transaction orders occurring over multiple days are allocated to bunched orders on a systematic rotating Client basis, with employee and related accounts filled last. In addition, in a combined or bunched trade, the Client's brokerage commission will be charged according to the brokerage schedule applicable to the Client calculated with the actual number of shares, or other applicable units, acquired or sold by the Client and not upon the size of the total bunched trade.

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

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### **Review Process**

The portfolio of each Client, which may consist of one or more separate accounts, is reviewed at least annually. More frequent reviews are conducted if there is a change in the investment objective of the portfolio or if there is a change in the assets to be managed.

Each portfolio is reviewed for appropriateness, considering investment objectives and the accuracy of the execution of transactions. Primary responsibility for portfolio review and administration resides with the firm's Wealth Management Advisors.

### **Review Triggers**

Account reviews for Clients may be performed more frequently when market conditions dictate or when a Client's objectives change. A review may be triggered by a Client request, changes in market conditions, new information about an investment, changes in tax laws, or other important life events.

### **Regular Reports**

Each Client receives at their address of record or electronically from the custodian

- Daily Custodian Confirmations of Trade Executions
- Monthly/Quarterly Custodian Statement of Holdings and Activity

Each Client receives at their address of record or electronically from Vestor Capital:

- Quarterly Portfolio Package consisting of:
  1. Economic and Investment Outlook Commentary
  2. Portfolio Summary
  3. Portfolio Performance Reports
  4. Portfolio Holdings
  5. Index Performance

Each Client has access to or receives the following:

- Market and Economic Updates
- Portfolio Realized Gain/Loss Report
- Upcoming Client Events

## Item 14: Client Referrals and Other Compensation

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### Sponsorship Fees

Vestor Capital's parent company is Focus Financial Partners, LLC ("Focus"). From time to time, Focus holds partnership meetings and other industry and best-practices conferences, which typically include Vestor Capital, other Focus firms and external attendees. These meetings are first and foremost intended to provide training or education to personnel of Focus firms, including Vestor Capital. However, the meetings do provide sponsorship opportunities for asset managers, asset custodians, vendors and other third-party service providers. Sponsorship fees allow these companies to advertise their products and services to Focus firms, including Vestor Capital. Although the participation of Focus firm personnel in these meetings is not preconditioned on the achievement of a sales target for any conference sponsor, this practice could nonetheless be deemed a conflict as the marketing and education activities conducted, and the access granted, at such meetings and conferences could cause Vestor Capital to focus on those conference sponsors in the course of its duties. Focus attempts to mitigate any such conflict by allocating the sponsorship fees only to defraying the cost of the meeting or future meetings and not as revenue for itself or any affiliate, including Vestor Capital. Conference sponsorship fees are not dependent on assets placed with any specific provider, or revenue generated by such asset placement.

The following entities have provided conference sponsorship to Focus in the last year:

Charles Schwab & Co., Inc.  
eMoney Advisors, LLC  
Envestnet Financial Technologies, Inc.  
Fidelity Brokerage Services LLC  
Fidelity Institutional Asset Management LLC  
Orion Adviser Services, LLC

### Third-Party Solicitation Arrangements

Vestor Capital has arrangements in place with certain third parties whereby we compensate them for client referrals by paying them a percentage of the investment advisory fees we receive from the solicited clients. Solicitation arrangements inherently give rise to potential conflicts of interest because the solicitor is receiving an economic benefit for the recommendation of advisory services. Rule 206(4)-3 of the Advisers Act (the "Cash Solicitation Rule") addresses this conflict of interest by requiring advisers who pay third party solicitors to enter into agreements requiring the solicitors to make certain disclosures to solicited potential clients. In accordance with the Cash Solicitation Rule, we require third party solicitors who introduce potential clients to us to provide the potential client with a copy of this disclosure brochure and a copy of the solicitor's disclosure statement which explains that the solicitor will be compensated for the referral and contains the terms and conditions of the solicitation arrangement, including the compensation the solicitor is to receive.

Specifically, Vestor Capital has entered into a solicitation agreement with TD Ameritrade's AdvisorDirect Program and Ehlert Financial Group, Inc ("EFG"). Solicitation arrangements inherently give rise to potential conflicts of interest because the solicitor is receiving an economic benefit for the recommendation of advisory services. Vestor Capital addresses these conflicts through this disclosure. If a Client is introduced to Vestor Capital by a qualified solicitor, Vestor Capital has agreed to pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Advisers Act and any corresponding state securities law requirements. Specifically, Vestor Capital has agreed to pay EFG a Solicitation Fee of 25% of the investment management fee(s) Vestor Capital receives from the Client on an ongoing basis, payable

quarterly in arrears. EFG required to provide the Client with a copy of Vestor Capital's written disclosure brochure and a copy of the solicitor's disclosure statement containing the terms and conditions of the solicitation arrangement.

As disclosed under Item 12, Vestor Capital participates in TD Ameritrade's institutional customer program and Vestor may recommend TD Ameritrade to Clients for custody and brokerage services. There is no direct link between Vestor Capital's participation in the program and the investment advice it gives to its Clients, although Vestor Capital receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving Advisor 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 received by Vestor Capital's related persons. These products or services may assist Vestor Capital in managing and administering Client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help Vestor Capital manage and further develop its business enterprise. The benefits received by Vestor or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to clients, Vestor Capital endeavors always to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by Vestor Capital or its related persons in and of itself creates a potential conflict of interest and may indirectly influence Vestor Capital's choice of TD Ameritrade for custody and brokerage services.

Vestor Capital may receive Client referrals from TD Ameritrade through its participation in TD Ameritrade AdvisorDirect. In addition to meeting the minimum eligibility criteria for participation in AdvisorDirect, Vestor Capital may have been selected to participate in AdvisorDirect based on the amount and profitability to TD Ameritrade of the assets in, and trades placed for, Client accounts maintained with TD Ameritrade. TD Ameritrade is a discount broker-dealer independent of and unaffiliated with Vestor Capital and there is no employee or agency relationship between them. TD Ameritrade has established AdvisorDirect as a means of referring its brokerage customers and other investors seeking fee-based personal investment management services or financial planning services to independent investment advisors. TD Ameritrade does not supervise Vestor Capital and has no responsibility for Vestor Capital's management of Client portfolios or Vestor Capital's other advice or services. Vestor Capital pays TD Ameritrade an on-going fee for each successful Client referral. For referrals that occurred through AdvisorDirect before April 10, 2017, this fee is usually a percentage (not to exceed 25%) of the advisory fee that the Client pays to Vestor Capital ("Solicitation Fee"). For referrals that occurred through AdvisorDirect on or after June 9, 2017 the Solicitation Fee is an annualized fee based on the amount of referred client assets that does not exceed 25% of 1%, unless such client assets are subject to a Special Services Addendum. In the case of a Special Services Addendum, the Solicitation Fee is an annualized fee based on the amount of referred client assets that does not exceed 10% of 1%. Vestor Capital will also pay TD Ameritrade the Solicitation Fee on any advisory fees received by Vestor Capital from any of a referred Client's family members, including a spouse, child or any other immediate family member who resides with the referred Client and hired Vestor Capital on the recommendation of such referred Client. Vestor Capital will not charge Clients referred through AdvisorDirect any fees or costs higher than its standard fee schedule offered to its Clients or otherwise pass Solicitation Fees paid to TD Ameritrade to its Clients. For information regarding additional or other fees paid directly or indirectly to TD Ameritrade, please refer to the TD Ameritrade AdvisorDirect Disclosure and Acknowledgement Form.

Vestor Capital's participation in AdvisorDirect raises potential conflicts of interest. TD Ameritrade will most likely refer Clients through AdvisorDirect to investment advisors that encourage their Clients to custody their assets at TD Ameritrade and whose Client accounts are profitable to TD Ameritrade.

Consequently, in order to obtain Client referrals from TD Ameritrade, Vestor Capital may have an incentive to recommend to Clients that the assets under management by Vestor Capital be held in custody with TD Ameritrade and to place transactions for Client accounts with TD Ameritrade. In addition, Vestor Capital has agreed not to solicit Clients referred to it through AdvisorDirect to transfer their accounts from TD Ameritrade or to establish brokerage or custody accounts at other custodians, except when its fiduciary duties require doing so. Advisor's participation in AdvisorDirect does not diminish its duty to seek best execution of trades for client accounts.

### **Employee Referrals**

For introducing Clients to Vestor Capital, Vestor Capital has agreed to additional compensation for certain non-advisor licensed employees in the amount of 10% of the first-year investment management fee(s) Vestor Capital receives from the Client on an ongoing basis and 5% thereafter, payable quarterly in arrears.

### **Referrals to Other Professionals and Custodians**

Two members of Vestor Capital's Advisory Board, Jeffrey W. Krol and Fred D. Campobasso, refer clients to Vestor Capital, but are not paid any referral fees.

## **Item 15: Custody**

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We are not a custodian, but pursuant to the Securities and Exchange Commission ("SEC") "Custody" Rule 206(4)-2 under the Investment Advisers Act of 1940, we are deemed to have legal custody over client assets because we deduct advisory fees directly from the accounts of our Clients with the written permission of our Clients. We are also deemed to have custody because we utilize Standing Letters of Authorization ("SLOAs") from certain Clients for the execution of cash transfers transacted with their qualified custodians. The SEC does not require advisers who have custody solely from the ability to deduct advisory fees to obtain a surprise examination, and we rely on SEC no action relief from the surprise examination requirement with regard to the SLOAs.

In accordance with the requirements of the Custody Rule, your funds and securities are maintained with a qualified custodian who sends you account statements on at least a quarterly basis. Clients are urged to carefully review and compare the account statements they receive from their qualified custodian with the reports they receive from us for accuracy.

## **Item 16: Investment Discretion**

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### **Discretionary Trading Authority**

Our standard investment management and services agreement typically contains a limited power of attorney giving us discretionary trading authority to manage, invest and reinvest the funds, securities and other assets subject to the agreement; to determine what investments shall be bought, sold, retained, exchanged, or converted; to provide the Client with periodic reports of the transactions effected and the status of the funds, securities, mutual funds and other assets subject to the agreement; and to direct without the specific consent or knowledge of the Client the execution of investment transactions, including the amount, timing, frequency and method of execution. Discretionary trading

authority facilitates executing trades in Clients' accounts on their behalf so that we may promptly implement the investment strategy or policy that they have approved. Clients are permitted to impose reasonable restrictions, if provided in writing, on the management of their accounts.

If clients have not entered into a discretionary client agreement with us, we will consult with the Client prior to each trade to obtain Client approval.

**Custodian Limited Power of Attorney**

A limited power of attorney, or such other agreement, granting discretionary trading authority to Vestor Capital is included in each Qualified Custodian's account application for each chosen custodian.

## **Item 17: Voting Client Securities**

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### **Client Proxy Voting**

We generally do not accept proxy voting authority for client accounts. Vestor Capital is willing to help Clients in researching a proxy question so that they can vote their own proxies.

### **Institutional and Directed Client Proxy Voting**

In certain circumstances (when a contractual obligation has been incurred by contract), such as with certain Institutional or charitable accounts, we would take action with respect to the voting of proxies solicited by or with respect to the issuers of securities in which the assets of the Client's account may be invested, using a proxy-voting agent.

## **Item 18: Financial Information**

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### **Financial Condition**

This section requires advisers who have discretionary authority over client assets to disclose any financial impairment that is likely to preclude an adviser from meeting its contractual commitments to Clients, and to disclose whether the adviser has been the subject of a bankruptcy petition within the past 10 years. . Vestor Capital has nothing to disclose in response to this item.

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

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We are a SEC-registered Investment Adviser because our Assets under Management are greater than \$100 million.