



**VISION CAPITAL MANAGEMENT, INC.  
FORM ADV PART 2A – DISCLOSURE BROCHURE**

January 1, 2025

This brochure provides information about the qualifications and business practices of Vision Capital Management, Inc. If you have any questions about the contents of this brochure, please contact Stacy L. Sizemore, IACCP®, our Chief Compliance Officer and ERISA Compliance Officer at (971) 371-3450 or [compliance@vcmi.net](mailto:compliance@vcmi.net). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

You can find more information about us at the SEC’s website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**ITEM 2 – MATERIAL CHANGES**

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This Item identifies and discusses only those material changes that have occurred since the last update of our firm brochure, which was dated January 1, 2024. Since that date:

- Vision Capital Management, Inc.’s AUM was \$1.073 billion as of December 31, 2024.
- Vision Vaxa Dynamic Portfolios, previously invested through Charles Schwab’s IIP platform, have been transitioned to the new iRebal platform.
- As of December 2024, Maria Malloy’s title has changed to Client Relationship Manager.

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## **ITEM 4 – ADVISORY BUSINESS**

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### **THE COMPANY**

Vision Capital Management, Inc. (“we,” “us,” “Vision,” or “Vision Capital”) has offered professional asset management services since it was formed in 1999. We have been registered with the SEC since 1999.<sup>1</sup> We are owned entirely by our employees. Our principal owners are:

Suzanne P. McGrath, Chairwoman  
Marina L. Johnson, Managing Director  
Sarah Quist, Managing Director  
John LaBarca, Director of Investments  
Clifford M. Yount, Director of Compliance and Operations

### **ADVISORY SERVICES**

We provide traditional discretionary portfolio management for clients through separately managed accounts. We generally invest our clients’ assets in our proprietary risk-based Global Dynamic Strategy (GDS). Our internally managed individual equity and fixed-income strategies may be utilized depending on account size and client preference. These strategies are described below in Item 8 – Methods of Analysis, Investment Strategies, and Risk of Loss.

When we provide investment advice to you regarding your retirement plan account or individual retirement account, we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act. The way we make money creates some conflicts with your interests, so we are required to act in your best interest and not put our interests ahead of yours.

### **PORTFOLIO MANAGEMENT**

The goal of Vision’s Global Dynamic Strategy is to construct a globally diversified portfolio that meets each client’s suitable level of risk. To accomplish this goal, our investment team deploys an active strategy to optimize risk-adjusted returns using a diverse group of global asset classes. Portfolios include up to nine asset classes and can be implemented using ETFs, individual stocks, or individual bonds, depending on the amount of investable assets and client preference.

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<sup>1</sup> Registration as an investment adviser does not imply a certain level of skill or training.

The nine asset classes have been chosen due to their historical volatility and correlation characteristics, as well as our investment team's confidence in forecasted returns for each asset class. These statistical relationships allow us to alter the investment exposures without changing the level of expected portfolio volatility. Such alterations occur when the return potential for certain asset classes is anticipated to be higher relative to others and/or if certain asset classes temporarily exhibit above-normal levels of risk.

Investment exposure in each asset class is an ongoing and active process. The investment team routinely forecasts 12-month returns for each asset class while considering changes in dynamics such as interest rates, credit spreads, equity valuations, and prospects for economic growth. These forecasts are optimized to generate a set of allocations that we believe will provide the highest return for each level of assumed risk.

The asset classes we use to implement a GDS are: U.S. large-cap stocks (ETF, Vision Capital Large-Cap Growth strategy, or Vision Capital Dividend Growth strategy), U.S. mid-cap stocks (ETF), U.S. small-cap stocks (ETF), international developed stocks (ETF), emerging market stocks (ETF), Gold (ETF), domestic investment grade corporate bonds (ETF, Vision Capital investment grade corporate bond strategy), cash and cash equivalents (Cash and short-term U.S. government securities), and U.S. government, agency and agency pass-through securities (actively managed individual rate securities).

Our proprietary equity (Large-Cap Growth, Dividend Growth) strategies and fixed-income (Corporate Bond, Municipal Bond, and Credit & Interest Rate) strategies are deployed for clients with larger investible assets while low-cost exchange-traded funds (ETFs) are utilized for clients with smaller investible assets. If your account is invested primarily in individual securities, we generally invest a portion of your assets in ETFs to give you access to additional GDS asset classes as described above. We believe that these ETFs offer greater diversification and focused research analysis in areas such as small-capitalization, mid-capitalization, emerging growth, foreign markets, real estate, and socially responsive strategies.

Our clients also have the opportunity to invest in Vision Vaxa Dynamic Portfolios, a diversified portfolio with an "Automated Investment Engine" that generates trade orders to implement automatic rebalancing and trading and, if applicable, tax-loss harvesting through Charles Schwab's iRebal® platform. This is an all-ETF portfolio option with a discounted management fee based on the level of service desired. Fees for Vision Vaxa Dynamic Portfolios are described below in Item 5 – Fees and Compensation.

## WEALTH PLANNING

We provide a wide range of wealth management services to our clients. In addition to investing your assets, we provide you with advice, assistance, and education on topics such as:

- Equity and fixed-income investing
- Financial planning
- Retirement planning
- Estate planning
- Divorce settlement planning
- Wealth transfers between generations and to charitable organizations
- College savings
- Insurance Planning

We utilize Fidelity's eMoney Financial Planning tool to help create plans for our clients to meet their goals. As a part of the tool, eMoney utilizes Monte Carlo simulations and we feel that it is important for you to understand how they work, should you utilize eMoney.

Monte Carlo Analysis is a mathematical process used to implement complex statistical methods that chart the probability of certain financial outcomes at certain times in the future. This charting is accomplished by generating hundreds of possible economic scenarios that could affect the performance of your investments.

The Monte Carlo simulation uses, at most, 1000 scenarios to determine the probability of outcomes resulting from the asset allocation choices and underlying assumptions regarding rates of return and volatility of certain asset classes. Some of these scenarios will assume very favorable financial market returns, consistent with some of the best periods of investing history for investors. Some scenarios will conform to the worst periods in investing history. Most scenarios fall somewhere in between.

The outcomes presented using the Monte Carlo simulation represent only a few of the many possible outcomes. Since past performance and market conditions may not be repeated in the future, your investment goals may not be fulfilled by following advice that is based solely on the projections.

The goal of our financial planning process is to help you create a realistic goal with the highest probability of success. In using the Monte Carlo analysis adjustments can be made in order to maximize the probability of success in order to show you potential paths to accomplishing your goals, though nothing is guaranteed to succeed.

## **TAILORED ADVISORY SERVICES**

Our relationships with our clients are in-depth and personalized. We tailor our advisory services to meet your particular needs. We work directly with you and your other advisers to build and protect your wealth over the long term.

We ask you to complete an investor questionnaire to assist us in developing investment objectives that reflect your unique goals, needs, risk tolerance, and time horizon. You may have multiple accounts with us, and each may have different investment objectives. We offer to meet with our full-service clients at least quarterly to be sure the objectives continue to meet your particular needs and goals.

Institutional clients generally provide us with an investment policy, which we use as a guideline for the account's investments.

In this process, we also assist you in developing appropriate asset allocation objectives. However, market volatility can change asset values. When this happens, the values of your assets may become inconsistent with your desired allocation objective. Taking into account trading costs, our investment team's expectations of the market, your allocation objectives, and other factors, we will monitor your account and rebalance its positions when we feel it is necessary. Rebalancing your portfolio can lead to additional trading costs.

Our clients may impose restrictions on investing in securities, industries, or sectors. You must advise us of any such restrictions in writing. It is important that clients notify us immediately if circumstances have changed with respect to their financial situation.

## **Vision Vaxa Dynamic Portfolios Investment Option**

We offer our Vision Vaxa Dynamic Portfolios for those looking for professional investment management at a reduced fee.

This service includes an automated ETF allocation managed by Vision Capital that offers tax loss harvesting where applicable and automatic rebalancing within a prescribed drift tolerance. The client's portfolio is held in a brokerage account opened by the client at

Charles Schwab. We use Charles Schwab's iRebal automated trading platform. We, and not Charles Schwab, are the client's investment advisor and primary point of contact.

We charge clients a fee for our services as described below under Item 5 Fees and Compensation. Our fees are not set or supervised by Charles Schwab and Clients do not pay brokerage commissions to Charles Schwab. For more information, please see Item 5 – Fees and Compensation.

### **SUBADVISORY RELATIONSHIPS; WRAP FEE PROGRAMS**

We may serve as a subadvisor to other unaffiliated advisers who appoint us to manage a portion of their client's assets. We do not currently act as a subadvisor for any other advisers, and we do not offer a wrap fee program.

### **ASSETS UNDER MANAGEMENT**

As of December 31, 2024, our assets under management were approximately \$1.073 billion. We manage all assets on a discretionary basis. We do not offer a wrap program.

## **ITEM 5 – FEES AND COMPENSATION**

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### **AMOUNT OF OUR FEES**

Your custodian does not calculate our quarterly fee amount. We calculate our fees as a percentage of the assets we manage on your behalf and, when appropriate, we aggregate family accounts (householding) for the purpose of calculating fees. We reserve the right to negotiate your fees, including the minimum fee. Your fees may vary depending on certain factors, including the type and size of the account, the range of additional services provided, and the total amount of assets managed for a group of related clients. Your fee is specified in your agreement with us.

If you are subject to the minimum fee, your annual fee percentage may be higher than what is stated on the fee schedule.

If you have a margin position, we will bill on the long market value of the securities and the absolute value of the margin balance.

### **PAYMENT OF OUR FEES**

We deduct our fees directly from your account at the beginning of each quarter unless we both agree otherwise. If your agreement begins during a quarter, we will prorate the

fee you pay for the initial partial quarter, based on the number of days from the beginning of your agreement until the end of the initial quarter.

On your request, we will deduct our entire fee from one or more related accounts rather than proportionally from all of your related accounts. If you do not have enough cash in your account to pay our fee, we may sell some of your account assets to pay the fee.

Clients typically pay our fees in advance. Whether you pay in advance or arrears, your payment terms will be specified in your agreement with us. Our client agreement may be terminated with 15 days written notice by either you or us. If you pay fees in advance and your agreement with us terminates during a quarter, we will refund a pro-rata portion of the fee you paid for that quarter, based on the number of days between the end of the 15-day notice period and the end of the quarter.

Other than at the beginning and termination of a client relationship, we do not make adjustments to your quarterly fee due to assets you add or withdraw during a quarter.

### **EQUITY AND BALANCED SEPARATELY MANAGED PORTFOLIOS FEE SCHEDULE**

Our standard fee schedule for client accounts invested in our equity growth and balanced strategies on an annual basis is as follows:

- 1.00% on the first \$1 million
- 0.75% on the next \$4 million
- 0.60% on the next \$5 million
- 0.50% on amounts over \$10 million

Minimum Fee: For our equity and balanced separately managed accounts, we reserve the right to charge a minimum fee of \$5,000 per year.

### **FIXED-INCOME FEE SCHEDULE**

Our fixed-income fee schedule applies only to clients with all accounts and all assets invested in fixed-income vehicles, including standard fixed-income securities, fixed-income mutual funds, and fixed-income ETFs. The fee schedule for fixed-income accounts on an annual basis is as follows:

- 0.50% on the first \$1 million
- 0.375% on the next \$4 million

- 0.30% on the next \$5 million
- 0.25% on amounts over \$10 million

Minimum Fee: For our fixed-income separately managed accounts, we reserve the right to charge a minimum fee of \$2,500 per year.

### **VISION VAXA DYNAMIC PORTFOLIOS FEE SCHEDULE**

Our Vision Vaxa Dynamic Portfolios fee schedule for client accounts invested solely in the Vision Vaxa Dynamic Portfolios program is as follows:

- 0.50% on the first \$1 million
- 0.20% on amounts over \$1 million

Minimum Fee: There is no minimum fee for this service level.

### **IMPORTANT VISION VAXA DYNAMIC PORTFOLIOS DISCLOSURE**

Clients do not pay brokerage commissions to Charles Schwab as part of the Vision Vaxa Dynamic Portfolios program.

### **ELEEMOSYNARY FEE SCHEDULE**

For charitable organizations that exceed \$1,000,000 in assets, the fee schedule for eleemosynary accounts on an annual basis is as follows:

- 0.90% on the first \$1 million
- 0.65% on the next \$4 million
- 0.50% on the next \$5 million
- 0.40% on amounts over \$10 million

Minimum Fee: For our eleemosynary separately managed accounts, we reserve the right to negotiate a minimum fee.

### **OTHER FEES**

If you have mutual funds or ETFs in your portfolio, you will incur fees in addition to our fees. For example, you may incur a commission or transaction fee when the mutual fund or ETF is purchased, and you will incur an annual management fee payable to the manager of the fund, neither of which is shared with us. If a fund also imposes sales charges, you may pay an initial or deferred charge. These fees and expenses are

described in each fund’s prospectus. When considering an investment in a mutual fund or ETF, we use a no-load, open-end fund when appropriate. We evaluate the relative annual costs as a part of our decision process.

Though you may invest in a mutual fund or ETF directly, it is one of our services to determine which, if any, mutual funds and ETFs are best suited for your financial condition and objectives. You should review the fees charged by the mutual fund and/or ETFs in combination with our fees to fully understand the total amount of fees you will pay and to evaluate the advisory services we provide.

All clients (whether or not they have mutual funds or ETFs in their portfolio) will also incur brokerage and other transaction costs, as discussed below in Item 12 – Brokerage Practices.

### **NO COMPENSATION FROM SALES OF SECURITIES**

Vision and its employees do not 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.

### **ITEM 6 – PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

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Vision and its employees do not accept “performance-based fees” (fees based on a share of capital gains on or capital appreciation of your assets).

### **ITEM 7 – TYPES OF CLIENTS**

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We provide advice to the following types of clients:

- individuals, including their trusts, estates, individual retirement accounts (IRAs) and self-directed 401(k) accounts
- corporate pension and profit-sharing plans
- foundations, endowments, and other charitable organizations
- corporations and other businesses
- municipalities

Please note that clients that are organizations (such as corporations and partnerships) or government entities, and those that are subject to the Employee Retirement Income

Security Act of 1974, are not eligible for the Vision Vaxa Dynamic Portfolios Investment Option.

### **MINIUM ACCOUNT SIZE**

The minimum asset level for full-service clients is \$500,000 and \$100,000 for clients invested in our Vision Vaxa Dynamic Portfolios option.

## **ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES, AND RISK OF LOSS**

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### **METHODS OF ANALYSIS AND INVESTMENT STRATEGIES WE USE TO MANAGE YOUR ASSETS**

#### General

We are an entrepreneurial organization, and our investment process is team-driven. Our approach allows for the vetting of ideas and timely decision-making. Our investment committee meets at least weekly to review general market conditions, as well as events and disclosures relevant to individual securities in client portfolios. At our meetings, the team follows a decision process that starts with a traditional top-down assessment of the overall economy, followed by allocation strategy discussions based on our overall economic assessment. Based on the processes discussed below in Item 8 – Methods of Analysis, Investment Strategies, and Risk of Loss, one or more members of the committee then make specific investment recommendations on securities. In some cases, clients may wish to invest in one investment strategy as a portion of a larger portfolio. For others, we will use multiple asset types and classes to build a portfolio that seeks to optimize the risk/return tradeoff in the forecasted economic environment based on each client's investment objective.

#### Constructing Your Portfolio – Global Dynamic Strategies

The goal of Vision's Global Dynamic Strategy (GDS) is to construct a globally diversified portfolio to meet each client's suitable level of risk. To accomplish this goal, our investment team deploys an active strategy to optimize risk-adjusted returns using a diverse group of global asset classes. Portfolios include up to nine asset classes and can be implemented using ETFs, individual stocks, or individual bonds depending on the amount of investable assets and client preference. Other security types eligible for client accounts are limited to futures and options, which are used for specific client needs.

The nine asset classes have been chosen due to their historical volatility and correlation characteristics as well as our Team's confidence in forecasted returns for each asset

class. These statistical relationships allow us to alter the investment exposures without changing the level of expected portfolio volatility. Such alterations occur when the return potential for certain asset classes is anticipated to be higher relative to others and/or if certain asset classes temporarily exhibit above-normal levels of risk.

Investment exposure in each asset class is an ongoing and active process. The Team routinely forecasts 12-month returns for each asset class while considering changes in dynamic variables such as interest rates, credit spreads, equity valuations, and prospects for economic growth. These forecasts are optimized to generate a set of allocations that we believe will provide the highest return for each level of assumed risk.

### **U.S. Large Cap Equity Strategies**

The U.S. Large-Cap Growth and Large-Cap Dividend Growth strategies outlined below may be managed in isolation or as a part of the Global Dynamic Strategies explained above.

#### **Constructing Your Portfolio – Large-Cap Growth Strategy**

The primary goal of the Large-Cap Growth strategy is to deliver superior long-term results by holding a concentrated portfolio of equity securities issued by firms that we believe have outstanding business models that have the ability to generate long-term sustainable growth in their intrinsic value, when available at attractive prices. We invest with a long-term perspective and anticipate that only 20-50% of your U.S. large-cap growth securities will be turned over (replaced) annually.

For clients invested in our U.S. large-cap growth strategy, we typically hold 35-40 stocks. Our search for growth companies spans the economy and generates a portfolio diversified on a sector basis. Our initial screening process to identify potential opportunities includes:

- Screening a broad database of over 10,000 stocks to find growth stocks that have a market capitalization greater than \$3 billion.
- Sorting those results, using our proprietary multi-factor model that emphasizes fundamental business characteristics, growth prospects, and growth volatility.

This process results in an investable list of stocks with a score above the median within each sector and ranks the individual stocks on a relative basis. The investable list is narrowed to a watch list of around 100 stocks. Securities are then analyzed from a fundamental perspective. This means that we study many different factors that can

affect a security's risks and rewards. Considering the state of the overall economy and applicable industry conditions, we seek to identify firms that exhibit the following traits:

- Compelling business franchises and competitive advantages that allow their intrinsic value to increase.
- Solid existing business fundamentals (balance sheet strength, cash flow growth, etc.) as well as opportunities for enhancement over the long term.
- Operate in industries that not only offer growth opportunities but also allow the firm to operate profitably.
- Managed by experienced professionals focused on delivering returns to shareholders.
- Attractive valuations. We appreciate the difference between a great company and a great stock. We expect our investments to have both a margin of safety and the opportunity for meaningful price appreciation.

After our evaluation process is complete, we construct your portfolio on a stock-by-stock basis with attention to maintaining a balance between types of growth stocks within the portfolio.

### Constructing Your Portfolio – Dividend Growth Strategy

The primary goals of the Dividend Growth strategy are 1) to achieve a dividend yield that exceeds the S&P 500 Index and 2) to invest in companies with the ability to grow their dividends over time.

For clients invested in our Dividend Growth strategy, we typically hold 30-35 stocks. Our search for dividend growth companies spans to the economy and generates a portfolio diversified on a sector basis. Our initial screening process to identify potential opportunities includes:

- Screening a broad database of over 10,000 stocks to find stocks that have a minimum market cap of \$3 billion and a minimum dividend rate of 1%.
- Sorting those results, using our proprietary multi-factor model that emphasizes fundamental business characteristics, growth prospects and growth volatility.

This process results in an investable list of stocks with a score above the median within each sector and ranks the individual stocks on a relative basis. The investable list is narrowed to a smaller group of stocks for further review. Securities are then analyzed from a “fundamental” perspective. This means that we study many different factors that can affect a security’s risks and rewards. Considering the state of the overall economy and applicable industry conditions, we seek to identify firms that exhibit the following traits:

- Significant current dividend rates that will help us achieve our dividend objective.
- Compelling business franchises and competitive advantages that allow their dividends to grow over time.
- Solid existing business fundamentals (balance sheet strength, cash flow growth, etc.) as well as opportunities for enhancement over the long term.
- Managed by experienced professionals focused on delivering returns to shareholders.
- Attractive valuations within the context of the dividend-paying universe.

After our evaluation process is complete, we construct your portfolio on a stock-by-stock basis, with a goal of creating a diversified portfolio with a dividend rate that is at least 50 basis points above the S&P 500 Index dividend rate and no less than 30 basis points above this rate.

### **FIXED-INCOME STRATEGIES:**

The Fixed-Income Strategies outlined below may be managed in isolation or as a part of the Global Dynamic Strategies explained above.

#### **Constructing Your Portfolio – Fixed-Income Instruments**

We manage clients’ fixed-income portfolios with the same fundamental, intrinsic value investment philosophy used to manage our equity portfolios. Fixed-income securities are evaluated on a total return basis, considering income and capital appreciation potential. They may be used as a portion of multi-asset, risk-managed portfolios. When it is appropriate, we may use U.S. rate securities, municipal bonds, or corporate bonds rather than ETFs for the fixed-income portion of a client’s portfolio, depending on the individual’s goals, objectives, risk tolerance, and tax bracket.

We use the following process to select securities in each fixed-income asset class:

### U.S. Rates

Bonds that are backed by the credit of the U.S. Treasury or a U.S. Government agency may be used for a portion of a client's portfolio. These instruments are backed by the full faith and credit of the U.S. Government. Our U.S. Government rates portfolio consists of one or more targeted tenors.

### Municipal Bonds

Home state municipal bonds may be ideal for taxable accounts because the interest is tax free at the state and federal levels. In this case, a diverse portfolio of municipal bonds will be selected based upon availability, yield to maturity and duration. We will seek opportunities to purchase municipal securities on the new issue. The secondary market for municipal bonds can be illiquid, making it challenging to find attractive instruments in some cases.

### Corporate Bonds

The corporate bond selection process begins by screening the investible universe of U.S. investment-grade bonds with a market cap above \$3 billion. The results are sorted by option-adjusted spread within each economic sector. The team then considers the credit quality (default risk), yield, duration, and liquidity of the individual securities.

The result of the screening and selection process is a portfolio of approximately 20 equally weighted bonds. The portfolio is constrained by sector within a range that mimics the broad investment grade bond universe. The portfolio is monitored against the pool of investable fixed-income instruments on a regular basis. If an existing holding reaches what we deem to be fair value or if credit concerns arise, the position will be replaced. A position may also be replaced if there is a better portfolio opportunity.

### **ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) STRATEGIES:**

The goal of Vision Capital's ESG strategy is to achieve the ideals of an environmentally and socially conscious portfolio within the risk/return profile of Vision's Global Dynamic Strategy (GDS) while keeping costs low. The strategy can be deployed using Vision's proprietary equity and fixed-income portfolios or through an all exchange traded fund (ETF) solution.

Our internally managed large-cap U.S. equity and U.S. corporate investment grade bond ESG portfolios are modified to exclude the defense, commodity chemicals, fertilizers and agricultural chemicals, metals and mining, and oil & gas industries as defined by GICS. The portfolios are further modified to address any additional environmental and social concerns we identify in our normal course of fundamental research and by utilizing the MSCI ESG screening methodology.

The portfolio uses ETFs that track ESG indexes designed by MSCI for the U.S. small-cap, international developed, and emerging market asset classes. The indexes are constructed based on controversy scores calculated by MSCI and by eliminating firms MSCI identifies as being in the weapons or tobacco industries. Exposure to the U.S. mid-cap asset class is achieved within the U.S. large and U.S. small-cap asset classes.

### **MONITORING AND SELLING EQUITY STRATEGIES**

We regularly monitor your existing holdings and consider (but do not necessarily require) selling:

- if there is a change in the original reasoning for selecting the security, such as a deterioration or change in the firm's fundamentals
- if we need to make room for a more compelling opportunity
- if our target price has been met and the security is no longer attractive from a valuation perspective
- to reduce a position that exceeds 5% of the client's total portfolio
- if a price declines significantly

### **EQUITY AND FIXED-INCOME TRADING STRATEGIES**

In trading equity and fixed-income securities, we generally purchase for long-term investment (at least one year). However, for the reasons outlined above, we may sell a security within a year.

Option and future contracts may be utilized for equity and fixed-income tax management strategies, income generation, hedging to reduce volatility, and managing concentrated positions. We do not use derivative securities speculatively.

Cash-secured put strategies may be appropriate if a client holds a large cash position and market conditions are not optimal for immediate investment in equity securities. In

this case, we may suggest holding the cash position and writing puts to collect income. If markets fall, the cash will be invested at a lower price level.

We may suggest a hedge overlay when a client needs to reduce portfolio volatility without selling securities for tax reasons. We buy enough equity index puts to synthetically reduce portfolio downside.

Some clients wish to use margin in their accounts. In a margin transaction, the client pays a portion of the cash needed for the investment and borrows the rest. Clients determine the maximum amount of margin, if any, they will use.

## **RISKS ASSOCIATED WITH OUR METHODS OF ANALYSIS AND INVESTMENT STRATEGIES**

### General

All investments in securities include a risk of losing your principal (invested amount), any borrowed amount if you elect to use margin, and any profits that you have not realized. You should be prepared to bear these risks. Stock and fixed-income markets fluctuate substantially over time. In addition, as global and domestic economic events have shown, the performance of any investment is not guaranteed.

Our judgment about the attractiveness, value, and potential appreciation of a particular asset class or individual security may be incorrect, and there is no guarantee that the securities we select will perform as anticipated. The value of an individual security can be more volatile than the market as a whole, or our intrinsic value approach may fail to produce the intended results. Our estimate of a security's intrinsic value may be wrong or, even if our estimate of intrinsic value is correct, it may take a long time before the price and intrinsic value converge. We seek to reduce your risk through diversification. Although we will do our best in managing your assets, we cannot guarantee any level of performance or that you will not experience a loss in your assets.

Our agreement with you states that we are not liable to you for:

- any loss you suffer because of any investment decision we make or other action we take or do not take in accordance with our agreement with you
- any loss you suffer because we follow your oral or written instructions
- any act or failure to act by any custodian or broker

Nevertheless, nothing in our agreement with you constitutes your waiver of any legal right under applicable federal or state securities laws or any other law whose

applicability may not be waived through contract. If there is a discrepancy between the information in this brochure and your agreement with us, your agreement will control.

## **RISKS ASSOCIATED WITH OUR PRIMARY CLIENT INVESTMENTS**

We primarily invest client assets in individual equity securities, individual fixed-income securities (including corporate bonds, government bonds, and municipal bonds), and ETFs. A non-exhaustive list of the principal risks of these investments is specified below. The order in which these risks are presented is not an indication of their significance.

- **Market Risk** – Overall stock market risks may affect the value of investments in equity strategies. Factors such as U.S. economic growth and market conditions, interest rates, and political events that are unrelated to, or beyond the control of, any specific firm may affect the value of an investment.
- **Equity Risk** – Equity securities represent an ownership interest in a firm and are, therefore, more sensitive to the firm's earnings and financial condition, making them generally more volatile than debt securities. An equity's value is affected by both actual and perceived aspects of the firm's business including management performance, earnings, financial leverage, etc. In addition, the rights of a firm's creditors are senior to those with an equity interest, so shareholders are the last in line to receive any value should the firm file for bankruptcy.
- **Asset Allocation Risk** – For accounts that hold both equity and fixed-income securities, the allocation between the two, as well as the allocation between asset classes (i.e.: Large Cap, Mid Cap, US Government), will affect an account's performance. Asset classes may underperform relative to our expectations.
- **Options Risk** – Long equity index put positions will experience a total capital loss should the option expire out of the money. An out-of-the-money closed long position prior to expiration may also experience a loss. Long equity index puts would only be used as a hedge against long common equity positions. Short-covered call positions may prevent the realization of total potential gain should the covered short call expire or become assigned well in the money.
- **Futures Risk** – Short equity index futures positions are susceptible to unlimited loss should the reference index increase in unlimited value until the expiration of the contract. Short equity index futures would only be used as a hedge against long common equity positions.

- Interest Rate Risk – Fixed-income securities increase or decrease in value based on changes in interest rates. If rates increase, the value of fixed-income securities generally declines. On the other hand, if rates fall, the value of the fixed-income securities generally increases. The longer the remaining maturity of a debt security, the more its value will be affected by changes in interest rate movements.
- Credit Risk – There is a risk that issuers and counterparties will not make interest and/or principal payments on the securities they issue or that their payments will not be made when due. In addition, the credit quality of securities may be lowered if an issuer’s financial condition changes. Lower credit quality may lead to greater volatility in the price of a security, and that may affect liquidity and our ability to sell the security. Although the interests of debt holders are senior to other investments in a firm, the firm’s ability to repay its debt may be affected by actions such as mergers, restructuring, and filing for bankruptcy. General economic conditions that can be unrelated to, or beyond the control of, a firm may also affect its ability to repay its debt.
- Call Risk – There is a risk that an issuer of fixed-income securities will redeem (call) its high-yielding fixed-income securities before their maturity date. An account may be forced to reinvest the proceeds of a called bond at a lower interest rate or higher credit risk.
- Liquidity Risk – The risk that an account may not be able to sell an investment, forcing the account to hold the position as the value of the investment declines and preventing the account from taking part in other investment opportunities. A lack of liquidity may also result in a lack of an active market with which to accurately value the security.
- Municipal Bond Risk – While municipal bonds face many of the same risks as corporate bonds, there are some additional risks worth noting. Bankruptcies of municipalities, though uncommon, can cause the bonds to be canceled without payment. Issuances of municipal debt may also be less liquid than those of corporate debt.
- Sector ETF Risks. If held, a sector ETF (which invests in a single industry, such as finance) is at risk that its price will decline due to developments in its sector.
- Small- and Mid-Cap Company ETF Risks – Investments in ETFs holding small and mid-cap companies may be riskier than investments in larger, more established companies. The securities of these companies may trade less frequently and in

smaller volumes than securities of larger companies. In addition, small- and mid-cap companies may be more vulnerable to economic, market, and industry changes. Because smaller companies may have limited product lines, markets, or financial resources, or may depend on a few key employees, they may be more susceptible to particular economic events or competitive factors than larger-capitalization companies.

- Foreign Securities and Emerging Market ETF Risks – Though we do not hold any foreign or emerging market securities in their local currency, ETFs holding foreign securities face risks due to foreign currency fluctuations, political, social, and economic developments abroad, as well as less established legal, regulatory, and accounting systems than those in domestic markets. These risks are greater in emerging markets due to more volatility in the aforementioned areas.

## **ITEM 9 – DISCIPLINARY INFORMATION**

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Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of us or the integrity of our management.

Vision has no legal or disciplinary events to report.<sup>2</sup>

## **ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

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We are obligated to disclose if we, any of our “supervised persons” (meaning our employees and independent contractors, or any of our affiliates) are involved in other financial industry activities, such as those of a broker-dealer, commodity pool operator, or a futures commission merchant. We are also obligated to disclose if we receive compensation from other advisers for recommending or selecting those advisers for you.

We do not have any other financial industry activities or affiliations to report to you. In fact, we are not affiliated with any other company. Furthermore, we do not receive compensation from other advisers for recommending or selecting them.

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<sup>2</sup> We note that registered advisers are required to report, in Part 1A of Form ADV, all disciplinary events regardless of whether they are material. Vision has no disciplinary events of any kind to report.

## **ITEM 11 – CODE OF ETHICS, PARTICIPATION IN CLIENT TRANSACTIONS, AND PERSONAL TRADING**

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### **CODE OF ETHICS**

We have adopted a code of ethics that applies to all our supervised persons. All supervised persons must comply with our Code of Ethics as a condition of their employment. Our Chief Compliance Officer administers and enforces our Code of Ethics.

Our Code of Ethics requires our supervised persons to:

- comply with applicable federal and state securities laws
- conduct themselves with integrity and act ethically in their dealings with the public, clients, and professional associates
- fulfill their duty of loyalty by acting solely in our clients' best interests
- strive to provide long-term client satisfaction
- disclose any potential conflict of interest
- adhere to our policies limiting the giving or receiving of gifts and business entertainment
- adhere to our policies limiting the giving of political contributions
- report any violation of our Compliance Manual to our Chief Compliance Officer as soon as possible
- submit or make accessible reports of securities beneficially owned by them and their related persons and submit reports of securities transactions by them and their related persons, subject to certain permitted exceptions.

We prohibit our supervised persons from investing in initial public offerings, and they must receive the approval of our Chief Compliance Officer before they invest in any private placement.

Our clients or prospective clients may request a copy of our Code of Ethics by contacting our Chief Compliance Officer using the contact information on the cover page of this brochure.

## **PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

Our employees/supervised persons may: (a) buy or sell the same securities we buy or sell for your account; or (b) buy or sell the same securities we buy or sell for your account and engage in the transaction at the same time. As a result, there may be a conflict of interest that arises between you and us (or one of our supervised persons) in the allocation of profitable trades. To address potential conflicts, employees must obtain approval from the Compliance Department prior to executing a personal trade. The Compliance Department reviews proposed trades for potential conflicts of interest with client transactions.

If one of our clients is employed by a publicly traded company, the firm and/or its supervised persons may invest client assets in that company's securities during periods when the firm does not have any material, nonpublic information about that company.

## **ITEM 12 – BROKERAGE PRACTICES**

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### **BROKER SELECTION**

Our management discretion for individual clients generally includes the selection of the security, the amount to be purchased or sold, the broker to be used, and the commission to be paid. We select brokers for our individual clients on the basis of the broker's overall assistance in effecting the transaction. We consider many factors, including:

- adequate execution capabilities
- commission rate
- financial responsibility
- responsiveness to us
- any research-related products and services provided to us

Commission rates paid may be higher than the lowest commission rate available. Your custodian generally charges a minimum fee for each transaction in your account. Because of this minimum fee, it typically is not economically feasible to select any broker other than your custodian for your equity, mutual fund, and ETF transactions. See Item 14 – Client Referrals and Other Compensation below for our discussion of benefits we and our clients receive from our individual clients' custodial arrangements.

When practicable, we trade fixed-income securities through a bidding process that considers similar factors, as they apply, in agents we use to facilitate trades in those securities.

### **RESTRICTED BROKERAGE ACCOUNTS**

Our individual clients generally utilize Charles Schwab and Fidelity as custodians, and we consider these accounts to be “restricted brokerage” accounts. Restricted brokerage accounts tend to utilize a custodian that applies clearing fees or “ticket charges” to each trade, and that practice often makes that custodian’s owned broker-dealer the most economically responsible location for us to execute a trade in accordance with our duty of best execution. Such fees generally make executing trades with other broker-dealers economically impractical for equity, mutual fund, and exchange-traded fund (“ETF”) transactions.

### **UNRESTRICTED BROKERAGE ACCOUNTS**

Clients with accounts that provide us with unlimited broker-dealer discretion to trade their assets are considered to have “unrestricted brokerage” accounts. These unrestricted brokerage accounts are most often institutional accounts with a custodian that does not impose minimum charges on transactions. This allows us more freedom to select from many brokers to trade those assets.

### **DIRECTED BROKERAGE**

As explained above in Item 12 – Brokerage Practices, your agreement with us generally gives us discretion to choose a broker or dealer to execute your trades. However, sometimes unrestricted brokerage clients direct us to use a specific broker or dealer to trade a certain percentage of their assets. These unrestricted accounts are considered to utilize “directed brokerage.” For accounts utilizing directed brokerage, we are not responsible for negotiating the terms with the broker where the trades are being directed. Our clients are responsible for negotiating the terms and arrangements for the client’s account with the broker.

In addition, for directed brokerage accounts, we may not be able to (a) seek best execution or negotiate prices on commissions from other brokers, or (b) aggregate the client’s transactions with orders for other accounts advised or managed by us. As a result, we may pay materially disparate commissions, greater spreads, or other transaction costs, or receive less favorable net prices on transactions for the account than would otherwise be the case. On the other hand, you may be able, by directing

brokerage, to participate in new issues offered through the broker that are not available to our other clients.

Certain institutional clients may also instruct us to direct a certain portion of brokerage associated with an institutional account to brokers who are members of a historically underrepresented minority group. This practice generally impedes our ability to seek best execution or aggregate trades with orders for other accounts.

Client accounts enrolled in the Vision Vaxa Dynamic Portfolios program are maintained at, and receive the brokerage services of Charles Schwab, a broker-dealer registered with the Securities and Exchange Commission and a member of FINRA and SIPC. While clients are required to use Charles Schwab as custodian/broker to enroll in the Vision Vaxa Dynamic Portfolios program, the client decides whether to do so and opens its account with Charles Schwab by entering into a brokerage account agreement directly with Charles Schwab. If the client does not wish to place his or her assets with Charles Schwab, then we cannot manage the client's account through the Vision Vaxa Dynamic Portfolios program. Charles Schwab may aggregate purchase and sale orders for Funds across accounts enrolled in the Program, including both accounts for our clients and accounts for clients of other independent investment advisory firms using the Platform.

### **Equity, ETF, and Mutual Fund Trading, Execution, and Allocation**

All portfolio strategy trades that are destined for the same broker are aggregated (block orders). Accounts with trading restrictions may be pulled out from such block orders and reviewed and executed outside of the block. Accounts that do not participate in block orders, but do transact the same security, on the same day, and in the same direction as the block order, will be reviewed and documented by the Compliance Department.

We rotate the order of executions between the two custodians of its clients, Charles Schwab and Fidelity for its portfolio strategy trades. As a result of the trade rotation, accounts may receive materially different execution prices than those of accounts at a different broker for the same security on the same trade date.

Ad-hoc equity trades that are not part of strategy decisions made by the investment team can be submitted at any time during the day and are, therefore, not required to be aggregated. If the employee responsible for executing trades notices like trades (i.e.: same security, direction, and broker) that have not yet been executed, they may aggregate the orders for execution.

If there were to ever be a partially filled equity, ETF, or mutual fund order, the incomplete fills would be randomly allocated.

Employees may not create, approve, and execute an order.

### Fixed-Income Trading, Execution, & Allocation

All portfolio strategy trades that are destined for the same broker are aggregated (block orders). Accounts with trading restrictions may be pulled out from such block orders and reviewed and executed separately. Accounts that do not participate in block orders, but do transact the same security, on the same day, and in the same direction as the block order, will be reviewed and documented by the Compliance Department.

A fixed-income order may be partially filled for different reasons. A partial fill may occur because we attempted to fill its entire order at a particular price but received less than the entire order from the broker. A partial fill may also occur because we purposefully looked to fill only part of an order based on our understanding of the supply of the security at certain prices. Regardless of the reason for a partially filled order, non-municipal bond fixed-income orders will be allocated based on the prevailing complexities of the order, such as minimizing trading fees for clients and the length of time an order has been outstanding.

It is common for credit strategy trades to be odd lots. VCMI employs a random allocation process with these orders.

In the case of Fidelity and Charles Schwab accounts, as a result of the random allocation on a rotating basis, accounts may receive materially different execution prices than those of accounts at the same broker that took part in a different block order. As a result of the trade rotation, accounts may receive materially different execution prices than those of accounts at a different broker for the same security on the same trade date.

Ad-hoc fixed-income trades that are not part of strategy decisions made by the investment team can be submitted at any time during the day and are, therefore, not required to be aggregated. If the employee responsible for executing trades notices like trades (i.e.: same security, direction, and broker) that have not yet been executed, they may aggregate the orders for execution.

Employees may not create, approve, and execute an order.

Daily municipal security needs for clients are unique and exceed offered quantities or bid inquiries of relevant bonds. In the rare occurrence when an available municipal bond is suitable for multiple accounts, the Trading Department will take into account factors such as the number of bonds an account needs, the size of the order, and the length of time an account has needed a bond. The Trading Department maintains a log of municipal bond requests for clients and tracks the required bond characteristics for each client.

Accounts that execute fixed-income orders away from their custodian will be subject to "trade away" fees. Vision takes these fees into accounts when seeking best execution for

all client accounts.

## **TRADE ERRORS**

A trade error is an error committed in connection with an order placed with a broker-dealer by Vision.

Examples include:

- Buying/selling a security when the reverse was intended
- Buying/selling a security in the wrong account
- Buying/selling the wrong number of shares
- Buying/selling the wrong security
- Buying/selling a security which violates account trading restrictions

Notify the Compliance Department as soon as an error or potential error is discovered. The error's resolution will be agreed upon by the Compliance Department, CRM, and research/trading team. Vision will compensate the client wholly for any measurable loss resulting from the error correction. Vision is not responsible for hypothetical losses such as lost opportunity costs. The details of the trade error are then input into the Vision Trade Error log and a trade error memo, which will be maintained by the Compliance Department.

Operational errors that do not result in a trade error should still be reported as an operational incident, which will be documented and maintained by the Compliance Department.

## **Reallocation of Shares**

Over purchasing shares of an equity security or bonds is considered a trade error. Those extra shares or bonds may be reallocated to eligible accounts if the following criteria are met:

- the error is discovered prior to settlement
- the accounts that would have received an allocation if the error had not occurred are readily identifiable
- the accounts to which the securities will be reallocated are still eligible at the time the decision to reallocate is made

In the case where Vision has over purchased U.S. Treasuries, commercial paper, or certificates of deposit, the extra shares may be allocated to a firm account so that the order does not have to be cancelled. Doing so does not preclude the trade from being a trade error. Firm accounts do not include personal accounts of employees.

All decisions to reallocate must be approved by the Compliance Department and a member of the Investment Team (John LaBarca, Jeff Schmidt, or Marina Johnson).

### **COMMISSION SHARING & SOFT DOLLAR BENEFITS**

We currently do not engage in any commission sharing or soft dollar transactions.

### **ITEM 13 – REVIEW OF ACCOUNTS**

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Your account is routinely reviewed to ensure your asset allocation is consistent with your investment objectives. In addition, on a quarterly basis we ask you to notify us of any significant personal or financial changes and if so, to contact us to schedule a meeting to consider whether any changes to your current investment policy should be made. We offer to meet with our full-service clients on a quarterly basis to review your portfolio and investment objectives.

We issue written reports to our clients each quarter. Our reports generally include a list of assets in your account, investment results for your account, and other statistical data about your account. We urge you to carefully review these reports and compare the statements that you receive from your custodian to the reports that we provide. The information in our reports may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

You may provide us with a trusted third party at any time by contacting your Client Relationship Manager or the Chief Compliance Officer. You may select what information can be shared with the third party and revoke those permissions at any time. No third party may exercise discretion over the transactions in your account or otherwise make any changes to your account without a Financial Power of Attorney.

For the protection of our clients, Vision may wait to act upon directives it receives from clients until the validity of the requests can be confirmed.

Fair market value is defined as the amount at which an investment could be exchanged in a current arm's length transaction between willing parties in which the parties each act knowledgeably and prudently. The process in so determining the fair market value of an investment (the "Valuation") will be determined using the objective, observable, unadjusted quoted market price for an identical investment in an active market on the measurement date, if available. In the absence of an objective, observable, unadjusted quoted market price for an identical investment in an active market on the measurement date, the valuation must represent VCMI's best estimate of the market value.

VCMI values client holdings based on, first, custodian data that is downloaded to VCMI's portfolio accounting software and reconciled with the custodian records. Pricing for valuations is downloaded daily by Tamarac based on the previous day's closing prices from Charles Schwab. Should the client custodian pricing not be available, secondary custodian pricing is utilized. Should neither of these options be available, pricing through Bloomberg via manual entry is utilized.

If a security cannot be priced in accordance with the above, prices are determined by VCMI's Fair Market Valuation Committee.

The Fair Market Valuation Committee is comprised of the Managing Director and Director of Investments. The Compliance Department is an advisor to this committee, not a voting member. The Committee, in its discretion, may rely on sources of information deemed accurate and appropriate.

## **ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION**

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### **COMPENSATION WE PAY FOR CLIENT REFERRALS**

#### **Wealthramp, Inc.**

Vision Capital Management, Inc. participates as an advisor on the Wealthramp Referral Platform, through which we receive referrals from Wealthramp, Inc. ("Wealthramp"), a registered investment adviser. Vision Capital Management, Inc. is independent and not affiliated with Wealthramp. Wealthramp is a consultant and independent contractor and does not supervise or control Vision Capital Management, Inc., and has no responsibility or oversight for our provision of investment management or other advisory services.

We pay referral fees to Wealthramp for each solicited client based on our assets under management attributable to each client referred by Wealthramp. Wealthramp's role is to introduce prospective clients to Vision Capital Management, Inc. and does not constitute a recommendation or endorsement of our particular investment management services or strategies. The referral fee shall be equal to 25% of gross fees received in the first year from the referred client, 15% in the second year, and 10% thereafter for as long as the solicited client is retained by us.

Our relationship with Wealthramp is limited to the referral platform. We use no other services provided by Wealthramp or any of its affiliates. Under an agreement with Wealthramp, we have agreed to not charge clients more than the standard range of

advisory fees disclosed in our Form ADV 2A Brochure to cover solicitation fees paid to Wealthramp as part of the Wealthramp Referral Platform.

Currently, we have no third-party solicitation arrangements other than our participation in the platform listed above.

## **BENEFITS FROM CUSTODIANS**

### General

We receive no compensation for suggesting a particular broker or bank as your custodian. However, certain custodians provide products and services that benefit us and our client accounts. Some of these other products and services assist us in managing and administering client accounts. These include software and other technology that:

- provide access to client account data (such as trade confirmations and account statements)
- facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts)
- provide research, pricing information, and other market data
- facilitate payment of our fees from our clients' accounts
- assist with back-office support, recordkeeping, and client reporting

Many of these services may be used to service all or a substantial number of our accounts, including accounts not maintained with that particular broker. These products and services benefit us by allowing us to service our clients more quickly and accurately.

Various brokers also make available to us other services intended to help us manage and further develop our business. These services may include:

- publications and conferences on practice management
- information technology
- business succession planning
- regulatory compliance

- marketing

In addition, brokers may make available, arrange and/or pay for these types of services when provided to us by independent third parties. The brokers 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 us. As a fiduciary, we seek to act in our clients' best interests. However, our recommendation that clients maintain their accounts with these brokers may be based in part on the benefit of these products and services, and not solely on the nature, cost, or quality of custody or brokerage services these brokers provide. Although this may create a potential conflict of interest, we believe these products and services are in the best interests of our clients.

## **ITEM 15 – CUSTODY**

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Your assets are required to be held by a bank, registered broker-dealer, or other “qualified custodian.” We are not a qualified custodian and do not hold your assets. Unless otherwise agreed through your signed authorization in our Investment Advisory Agreement, we deduct advisory fees directly from your account which is considered limited custody. We have custody of assets where you have a standing letter of authorization (“SLOA”) with your custodian to wire money or move money from your account to a third party. For any situation where we are deemed to have custody of your assets, your approval is required in advance. As a firm with custody of client assets, we are required to have an annual surprise custody exam. As a part of this exam, you may be contacted by our auditors (Geffen Mesher) and requested to provide information in relation to your statement of assets provided to you by Vision Capital Management and your statement of assets provided to you by your custodian. We kindly request you participate if contacted.

You should receive statements directly from your custodian at least quarterly. We urge you to carefully review the custodial statements and compare them to the reports we send you. The information in our reports may vary from your custodial statements based on accounting procedures, reporting dates or valuation methodologies of certain securities. If the information from your custodian differs from the information we provide, we encourage you to contact our Chief Compliance Officer.

## **ITEM 16 – INVESTMENT DISCRETION**

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### **GENERAL**

Our authority in managing your account includes the full discretionary power to purchase, sell, and exchange securities and other instruments, exercise all rights conferred on the holder of such assets, and reinvest all proceeds.

Your agreement with us gives us the authority to exercise full discretion, except for filing claims in connection with class action settlements, as described below. In addition, we observe investment limitations and restrictions that you provide to us in writing. Any restrictions must be provided in writing by the client. We are not liable for implementing investment restrictions or decisions suggested by a client's attorneys, CPA, or other third parties.

### **CLASS ACTION CLAIMS**

We provide class action litigation monitoring and securities claim filing services through an independent third party, Institutional Shareholder Services ("ISS"). As a client of Vision, you are included in this service unless you choose to opt-out. You may change your opt-out election at any time by notifying us in writing. We have the right to change the provider of this service.

Because we are providing this service through a vendor, we do not monitor class action suits or process claim forms on your behalf (whether or not you participate in the service ISS provides). We are not responsible or liable for: (a) any assistance we provide the vendor concerning monitoring or processing class action claims or (b) any vendor act in monitoring or processing such claims.

## **ITEM 17 – VOTING CLIENT SECURITIES**

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### **GENERAL**

Institutional Shareholder Services ("ISS") is our proxy voting vendor. We outsource all proxy voting services to ISS and have adopted the ISS annual voting guidelines based on their research and due diligence. ISS votes the proxies, records voting decisions, keeps record of votes and reasons for voting, all on behalf of our participating clients. Upon your written request, you may vote your own proxies.

We may disregard the ISS voting guidelines if we determine your best interest would be served by deviating from ISS' voting recommendation. Additionally, we monitor the voting done by ISS to ensure that all votes are cast when eligible.

You may obtain a copy of the ISS proxy voting guidelines or information on how your proxies were voted by contacting our Chief Compliance Officer using the contact information on the cover page of this brochure.

### **DIRECTED VOTING**

All of our clients may direct our vote on specific matters, but they must do so in writing.

### **ITEM 18 – FINANCIAL INFORMATION**

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We must disclose any financial condition that could impair our ability to meet our contractual obligations to you. We must also disclose if we have been the subject of any bankruptcy proceedings within the last 10 years.

We have no such financial condition to disclose to you, and we have never been the subject of any bankruptcy proceeding.

Under no circumstances do we require or solicit payment of fees in excess of \$1,200 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement.