



**VZD Capital Management LLC**  
where clients come first

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*Form ADV Part 2A - Firm Brochure*

*Date of Brochure: March 27, 2017*

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This brochure provides information about the qualifications and business practices of VZD Capital Management, LLC. If you have any questions about the contents of this brochure, please contact us by telephone at (816) 726-7066 or email at [ethel@vzdcap.com](mailto:ethel@vzdcap.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Registration as an investment advisor does not imply a certain level of skill or training.

Additional information about VZD Capital Management is also available online at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov), you can view the Firm's information on this website by searching for VZD Capital Management. You can search for information by using the Firm's name or CRD number. The CRD number for VZD Capital Management is 166514.

## Item 2 - Material Changes

This Brochure, dated March 27, 2017, represents the annual amendment to VZD Capital Management, LLCs previously published Brochure.

Since the filing of the firm's last annual update Brochure on March 31, 2016, we have made various minor changes to our Brochure. However, no material changes were made.

Pursuant to regulatory requirements, we will ensure that you receive a summary of any material changes to this and subsequent Disclosure Brochure within 120 days after our fiscal year ends. Our fiscal year ends on December 31 so you will receive the summary of material changes no later than April 30 each year. At that time we will offer a copy of the most current Disclosure Brochure. We may also provide other ongoing disclosure information about material changes as necessary.

Currently, our Brochure may be requested by contacting us at (816) 726-7066 or email at [ethel@vzdcap.com](mailto:ethel@vzdcap.com). VZD Capital believes that communication and transparency are the foundation of its relationship with clients and will continually strive to provide clients with complete and accurate information at all time. As with all firm documents, clients and prospective clients are encouraged to review this brochure in its entirety and are encouraged to ask questions at any time prior to or throughout the engagement.

Additional information about VZD Capital Management, LLC is also available via the SEC's web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's web site also provides information about any person affiliated with the firm who are registered as investment advisor representatives of the firm.

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#### **Item 4 – Advisory Business**

VZD Capital Management is a fee-based, discretionary, Registered Investment Advisory firm under the laws of the State of Kansas.

- The firm’s CEO and Chief Compliance Officer is Ethel J. Davis. Ms. Davis is also the sole owner of the firm. Details regarding her educational background and business experience, along with other information, are provided in the Brochure Supplement.
- VZD Capital Management was founded in December 2012 and has been a registered as an investment advisor since July 2013.
- VZD Capital Management offers and specializes in providing customized investment management services as further described in the following pages.

Clients are advised that the investment management and recommendations offered by VZD Capital Management does not constitute legal or accounting advice. We recommend that you coordinate and discuss the impact of all financial advice with your attorney and/or accountant. Clients are advised that it is imperative that they inform VZD Capital Management promptly of any changes in their financial circumstances.

#### **Firm Description**

VZD is a fee-based, independent, investment advisory firm. The firm *does not* sell any products including annuities, insurance, or other financial products and do not invest client assets in partnerships or other commissioned products, nor affiliated with entities that sell financial products or securities that provides the firm with an on-going commission. No commissions or finder’s fees of any form are accepted.

- **Investment Management Services** – Through our Investment Management Services we provide clients with continuous and on-going supervision over client investment accounts. VZD continuously monitors a client’s account, make investment decisions, and make trades in the account as necessary.
- **Portfolio Consulting** – VZD offers hourly consultation to clients who don’t meet the required minimum for discretionary investment management. This service allows the client to meet with VZD on an hourly rate of \$250 - \$500. Depending on the complexity and the time necessary the services might qualified for a fixed rate versus a flat fee. This will be determine after the assessment and evaluation process.
- **Workshops & Seminars** – VZD have a series of independent financial workshops and seminars included but not limited to passive investment management, financial life cycles, empowerment series and philanthropic and estate planning solutions.

#### **Types of Investments:**

VZD provides customized Investment Management Services by constructing each client’s account holdings through the use of designated classes of investments, including, without limitation, stocks, bonds, ETF’s and preferred stocks. We select investments based on a proprietary screening process which takes into consideration – market capitalization, risk and reward, debt-to-equity ratios, beta, and price-equity-growth factors. Based upon unique needs, we will provide an in-depth assessment and evaluation to determine an appropriate asset allocation and investment guidelines to follow.

**Customized Advisory Services to Individual Need of Clients:**

VZD Capital Management’s services are always provided based on the individual needs of each client. This means, for example, that you, the client, are given the ability to impose restrictions on the accounts we manage, including specific investment selection and sectors. While clients may impose restrictions on certain industries or specific companies, such practice is discouraged as it will potentially cause the performance of the account to be different than our non-restricted strategies. We work with each client on a one-on-one basis through interviews and written questionnaires in order to evaluate the client’s investment objectives and financial situation.

Individualized investment objectives for each client account or (“client’s household”) are documented in writing and acknowledged by the client. Each client’s portfolio is customized based upon the objectives, investment strategy and risk tolerance. It is important that clients understand that VZD Capital Management manages investments for other clients and may give them advice or take actions for them or for personal accounts that is different from the advice we provide or actions we take for a specific client. The firm is not obligated to buy, sell or recommend to a specific client any security or other investment that we may buy, sell or recommend for any other client or for personal accounts.

Conflicts may arise in the allocation of investment opportunities among accounts that we manage. The firm will strive to allocate investment opportunities believed appropriate for your account(s) and other accounts involved. However, there can be no assurance that a particular investment opportunity that comes to our attention will be allocated in any particular manner.

**Clients Assets Managed by VZD Capital Management:**

The amount of client asset managed by VZD Capital Management totaled \$16,154,334.59 as of March 31, 2016. The entire amount is managed on a discretionary basis.

**Item 5 - Fees and Compensation**

The fee-based, discretionary investment management service is the primary offering subscribed by the majority of our clients. Clients are charged a fee based on a percentage of assets under management. The following is our standard fee schedule used for all clients.

<b><u>Assets Under Management</u></b>	<b><u>Annual Percentage Fee</u></b>
\$200,000 to \$499,999	1.00%
\$500,000 to 2,999,999	.80%
\$3,000,000 to \$9,999,999	.60%
\$10,000,000 and over	.50%

Minimum account size for VZD Capital Management, Inc. is currently \$200,000, subject to change. Note that exceptions are made under certain circumstances.

The fees are billed in arrears at the end of each calendar quarter based upon the fair market value of the client’s account at the end of the previous quarter. Fees will be debited from the account in accordance with client authorization in the Investment Advisory Agreement.

### **Business Consulting Fees:**

VZD Capital Management offers portfolio consultation to clients whose assets does not meet the minimum requirement for our discretionary investment management services. Depending on the complexity and time spent in providing a detailed roadmap an hourly rate of \$250.00 to \$500.00. Plus, VZD coordinates with other professionals such as - Estate Planning Attorneys, CPAs and other centers of influence to work on special projects as requested by the client or prospect.

VZD may offer educational seminars, workshops or presentations to add value to clients and prospects on relevant investment subject matters. Depending on the venue, VZD may charge participants to attend such events and can range in price depending on venue, overhead costs, food and beverages. VZD Capital will keep a record of such attendants and other required information to be in compliance with investment regulations.

### **Additional Fees:**

Unless the client directs otherwise or an individual client's circumstances require, VZD Capital shall generally recommend that *Charles Schwab* serve as the broker-dealer/custodian for client investment management assets. Broker-dealers such as *Schwab* charge brokerage commissions and/or transactions fees for effecting certain securities transactions as following:

- Trade commissions: broker charges when buying or selling securities
- Prime broker fees non-custodial fees on fixed income trades
- Mutual fund fees: various fees charged by the mutual fund
- Exchange traded funds: various fees charged by the fund

### **Termination of Advisory Services:**

Either party (the client or VZD Capital Management) may terminate the *Investment Advisory Agreement* for services at any time by providing written notice to the other party. The client will be responsible for the final payment of all earned fees. Fees will accrue through the agreed upon termination date, will be prorated based on the number of days services are provided and the amount of assets under management.

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

VZD does not charge performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client) and consequently does not simultaneously manage performance-based and non-performance-based accounts.

### **Item 7 - Types of Clients**

VZD's services are available to the following types of clients:

- Affluent individuals and multigenerational families
- Small Businesses and Entrepreneurs

### **Minimum Investment Amounts Requirement**

VZD Capital offers investment advisory services on a discretionary basis. VZD Capital requires an annual minimum investment of \$200,000 for investment advisory services. VZD Capital, in its sole discretion, may charge a lesser investment management fee and/or waive or reduce its minimum asset requirement based upon certain criteria (e.g., anticipated future earning capacity, anticipated future additional assets, related accounts, account composition, negotiations with client, etc.)

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

VZD’s clients are never put in a predetermined investment solution. The cornerstone of our investment philosophy is to provide customized portfolios to meet each client’s individual needs and goals. Clients will never be placed in a “cookie cutter” approach but can be assured that the account will reflect their goals and objectives.

VZD utilizes a proprietary process that identifies high quality companies that can grow their earnings by double digits but can be purchased at a reasonable valuation. We utilize a bottom up, growth-at-a-reasonable price methodology and begin with companies that have one billion in market capitalization or greater. We consider the following aspects of a company to determine if the company is appropriate for our clientele:

- ✓ Good management teams
- ✓ Double-digit earnings growth
- ✓ Strong financial condition
- ✓ Solid balance sheet
- ✓ Strong free cash flow
- ✓ Good return on equity
- ✓ Low level of debt to equity ratio

In order to employ a bottom-up, fundamental approach, we are interested in delving into the companies, looking at their income statements, balance sheets, profitability, competitive positioning, segmentation of their business and their overall business model.

VZD will generally own plus or minus 50 stocks based on the client’s equity guidelines. Typically, we consider a full position at a 4 or 5% in one name and not more than 30% or so in an individual sector. Those are some risk limitations that we employ to protect our clients on an up-side or downside investment environment. This strategy will allow us to participate in a bull market cycle for an extended period of rising prices. The portfolio manager will proactively monitor positions to keep them within the recommended guidelines. Generally, we might purchase a half position and dollar-cost average depending on the economic environment and intrinsic value of the company.

VZD utilizes the following resources for research opportunities included but not limited to:

- ✓ Independent financial analysts reports
- ✓ Public research reports by various businesses
- ✓ Annual report and prospectus
- ✓ Company press releases
- ✓ Subscription and specific software that enhances our ability to research equity, fixed income securities and preferred stock

VZD Capital's primary investment strategies – long term purchases and short term purchases are fundamental investment strategies. However, every investment strategy has its own inherent risk and limitations. For example longer term investment strategies require a longer investment time period to allow for the strategy to potentially develop.

Shorter term investment strategies require a shorter investment time period to potentially develop but, as a result of more frequent trading, may incur higher transactional costs when compared to a longer term investment strategy.

Currently, VZD Capital primarily allocates client investment assets among various individual equity (stocks), debt (bonds) and fixed income securities, and exchange traded funds ("ETFs") on a discretionary basis in accordance with the client's investment guideline and policy.

#### **Item 9 – Disciplinary Information**

VZD Capital has not been the subject of any disciplinary actions. The Firm is currently not subject to, nor has ever been subject to, any material legal or disciplinary events,

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

VZD Capital Management is an independent investment advisory firm and only provides investment advisory services. The Firm is not engaged in any other business activities and offers no other services than those described in this Disclosure Brochure. We do not have any arrangements whereby we recommend (or refer) clients to a third-party investment advisor, nor do we receive referrals from a third-party investment advisor.

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

VZD Capital Management created a Code of Ethics to help supervise the conduct of employees and/or independent consultants. The Code of Ethics describes the firm's fiduciary duties and responsibilities to clients, and details practices for reviewing the personal securities transactions of supervised laws, addresses insider trading, and details possible for disciplinary measures for violations. Clients may request a copy of the Code of Ethics by sending a written request to Ethel J. Davis, CEO and Portfolio Manager by email at [ethel@vzdcap.com](mailto:ethel@vzdcap.com) or by calling (816) 726-7066.

Additionally, each Access Person must provide the Chief Compliance Officer or his/her designee with a written report of the Access Person's current securities holding at least once each twelve (12) month period and quarterly transaction reports to the firm's Chief Compliance Officer. VZD also requires prior approval from the Chief Compliance Officer for investing in any IPOs or private placements.

VZD Capital Management and/or Access Person may buy or sell securities for their personal accounts identical to or different than those recommended to clients. However, no person employed by VZD is allowed to favor his or her own interest over that of a client or make personal investment decisions based on the investment decisions of advisory clients.



## **Item 12 – Brokerage Practices**

However, clients of VZD's Investment Management Services, we will be responsible for the implementation of recommendations and are therefore responsible to ensure that the client receives the best execution possible. VZD is an independent fee-based advisory but utilizes the institutional investment platform of Charles Schwab & CO. Inc. Therefore, clients will generally need to open or transfer their accounts to Schwab in order to participate in VZD Capital Management's advisory services.

Please note that not all investment advisors recommend or require the use of a specific broker/dealer. Some investment advisors allow clients to select the broker/dealer. However, for compliance and operational efficiency purposes, we have decided to require all investment management clients to open accounts through the Institutional Division of Charles Schwab & Co., Inc. unless an exception is granted by the Chief Compliance Officer's approval. In contrast, the clients of the consulting services may select their own custodian and does not have to change custodians to participate in such engagement.

Prior to engaging VZD Capital to provide investment management services, the client will be required to enter into a formal *Investment Advisory Agreement* with VZD Capital setting forth the terms and conditions under which VZD Capital shall manage the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Factors that VZD Management considers in recommending *Schwab* (or any other broker-dealer/custodian to clients) include historical relationship with VZD Capital, financial strength, reputation, execution capabilities, pricing and service. Although the commissions and/or transaction fees paid by VZD Capital's client shall comply with VZD Capital's duty to obtain best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where VZD Capital determines, in good faith, that the commission/transaction fee is reasonable in relation to the value of the brokerage services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of execution capability, commission rates, and responsiveness. Accordingly, although VZD Capital will seek competitive rates, it may not necessarily obtain the lowest possible commission rate for client account transactions. The brokerage commissions or transaction fee charged by the designated broker-dealer/custodian are exclusive of, and in addition to, VZD Capital's investment management fee.

There is no corresponding commitment made by VZD Capital to *Schwab* or any other entity to invest any specific amount of percentage of client's assets in any specific exchanged-traded funds (ETFs) or securities or other investment products as a result of the above arrangement.

VZD Capital does not receive referrals from broker-dealers. VZD Capital does not accept directed brokerage arrangements (when a client requires that account transactions be effected through a specific broker-dealer).

**Please Note:** In the event that the client directs VZD Capital to effect securities transactions for the client's accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transactions costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements that may be available through VZD Capital.

To the extent that VZD Capital provides investment management services to its clients, the transaction for each client account generally will be effected independently, unless VZD Capital decides to purchase or sell the same securities for several clients at approximately the same time. VZD Capital may (but is not obligated to) combine or "bunch" such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among VZD Capital's clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. VZD Capital shall not receive any additional compensation or remuneration as a result of such aggregation.

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

For those clients to whom VZD Capital provides discretionary investment management services, account reviews are conducted on an ongoing basis by VZD Capital's Principal and/or Portfolio Manager. Portfolios are reviewed on a quarterly, semi-annual and annual basis per the client's preference. Reviews of all accounts are conducted solely by Ethel J. Davis, CEO and Portfolio Manager.

VZD Capital *may* conduct account reviews on a periodic basis due to a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and client request.

Clients will receive account statements, confirmation and other written information regarding their investment directly from their broker/dealer or qualified custodian. VZD Capital Management prepares and delivers various written reports to clients for meetings and/or requested by the client. Typically, VZD provides such reports at the periodic reviews conducted with the client as agreed. Clients are encouraged to always compare reports provided by VZD to the account statements delivered from the broker/dealer or qualified custodian.

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

It is VZD Capital Management, Inc., policy not to engage solicitors or to pay related or non-related persons for referring potential clients to our firm. It is VZD Capital's policy not to accept or allow our related persons to accept any form of compensation, including cash, sales awards or other prizes, from a non-client in conjunction with the advisory services we provide to our clients.

### **Item 15 - Custody**

Per the disclosure in the “Fees and Compensation” section (Item 5) of this Brochure that our firm directly debits advisory fees from client accounts.

As part of this billing process, the client’s custodian is advised of the amount of the fee to be deducted from that client’s account. On a least a quarterly basis, the custodian is required to send to the client a statement showing all transactions within the account during the reporting period.

### **Item 16 - Investment Discretion**

Clients hires VZD Capital to provide **discretionary** investment management services, in which case we place trades in a client’s account **without** contacting the client prior to the trade. This authority permits VZD to determine the type of securities to fulfill the agreed investment guideline policy(s).

Our discretionary authority includes the ability to do the following without contacting the client:

- Determine the security to buy or sell; and/or
- Determine the amount of the security to buy or sell

Client gives us discretionary authority when they sign a Limited Power of Attorney, Institutional Account Application and the VZD Investment Advisory Agreement.

### **Item 17 - Voting Client Securities**

As a matter of firm policy, we do not vote proxies on behalf of clients. Therefore, it is the client’s responsibility to vote all proxies for securities held in accounts managed by our firm.

### **Item 18 - Financial Information**

As an advisory firm that maintains discretion over client accounts we are also required to disclose any financial condition that is reasonable likely to impair our ability to meet our contractual obligations. VZD Capital Management, Inc. has no additional financial circumstances to report.

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

Ethel J Davis is Managing Member of VZD Capital Management, Inc. For more information about the above individual, please refer to Part2B Brochure Supplement.

Kansas registered firms are also required to disclose whether the firm carries professional liability insurance coverage for its investment advisory services. The firm is not required to carry, and currently does not purchase, such additional insurance coverage.

Neither VZD Capital accepts performance-based fees.

Neither VZD Capital, nor its representative, has been the subject of any disciplinary actions, nor have any relationships or arrangement with any issuers of securities.

Neither VZD Capital, nor its representative, has any relationships or arrangement with any issuers of securities.

**ANY QUESTIONS:** VZD Capital's Chief Compliance Officer, Ethel J Davis, remains available to address any questions that a client or prospective client may have regarding the above disclosures and arrangements.



