ITEM 1 – COVER PAGE

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Part 2A of Form ADV: Firm Brochure

March 19, 2024

This brochure provides information about the qualifications and business practices of Vanguard Capital Wealth Advisors, LLC ("Vanguard Capital"). If you have any questions about the contents of this brochure, please contact us at 949-474-0490. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority. Vanguard Capital is a Registered Investment Adviser. Registration as an Investment Adviser with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

Additional information about Vanguard Capital is available on the SEC's website at www.adviserinfo.sec.gov. You can search this site by a unique identifying number, known as an IARD number. The IARD number for Vanguard Capital is # 285052.

ITEM 2 – MATERIAL CHANGES

This section of the Brochure will address only those "material changes" that have been incorporated since our last delivery or posting of this document on the SEC's public disclosure website (IAPD) www.adviserinfo.sec.gov.

The material changes in this brochure from the last annual updating amendment of Vanguard Capital Wealth Advisors, LLC on March 22, 2023, are described below. Material changes relate to Vanguard Capital Wealth Advisors, LLC's policies, practices or conflicts of interests.

- Vanguard Capital Wealth Advisors, LLC updated its address. (Cover page)

If you would like another copy of this Brochure, please download it from the SEC Website as indicated above or you may contact our Chief Compliance Officer, Vincent Polivka, vpolivka@vcapwa.com at 844-861-7505.

We encourage you to read this document in its entirety.

ITEM 3 – TABLE OF CONTENTS

ITEM 4 – ADVISORY BUSINESS

This Disclosure document is being offered to you by Vanguard Capital Wealth Advisors, LLC ("Vanguard Capital" or "Firm") about the investment advisory services we provide. It discloses information about our services and the way those services are made available to you, the client.

Our Firm is registered as an Investment Adviser and is owned by John Borcich, Vincent Polivka, and Julia Youngblood. We are committed to helping clients build, manage, and preserve their wealth, and to provide guidance that helps clients to achieve their stated financial goals. We specialize in counseling our clients to behave in ways that preserve and accrete wealth. We will offer an initial complimentary meeting upon our discretion; however, investment advisory services are initiated only after you and Vanguard Capital execute an Investment Management Agreement.

Investment Management Services

We manage advisory accounts on a discretionary basis. Once we determine a client's profile, income need, and investment plan, we execute the day-to-day transactions with or without prior consent, depending on the client's agreement with our Firm. Account supervision is guided by the client's written profile and investment plan. We may accept accounts with certain restrictions if circumstances warrant. We primarily allocate client assets among various equities, Exchanged Traded Funds ("ETFs"), mutual funds and debt securities in accordance with their stated investment objectives and income needs.

In personal discussions with clients, we determine their date and dollar specific objectives, time horizons, risk tolerance and liquidity and income needs. As appropriate, we also review their prior investment history, as well as family composition and background. Based on client needs and goals, we develop the client's comprehensive financial and investment plan. We then create and manage the client's investments based on their plan pursuant to achieving their goals. It is the client's obligation to notify us immediately if circumstances have changed with respect to their goals and income needs.

Once we have determined the appropriate strategy for clients or client businesses and executed the strategy, we will provide ongoing investment review and management services. This approach requires us to periodically review client portfolios.

With our discretionary relationships, we will make changes to the portfolio, as we deem appropriate. As a policy we rebalance client portfolios at least annually to keep the target allocation intact. We tailor our advisory services to meet the needs of our clients and seek to ensure that your portfolio is managed in a manner consistent with those needs and objectives. You will have the ability to leave standing instructions with us to refrain from investing in particular industries or invest in limited amounts of securities.

Clients may engage us to advise on certain investment products that are not maintained at their primary custodian, such as annuity contracts and assets held in employer sponsored retirement plans and qualified tuition plans (i.e., 529 plans).

You are advised and are expected to understand that our past performance is not a guarantee of future results. Certain market and economic risks exist that adversely affect an account's performance. This could result in capital losses in your account.

Consulting Services

We provide investment advice on isolated areas of concern such as estate planning, real estate, retirement planning, or any other specific topic. Additionally, we provide non-securities advice related to estate planning, insurance, real estate, and annuities. In these cases, you will be required to select your own investment managers, custodians, and insurance companies to implement consulting recommendations. If you need brokerage and/or other financial services, we will recommend one of several investment managers, brokers, banks, custodians, insurance companies or other financial professionals ("Firms"). You must independently evaluate these Firms before opening an account or transacting business and have the right to effect business through any firm you choose. You have the right to choose whether to follow the consulting advice that we provide.

Disclosure Regarding Rollover Recommendations

We are fiduciaries under the Investment Advisers Act of 1940 and when we provide investment advice to you regarding your retirement plan account or individual retirement account, we are also fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. We have to act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests.

A client or prospect leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in the former employer's plan, if permitted, (ii) roll over the assets to the new employer's plan, if one is available and rollovers are permitted, (iii) rollover to an Individual Retirement Account ("IRA"), or (iv) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences). Our Firm may recommend an investor roll over plan assets to an IRA for which our Firm provides investment advisory services. As a result, our Firm and its representatives may earn an asset-based fee. In contrast, a recommendation that a client or prospective client leave their plan assets with their previous employer or roll over the assets to a plan sponsored by a new employer will generally result in no compensation to our Firm. Our Firm therefore has an economic incentive to encourage a client to roll plan assets into an IRA that our Firm will manage, which presents a conflict of interest. To mitigate the conflict of interest, there are various factors that our Firm will consider before recommending a rollover, including but not limited to: (i) the investment options available in the plan versus the investment options available in an IRA, (ii) fees and expenses in the plan versus the fees and expenses in an IRA, (iii) the services and responsiveness of the plan's investment professionals versus those of our Firm, (iv) protection of assets from creditors and legal judgments, (v) required minimum distributions and age considerations, and (vi) employer stock tax consequences, if any. Our Firm's Chief Compliance Officer remains available to address any questions that a client or prospective client has regarding the oversight.

Wrap Fee Programs

We do not provide a Wrap Fee Program.

Assets

As of December 31, 2023, we managed $ 194,600,840 in client assets on a discretionary basis. The firm does not manage any non-discretionary assets.

ITEM 5 - FEES AND COMPENSATION

Investment Management Fees and Compensation

Our Firm charges an advisory fee as compensation for providing Investment Management services on client accounts. These services include advisory services, investment supervision, and other account-maintenance activities. Our custodian charges custodial fees, redemption fees, retirement plan and administrative fees or commissions. Financial planning services by our firm are included in advisory fees outlined below. See Additional Fees and Expenses below for additional details on fees that may apply to your account.

The fees for investment management are based on an annual percentage of assets under management and are applied to the household asset value on a pro-rata basis and billed quarterly in arrears. The quarterly fee will be calculated on the quarter end balance of the account. Fees are assessed on all assets under management, including securities, cash and money market balances. Margin account balances are not included in the fee billing.

Our maximum investment advisory fee is 1.50% or we may negotiate a lower advisory fee. The specific advisory fees are set forth in your Investment Management Agreement. Fees may vary based on the size of the account, complexity of the portfolio, extent of activity in the account or other reasons agreed upon by us and you as the client. In certain circumstances, our fees and the timing of the fee payments may be negotiated. Our employees and their family related accounts are charged a reduced fee for our services.

Unless otherwise instructed by the Client, we will aggregate related client accounts for the purposes of determining the account size and annualized fee. The common practice is often referred to as "house-holding" portfolios for fee purposes and may result in lower fees than if fees were calculated on portfolios separately. Our method of house-holding accounts for fee purposes looks at the overall family dynamic and relationship. When applicable and noted in Appendix A of the Investment Management Agreement, legacy positions will also be excluded from the fee calculation.

The independent qualified custodian holding your funds and securities will debit your account directly for the advisory fee and pay that fee to us. You will provide written authorization permitting the fees to be paid directly from your account held by the qualified custodian. Further, the qualified custodian agrees to deliver an account statement to you on a monthly basis indicating all the amounts deducted from the account including our advisory fees.

Either Vanguard or you may terminate the management agreement immediately upon written notice to the other party. The management fee will be pro-rated to the date of termination, for the quarter in which the cancellation notice was given and the fee will be billed to your account. Upon termination, you are responsible for monitoring the securities in your account, and we will have no further obligation to act or advise with respect to those assets. In the event of client's death or disability, Vanguard will continue management of the account until we are notified of client's death or disability and given alternative instructions by an authorized party.

We will not require prepayment of more than $1200 in fees per client, six (6) or more months in advance of providing any services.

Consulting Fees

We provide consulting services for clients who need advice on a limited scope of work. We will negotiate consulting fees with you. Fees for Consulting Services will vary based on the extent and complexity of the consulting project.

Vanguard Capital's standard hourly billing rate for non-portfolio management clients seeking independent financial consultation, on a per project basis, at a rate of $200.00 per hour.

Either party may terminate the agreement. Upon termination, fees will be prorated to the date of termination and any earned portion of the fee will be billed to you as described in the Agreement.

Additional Fees and Expenses

In addition to the advisory fees paid to our Firm, clients also incur certain charges imposed by other third parties, such as broker-dealers, custodians, trust companies, banks and other financial institutions (collectively "Financial Institutions"). These additional charges include custodial fees, charges imposed by a mutual fund or ETF in a client's account, as disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Our brokerage practices are described at length in Item 12, below. Neither our Firm nor its supervised persons accept compensation for the sale of securities or other investment products. Further, our firm does not share in any of these additional fees and expenses outlined above.

ITEM 6 - PERFORMANCE BASED FEES AND SIDE-BY-SIDE MANAGEMENT

We do not charge advisory fees on a share of the capital appreciation of the funds or securities in a client account (so-called performance-based fees) nor engage in side-by-side management.

ITEM 7 - TYPES OF CLIENTS

We provide investment advice to individuals and high net worth individuals. The minimum initial account value for opening an account with our firm is $50,000. We reserve the right to make exceptions, at our discretion, on a case by case basis.

ITEM 8 - METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Methods of Analysis

Vanguard Capital Wealth Advisors employ numerous strategies and methods in determining which investments are selected for our customers including the following:

1) Review of the customer's objectives, time horizon, need for income, and their willingness to accept risk; 2) Observation and analyses of the relative and comparable valuation of various asset classes including government bonds, equities, money market instruments, and precious metals; 3) Analyzing general economic and financial conditions and trends such as monetary, fiscal and regulatory policy; 4) Evaluating investments' potential for generating positive cashflows from either interest or dividends. 5) Estimating future security or stock pricing based on consensus earnings growth and the current economic outlook. We try to answer the question: "Which type of investments should we acquire for a specific client, based on their risk reward profile and the time horizon conforming to their financial goals?"

When we purchase individual stocks, we attempt to identify companies with capable management teams able to adapt to changing market conditions, introducing timely product or services, and which demonstrate financial viability by demonstrable liquidity and capital market access.

In addition, we monitor and attempt to "winnow out" or screen investments that from time to time are underperforming or causing capital losses for our customers. While it is not possible to completely eliminate security specific risk, we believe proper risk management involves observing and acting to reduce or eliminate negatively performing investments, before they overwhelm other positive performing components of the client portfolio. We may from time to time use automated stop loss orders to liquidate securities which are under performing or causing unacceptable capital losses to a portfolio.

Investment Procedures

We endeavor to diversify among individual securities or funds with no individual stock representing more than 20% of a client's portfolio, and no industry specific sector exceeding 50% of the portfolio, excepting a customer's directive to hold a higher percentage in a given security or fund. However, we may, from time to time, based on a client's risk profile invest in broad based stock or bond indices which could comprise up to 100% of a customer's portfolio. Such broad-based indices may include, but are not limited to, the S&P 500, Dow Jones Industrial Index, S&P Mid-cap Index, Russell 1000 or 2000 Index, and various U.S. Government securities indices, or corporate bond indices. We will overweight a particular industrial sector if we feel the industry will experience unusual growth and conversely underweight those industries and sectors, we feel will experience inferior performance.

For those clients who are income oriented, or to reduce risk in volatile equity markets, Vanguard Capital will invest in various fixed income assets including common and preferred stocks, government and corporate bonds, fixed income exchange traded funds, certificates of deposit, money market funds, real estate investment trusts, and master limited partnerships. For those clients who qualify, we will write covered calls on securities positions.

Research & Market Experience

Our advisors and managers have broad and direct experience in managing customer accounts through numerous major bull and bear markets, market disruptions and crises, and many economic expansions and contractions. In addition, our team of professionals may, from time to time, consult regarding general market strategies with experienced analysts and third-party investment advisors who are associated with our asset custodians, and unaffiliated mutual funds and exchange traded funds.

Long-Term Growth

Generally, we prefer to invest our customers' capital for intermediate to long-term growth opportunities with individual holdings typically being held from 1 to 3 years. However, in the event we identify an investment which has already garnered an acceptable rate of return or may be suffering a persistent negative reversal in price, we may sell the security prior to achieving our one year hold objective. Such a strategy may cause short term capital gains taxes to be higher for some clients. However, when a customer's tax status is tax sheltered or deferred, such as exists in a qualified retirement plan, we will more frequently reduce or eliminate specific investments to capture or lock in profits. Maintaining steady growth while avoiding excessive risk is our primary objective. Our professionals would prefer to deliver consistent "risk adjusted returns", rather than attempt to achieve higher returns with little or no risk control.

Multiple Perspectives

As we function in a global marketplace today, we believe in the value of multiple perspectives. Our advisors are frequently communicating and consulting with other advisors within and outside our organization, including outside third-party advisors, fund managers, and economic, financial and tax professionals. Discussions and analyses about market conditions, industry trends, and specific security opportunities and risks, governmental tax, fiscal and monetary policy occur on an ongoing basis. We believe evaluating the opinions and expertise of others and maintaining an open mind for possible changes to our own internal strategy serves the best interest of our customers.

RISK OF LOSS

Clients must understand that past performance is not indicative of future results. Therefore, current and prospective clients should never assume that future performance of any specific investment or investment strategy will be profitable. Investing in securities involves risk of loss. Further, depending on the different types of investments there will be varying degrees of risk. Clients and prospective clients should be prepared to bear investment loss including loss of original principal.

Because of the inherent risk of loss associated with investing, our Firm is unable to represent, guarantee, or even imply that our services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or declines.

Investors should be aware that accounts are subject to the following risks:

- *Stock market risk*, is the chance that stock prices overall, will decline. The market value of equity securities will generally fluctuate with market conditions. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices. Prices of equity securities tend to fluctuate over the short term as a result of factors affecting the individual companies, industries or the securities market as a whole. Equity securities generally have greater price volatility than fixed income securities.
- *Industry Sector risk* is the chance that significant problems will affect a particular sector, or that returns from that sector will trail returns from the overall stock market. Daily fluctuations in specific market sectors are often more extreme than fluctuations in the overall market.
- *Issuer risk*, which is the risk that the value of a security may decline for reasons directly related to the issuer, such as management performance, financial leverage, and reduced demand for the issuer's goods or services.
- *Non-diversification risk*, is the risk of concentrating investments in a small number of issuers, industries or foreign currencies, including being more susceptible to risks associated with a single economic, political or regulatory occurrence than a more diversified portfolio might be.
- *Value investing risk*, is the risk that value stocks may not increase in price, may not issue the anticipated stock dividends, or may decline in price, either because the market fails to recognize the stock's intrinsic value, or because the expected value was misgauged. If the market does not recognize that the securities are

undervalued, the prices of those securities might not appreciate as anticipated. They also may decline in price even though in theory they are already undervalued. Value stocks are typically less volatile than growth stocks but may lag behind growth stocks in an up market.

- *Smaller company risk* is the risk that the value of securities issued by a smaller company may go up or down, sometimes rapidly and unpredictably as compared to more widely held securities. Investments in smaller companies are subject to greater levels of credit, market and issuer risk.
- *Foreign (non-U.S.) investment risk*, is the risk that investing in foreign securities may result in the portfolio experiencing more rapid and extreme changes in value than a portfolio that invests exclusively in securities of U.S. companies. Investments in emerging markets are generally more volatile than investments in developed foreign markets.
- *Interest rate risk* is the chance that bond prices overall will decline because of rising interest rates. Similarly, the income from bonds or other debt instruments may decline because of falling interest rates.
- *Credit risk* is the chance that a bond issuer will fail to pay interest and principal in a timely manner, or that negative perceptions of the issuer's ability to make such payments will cause the price of that bond to decline.
- *Exchange Traded Fund (ETF) risk*, is the risk of an investment in an ETF, including the possible loss of principal. ETFs typically trade on a securities exchange and the prices of their shares fluctuate throughout the day based on supply and demand, which may not correlate to their net asset values. Although ETF shares will be listed on an exchange, there can be no guarantee that an active trading market will develop or continue. Owning an ETF generally reflects the risks of owning the underlying securities it is designed to track. ETFs are also subject to secondary market trading risks. In addition, an ETF may not replicate exactly the performance of the index it seeks to track for a number of reasons, including transaction costs incurred by the ETF, the temporary unavailability of certain securities in the secondary market, or discrepancies between the ETF and the index with respect to weighting of securities or number of securities held.
- *Short sale risk*, is the risk of entering into short sales, including the potential loss of more money than the actual cost of the investment, and the risk that the third party to the short sale may fail to honor its contract terms, resulting in a loss.
- *Options risk* is the risk that options may be subject to greater fluctuations in value than an investment in the underlying securities. Options and other derivatives

may be subject to counter-party risk and may also be illiquid and more difficult to value. Purchasing and writing put and call options are highly specialized activities and entail greater than ordinary investment risks.

- *Leverage/Margin risk* is the risk that the use of borrowed capital, such as margin, to increase the potential return of an investment may increase the risk of an investment and can magnify the effect of any losses. The use of leverage is a speculative technique and may not be suitable for all investors. Using borrowed money (whether through trading on margin or any other method of borrowing) to finance the purchase of securities involves interest charges and entails greater risk than using cash resources only.
- *Management risk* is the risk that the investment techniques and risk analyses applied by VC may not produce the desired results and that legislative, regulatory, or tax developments, may affect the investment techniques available to VC. There is no guarantee that a client's investment objectives will be achieved.
- *REITs risk,* is the risk that may be associated with the direct ownership of real property, including declines in the value of real estate, risks related to general and local economic conditions, overbuilding and increased competition, increase in property taxes and operating expenses and variations in rental income. REITs are also subject to interest rate risks. When interest rates decline, the value of a REIT's investment in fixed-rate obligations can be expected to rise. Conversely, when interest rates rise, the value of a REIT's investment in fixed-rate obligations can be expected to decline.
- *Cybersecurity Risk*. In addition to the Material Risks listed above, investing involves various operational and "cybersecurity" risks. These risks include both intentional and unintentional events at VC or one of its third-party counterparties or service providers, that may result in a loss or corruption of data, result in the unauthorized release or other misuse of confidential information, and generally compromise our Firm's ability to conduct its business. A cybersecurity breach may also result in a third-party obtaining unauthorized access to our clients' information, including social security numbers, home addresses, account numbers, account balances, and account holdings. Our Firm has established business continuity plans and risk management systems designed to reduce the risks associated with cybersecurity breaches. However, there are inherent limitations in these plans and systems, including that certain risks may not have been identified, in large part because different or unknown threats may emerge in the future. As such, there is no guarantee that such efforts will succeed, especially because our Firm

does not directly control the cybersecurity systems of our third-party service providers. There is also a risk that cybersecurity breaches may not be detected.

Clients are advised that they should only commit assets for management that can be invested for the long term, that volatility can and will occur, and that all investing is subject to risk. Consequently, the value of an account may at any time be worth more or less than the amount initially invested. VC typically invests for the long-term and does not engage in high frequency trading. Such frequent trading may result in increased taxes, brokerage and other transaction costs.

VC does not represent, guarantee or imply that the services or methods of analysis employed by us can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines.

ITEM 9 - DISCIPLINARY INFORMATION

Registered investment advisers such as VC are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's or prospective client's evaluation of VC or the integrity of its management.

In 2010, FINRA fined John Blake-Zuniga $5,000 and suspended him for thirty (30 days), while employed with his prior employer, for failing to properly update his outside business activity disclosures.

After having resigned from his association with broker dealer, Vanguard Capital, a FINRA regulated firm in December 2016; Mr. Blake-Zuniga was conditionally sanctioned with a $25,000 fine and twenty-two month deferred suspension, subject to re-association with any FINRA regulated securities firms. FINRA issued this sanction in April 2017. Mr. Blake-Zuniga has not been associated or affiliated with FINRA regulated securities firms since December 31, 2016. As a result, the stated conditional sanction is being held in abeyance. FINRA initiated its sanctions relating to suitability issues relating to leveraged and/or inverse exchange traded funds, and for failing to disclose loans originated by clients in violation of firm policy.

While Mr. Blake-Zuniga presented written evidence to FINRA regarding his knowledge, due diligence, and appropriate suitability of leveraged and/or inverse exchange traded funds for his customers, and the authorization of all leveraged and/or inverse exchange traded funds by his supervising employer; FINRA regulators did not concur with his assessment. Without admitting or denying the specific findings presented by FINRA, Mr. Blake-Zuniga entered into a Consent Agreement with in order to settle this matter.

ITEM 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

VC engages in no other financial industry activities and has no other arrangements material to its advisory clients.

VC has no material conflict of interest with clients based on these activities.

ITEM 11 - CODE OF ETHICS PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

We have developed and implemented a Code of Ethics that sets forth standards of conduct expected of our advisory personnel to mitigate this conflict of interest. The Code of Ethics addresses, among other things, personal trading, gifts, and the prohibition against the use of inside information.

The Code of Ethics is designed to:

- protect our clients,
- detect and deter misconduct,
- educate personnel regarding the firm's expectations and laws governing their conduct,
- remind personnel that they are in a position of trust and must act with complete propriety at all times,
- protect the reputation of our Firm,
- guard against violation of the securities laws,
- establish procedures for personnel to follow so that we may determine whether their personnel are complying with the firm's ethical principles.

Our Firm and persons associated with us are allowed to invest for their own accounts or to have a financial investment in the same securities or other investments that we recommend or acquire for your account and may engage in transactions that are the same as transactions made in your account. We recognize the fiduciary responsibility to act in your best interest and have established policies to mitigate conflicts of interest.

We have established the following restrictions in order to ensure our firm's fiduciary responsibilities:

1) A director, officer or employee of Vanguard Capital shall not buy or sell any securities for their personal portfolio(s) where their decision is substantially derived, in whole or in part, by reason of his or her employment unless the information is also available to the investing public on reasonable inquiry. No supervised employee of Vanguard Capital shall prefer his or her own interest to that of the advisory client.

2) We maintain a list of all securities holdings of anyone associated with this advisory practice with access to advisory recommendations. These holdings are reviewed on a regular basis by an appropriate officer/individual of Vanguard Capital.

3) We emphasize the unrestricted right of the client to decline to implement any advice rendered, except in situations where we are granted discretionary authority of the client's account.

4) We require that all supervised employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.

5) Any supervised employee not in observance of the above may be subject to termination.

You may request a complete copy of our Code of Ethics by contacting us at the telephone number on the cover page of this Part 2; Attn: Chief Compliance Officer.

ITEM 12 - BROKERAGE PRACTICES

The Custodian and Brokers We Use

<u>Investment Management Services</u>

Clients must maintain assets in an account at a "qualified custodian," generally a broker-dealer or bank. We recommend that our clients use Charles Schwab & Co., Inc. Advisor Services ("Schwab"), a registered broker-dealer, member SIPC, as the qualified custodian. We are independently owned and operated, and unaffiliated with Schwab. Schwab will hold client assets in a brokerage account and buy and sell securities when we instruct them to.

While we recommend that clients use Schwab as Custodian, client must decide whether to do so and open accounts with Schwab by entering into account agreements directly with them. The Client opens the accounts with Schwab. The accounts will always be held in the name of the client and never in Vanguard Capital's name.

<u>How We Select Custodians</u>

We seek to recommend a custodian who will hold client assets and execute transactions on terms that are, overall, most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, among others:

1. Combination of transaction execution services and asset custody services (generally without a separate fee for custody)
2. Capability to execute, clear, and settle trades (buy and sell securities for client accounts)
3. Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
4. Breadth of available investment products (stocks, bonds, mutual funds, exchange-traded funds [ETFs], etc.)
5. Availability of investment research and tools that assist us in making investment decisions
6. Quality of services
7. Competitiveness of the price of those services (commission rates, other fees, etc.) and willingness to negotiate the prices
8. Reputation, financial strength, and stability
9. Prior service to Vanguard Capital and our other clients
10. Availability of other products and services that benefit us, as discussed below (see Products and Services Available to Us from Schwab)

<u>Client Brokerage and Custody Costs</u>

For our clients' accounts that Schwab maintains, Schwab generally does not charge separately for custody services. However, Schwab receives compensation by charging ticket charges or other fees on trades that it executes or that settle into clients' Schwab accounts. We have determined that having Schwab execute most trades is consistent with our duty to seek "best execution" of client trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above (see How We Select Custodians).

Products and Services Available to Us from Schwab

Schwab Advisor Services™ (formerly called Schwab Institutional®) is Schwab's business serving independent investment advisory firms like us. They provide Vanguard Capital and our clients with access to its institutional brokerage, trading, custody, reporting, and related services, many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our clients' accounts; others help us manage and grow our business. Schwab's support services generally are available on an unsolicited basis (we do not have to request them) and at no charge to us. These are considered economic benefits because there is an incentive to do business with Schwab. This creates a conflict of interest. We recognize the fiduciary responsibility to always act in best interest of our clients and have established policies in this regard to mitigate any conflicts of interest.

Following is a more detailed description of Schwab's support services:

Services That Benefit Our Clients

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

Services That May Not Directly Benefit Our Clients

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

1. Provide access to client account data (such as duplicate trade confirmations and account statements)

2. Facilitate trade execution and allocate aggregated trade orders for multiple client accounts

3. Provide pricing and other market data

4. Facilitate payment of our fees from our clients' accounts

5. Assist with back-office functions, recordkeeping, and client reporting

Services That Generally Benefit Only Us

Schwab also offers other services intended to help us manage and further develop our business enterprise.

These services include:

1) Educational conferences and events
2) Consulting on technology, compliance, legal, and business needs
3) Publications and conferences on practice management and business succession
4) Access to employee benefits providers, human capital consultants, and insurance providers
5) Charitable Contributions directed to non-profits we may suggest

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

Our Interest in Schwab's Services

The availability of these services from Schwab benefits us because we do not have to produce or purchase them. These services are not contingent upon us committing any specific amount of business to Schwab in trading commissions. We believe that our recommendation of Schwab as custodian is in the best interests of our clients.

Some of the products, services and other benefits provided by Schwab benefit Vanguard Capital and may not benefit our client accounts. Our recommendation or requirement that you place assets in Schwab's custody may be based in part on benefits Schwab provides to us, or our agreement to maintain certain Assets Under Management at Schwab, and not solely on the nature, cost or quality of custody and execution services provided by Schwab.

We place trades for our clients' accounts subject to its duty to seek best execution and its other fiduciary duties. Schwab's execution quality may be different than other custodians.

Aggregation and Allocation of Transactions

We may aggregate transactions if we believe that aggregation is consistent with the duty to seek best execution for our clients and is consistent with the disclosures made to clients and terms defined in the client Investment Advisory Agreement. We may make trades in individual accounts (that are not aggregated with others) so that we may address that client's unique circumstances. No advisory client will be favored over any other client, and each account that participates in an aggregated order will participate at the average share price (per custodian) for all transactions in that security on a given business day.

We will aggregate trades for ourselves or our associated persons with your trades, providing that the following conditions are met:

1. Our policy for the aggregation of transactions shall be fully disclosed to our existing clients (if any) and the Custodian(s) through which such transactions will be placed;

2. We will not aggregate transactions unless we believe that aggregation is consistent with our duty to seek the best execution (which includes the duty to seek best price) for you and is consistent with the terms of our Investment Advisory Agreement with you for which trades are being aggregated.

3. No advisory client will be favored over any other client; each client that participates in an aggregated order will participate at the average share price for all our transactions in a given security on a given business day, with transaction costs based on each client's participation in the transaction;

4. If the aggregated order is filled in its entirety, it will be allocated among clients; if the order is partially filled, the accounts it will be allocated pro-rated.

5. Notwithstanding the foregoing, the order may be allocated on a basis different if all client accounts receive fair and equitable treatment and the reason for difference of allocation is explained in writing and is reviewed by our compliance officer. Our books and records will separately reflect, for each client account, the orders of which aggregated, the securities held by, and bought for that account.

6. We will receive no additional compensation or remuneration of any kind as a result of the proposed aggregation; and

7. Individual advice and treatment will be accorded to each advisory client.

Trade Errors

We have implemented procedures designed to prevent trade errors; however, trade errors in client accounts cannot always be avoided. Consistent with our fiduciary duty, it is our policy to correct trade errors in a manner that is in the best interest of the client. In cases where the client causes the trade error, the client will be responsible for any loss resulting from the correction. Depending on the specific circumstances of the trade error, the client may not be able to receive any gains generated as a result of the error correction. In all situations where the client does not cause the trade error, the client will be made whole and we will absorb any loss resulting from the trade error if the error was caused by the firm. If the error is caused by the custodian or our trading platform provider, the custodian or trading platform provider will be responsible for covering all trade error costs. If an investment gain results from the correcting trade, the gain will be donated to charity. We will never benefit or profit from trade errors.

Soft Dollars

Soft dollars are revenue programs offered by broker-dealers/Custodians whereby an advisor enters into an agreement to place security trades with the broker in exchange for research and other services. Our Firm does not participate in soft dollar programs sponsored or offered by any broker-dealer/Custodian. However, we do receive certain economic benefits from the Custodians as detailed above.

Brokerage Referrals

We do not receive any compensation from any third party in connection with the recommendation for establishing an account.

Directed Brokerage

We do not routinely recommend, request or require that you direct us to execute transaction through a specified broker dealer. Additionally, we typically do not permit you to direct brokerage. We place trades for your account subject to our duty to seek best execution and other fiduciary duties.

ITEM 13 - REVIEW OF ACCOUNTS

Account Reviews and Reviewers – Investment Supervisory Services

Discretionary accounts are periodically reviewed and analyzed by both portfolio managers and the compliance officer at VC. The review process is based on a variety of factors, which include but are not limited to: the client's investment objectives, the economic environment, outlook for the securities markets, existing profits and losses on individual holdings, and the merits of the securities in which the account is invested. In addition, a special review of an account may be triggered by one or more of the following: a change in the client's investment objectives, guidelines and/or financial situation communicated by the client; cash added or withdrawn from the account; purchase or sell of a security in the account; a major change in the market, and; if requested by the client.

Reviews of accounts are usually performed by the portfolio manager (investment adviser representative) of each account. However, compliance managers or other portfolio managers at VC may also participate in periodic reviews. More frequent reviews may be triggered by changes in an account holder's personal, tax or financial status. Geopolitical and macroeconomic specific events may also trigger reviews. Clients may request a review at any time.

Statements and Reports

The custodian for the individual client's account will provide clients with an account statement at least quarterly. Upon request, clients can receive a Vanguard Capital-prepared written report detailing their current positions, asset allocation, and year-to-date performance. You are urged to compare the reports and invoices provided by our firm against the account statements you receive directly from your account custodian.

ITEM 14 - CLIENT REFERRALS AND OTHER COMPENSATION

Our Firm and its related entities do not directly or indirectly compensate any person who is not an IAR of our firm nor receive any compensation for any client referrals.

ITEM 15 - CUSTODY

Custody has been defined by regulators as having access or control over client funds and/or securities. Our firm does not have physical custody of funds or securities, as it applies to investment advisors.

Deduction of Advisory Fees

Our firm has custody of the funds and securities solely as a consequence of its authority to make withdrawals from client accounts to pay its advisory fee. For all accounts, our firm has the authority to have fees deducted directly from client accounts. Our firm has established procedures to ensure all client funds and securities are held at a qualified custodian in a separate account for each client under that client's name. Clients or an independent representative of the client will direct, in writing, the establishment of all accounts and therefore are aware of the qualified custodian's name, address and the manner in which the funds or securities are maintained. Finally, account statements are delivered directly from the qualified custodian to each client, or the client's independent representative, at least quarterly. You should carefully review those statements and are urged to compare the statements against reports received from our Firm. When you have questions about your account statements, you should contact our Firm or the qualified custodian preparing the statement. Please refer to Item 5 for more information about the deduction of adviser fees.

ITEM 16 - INVESTMENT DISCRETION

For discretionary accounts, prior to engaging our Firm to provide investment advisory services, you will enter a written Agreement with us granting the firm the authority to supervise and direct, on an on-going basis, investments in accordance with the client's investment objective and guidelines. In addition, you will need to execute additional documents required by the Custodian to authorize and enable Vanguard Capital, in its sole discretion, without prior consultation with or ratification by you, to purchase, sell or exchange securities in and for your accounts. We are authorized, in our discretion and without prior consultation with you to: (1) buy, sell, exchange and trade any stocks, bonds or other securities or assets and (2) determine the amount of securities to be bought or sold and (3) place orders with the custodian. Any limitations to such discretionary authority will be communicated to our Firm in writing by you, the client.

The limitations on investment discretion held by Vanguard Capital for you are:

1. For discretionary accounts, we require that we be provided with authority to determine which securities and the amounts of securities to be bought or sold.

2. Any limitations on this discretionary authority shall be in writing. You may change/amend these limitations as required.

In some instances, we may not have discretion. We will discuss all transactions with you prior to execution or you will be required to make the trades if in an employer sponsored account.

ITEM 17 - VOTING CLIENT SECURITIES

Our firm does not accept the proxy authority to vote client securities. Clients will receive proxies or other solicitations directly from their custodian or a transfer agent. In the event that proxies are sent to our firm, our firm will forward them to the appropriate client and ask the party who sent them to mail them directly to the client in the future. Clients may call us at 949-474-0490 or email us to discuss questions they may have about particular proxy votes or other solicitation.

A class action is a procedural device used in litigation to determine the rights of and remedies, if any, for large numbers of people whose cases involve common questions of law and/or fact. Class action suits frequently arise against companies that publicly issue securities, including securities recommended by investment advisors to clients. With respect to class action suits and claims, you (or your agent) will have the responsibility for class actions or bankruptcies, involving securities purchased for or held in your account. We do not provide such services and are not obligated to forward copies of class action notices we may receive to you or your agents.

ITEM 18 - FINANCIAL INFORMATION

We do not require or solicit prepayment of more than $1200 in fees per client, six months or more in advance. Therefore, we are not required to include a balance sheet for our most recent fiscal year. We are not subject to a financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients. Finally, we have not been the subject of a bankruptcy petition at any time.