

## Item 1 Cover Page



### **FORM ADV 2A: Firm Disclosure Brochure**

8953 Mill Creek Road  
Lenexa, KS 66219

Office: (816) 726-7066 | Fax: (913)549-3816  
[www.vzdcap.com](http://www.vzdcap.com)

March 1, 2024

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This Form ADV Part 2A provides information about VZD Capital Management, LLC (the firm) 's qualifications and business practices. If you have any questions about this Disclosure Brochure's content, please contact Ethel J. Davis at (816)726-7066 or [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 any state securities authority. This Disclosure Brochure provides information about the firm to assist you in determining whether to retain the firm. Additional details about VZD Capital Management, LLC are available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). by searching our CRD number 166514.

## **ITEM 2: MATERIAL CHANGES**

Form ADV Part 2A requires registered advisers to amend their Brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser must notify clients and prospects alike with a description of the material changes.

The following changes since the last update of this Brochure on March 28, 2023, are as follows:

- Item 5 – Fees and Compensation: The adviser was updated to disclose the updated fee schedule.

### **FUTURE CHANGES:**

From time to time, we may amend this Disclosure Brochure to reflect changes in our business practices, changes in regulations, and routine annual updates as required by the securities regulators. This complete Disclosure Brochure or a Summary of Material Changes shall be provided to each Client annually and if a material change occurs in the business practices of VZD Capital Management, LLC.

You may view the current Disclosure Brochure online at the SEC's Investment Adviser Public Disclosure website at <http://www.adviserinfo.sec.gov> by searching for our firm name or CRD number 166514.

You may also request a copy of this Disclosure Brochure at any time by contacting us at (816) 726-7066.

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## **ITEM 4 ADVISORY BUSINESS**

VZD Capital Management, LLC (VZD) is a registered investment advisory firm based in Lenexa, Kansas. We are organized as a limited liability corporation under the laws of the State of Kansas. VZD was founded in July 2013 and operates as an independent, fee-only advisory firm to ensure that the client's interests are always at the helm of our decision-making.

Ethel J. Davis (CRD# 1904761) is the firm's Sole Owner and Chief Compliance Officer.

The firm is a fee-based, discretionary investment management firm. The firm does not sell annuities, insurance, or other commissioned products. VZD Capital does not act as a custodian of client assets.

### **TYPES OF ADVISORY SERVICES**

We offer fee-based, discretionary investment management services to affluent individuals, multigenerational families, Trusts, and Personal Choice Retirement Accounts (PCRA). Once a client's goals have been established, the firm customizes appropriate investment strategies consistent with a client's investment objective and risk profile utilizing services.

- Retirement Strategies
- Estate and Legacy Planning
- Investments and Tax Considerations
- Diversification Principles

This Disclosure Brochure provides information regarding the qualifications, business practices, details of the advisory services, and applicable fees.

### **ADVISORY SERVICES OFFERED**

VZD Capital Management, LLC provides regular and continuous management and supervision of assets of high net-worth individuals, multigenerational families, trusts, and estates. Assets are managed solely on a discretionary basis, as selected on the investment advisory agreement.

The firm is committed to maintaining rigor and due diligence concerning our integrated communication, follow-through on implementation, and our attention to ongoing oversight responsibilities.

- **Discretionary Authority**—The client grants the Advisor ongoing and continuous discretionary authority to execute its investment

recommendations without the Client's prior approval of each specific transaction. Under this authority, the Client shall allow the Advisor to purchase and sell securities and investment vehicles in Account(s).

- **Diversification Principles** - focuses on investment goals, objectives, and risk tolerance consistent with the client's financial circumstances. Investment portfolios consist primarily of individual stocks, exchange-traded funds, fixed-income instruments, preferred stocks, real estate investment trusts, and money markets. Clients may ask for reasonable restrictions on investing in specific securities and companies. Should a client choose to hold an investment in their account that we do not monitor, written documentation would be noted on the investment advisory agreement to ensure all parties agreed to such terms.

The firm will never accept or maintain direct custody of funds or securities. All client's assets will be managed within the designated brokerage account(s) held at Charles Schwab & Co., Inc.

VZD Capital Management, LLC may serve as the Personal Choice Retirement Account(s) on a consulting basis. Those assets may be qualified custodians other than Charles Schwab & Co., Inc. Through our Investment Management Services, we provide clients with continuous and ongoing supervision over client investment accounts and make trades in the account as necessary. This custodian allows participants to self-direct their investments and select customized professional investment management for their planned assets.

Suppose a client does not receive the Disclosure Brochure at least 48 hours before entering into an investment advisory agreement. In that case, they have the right to terminate the contract, without penalty, within five business days.

The Chief Investment Officer is restricted from providing services and charging fees based on the description outlined in this document and the investment advisory agreement. However, the exact service charged to a particular Client depends upon the level of the relationship, agreed upon by all parties. Every Client relationship is based on individual needs when providing investment advice. Therefore, every portfolio is tailored to the client, not the firm or any particular model. VZD does not utilize any predetermined model or solutions; every client might be different because they are built to the client's specific circumstances.

- VZD Capital Management, LLC provides other advisory and financial consulting services. Financial consulting services do not involve managing client accounts but instead focus on the client's overall economic situation. Financial consulting generally includes helping individuals who do not meet the firm's investment minimums, assisting

with short- and long-term budgeting strategies, and creating financial roadmaps and an accountability partner to meet specific outcomes. Accordingly, if the client's circumstances change, VZD Capital Management LLC discloses that the advice may be inappropriate with changed circumstances.

- The consulting services are offered hourly, and the client receives an invoice for the specific task.

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## **ASSETS UNDER MANAGEMENT**

Assets under management as of December 31, 2023, are as follows:

**\$36,589,572.00**

## **ITEM 5 FEES AND COMPENSATION**

The fee calculation is based on the fair market value of the account(s) at the end of each quarter. Fees paid to us for management services are paid in arrears quarterly and not in advance of services, and they are deducted directly from the account(s). The fee calculation is based on assets under management in each client account. The Adviser calculates the advisory fee based on the prior quarter-end value, multiplied by the advisory fee divided by 360 and then by the actual number of days in the quarter.

Fees may be negotiated for ultra-large accounts (over \$10 million per household) or accounts affiliated with existing accounts.

- Clients will receive quarterly statements from the Custodian that provide details of the advisory fees.
- The investment advisory fee in the first quarter of service is pro-rated from the inception date of the account(s) to the end of the quarter.
- Asset management fees are exclusive of and in addition to brokerage fees, transaction fees, and other related costs and expenses.
- The firm will not have the authority or responsibility to value portfolio securities.

VZD strives to allocate appropriate investment opportunities for your account(s) and other accounts advised by the Firm. Portfolios are not identical due to size, individual preferences, and engagement date. You must understand that we manage investments for other clients and advise them or take action on their unique circumstances. Each client's account is customized based on risk level, time horizon, age, and preferences so that clients will hold different investments based on such factors.

## **FEES FOR ASSET MANAGEMENT SERVICES**

Clients are charged for our Asset Management Services 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>
0 - \$1,000,000	1.00%
\$1,000,001 - \$6,000,000	.80%
\$6,000,001 - \$10,000,000	.70%
\$10,000,001 and over	.60%

## **EDUCATIONAL SEMINARS AND SPEAKING ENGAGEMENTS**

Organizations and the public are offered seminars on various financial topics. Fees range from free to customized compensation based on the time commitment, the number of participants, and the scope of the presentation. Half of the fees are due before the engagement, and the other half is to be paid the day of the seminar, by the conclusion of the Seminar.

Ethel J. Davis is a public speaker. Generally, fees for her speaking engagement range from \$250 to unlimited depending on the complexity, presentation length, if VZD Capital Management, LLC staff created the contents, and travel expenses, depending on the sponsor, date, location, and program requested. For all speeches, 50% of the balance is due before the event, and the remaining balance is due after the event.

The fee range is based on the content, the amount of research conducted, the number of hours of preparation needed, and the number of attendees. The Speaker's fee is waived if travel proves impossible or the event is otherwise canceled.

If the Client decides to cancel or change the date of the event for any reason besides weather or similar unforeseen causes, the Client chooses to cancel or change the date of the event for any reason besides weather or similar unforeseen causes, the Client will be responsible for reimbursement of any non-refundable travel expenses already incurred and will provide payment for 50% of the Speaker's fee if the cancellation occurs within 30 days of the event. Suppose the Speaker must cancel due to health or similar unforeseen circumstances. In that case, the Speaker will make all attempts to find a reasonable alternative engagement date and will absorb any incremental additional costs for obtaining alternative travel arrangements. If an alternative

date cannot be obtained, the Client will not be responsible for any travel costs already incurred by the Speaker or any portion of the Speaker's fees.

## **HOW TO TERMINATE SERVICES**

Upon termination of our investment management services, we will have no obligation or authority to recommend or act concerning the previously managed assets. You will be responsible for properly working with your custodian to liquidate and manage your assets after termination.

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

Fees are not based on a share of the capital gains or capital appreciation of managed securities. VZD Capital Management LLC does not use a performance-based fee structure because of the conflict of interest. Performance-based compensation may incentivize the adviser to recommend an investment that may carry a higher risk to the client.

## **ITEM 7 TYPES OF CLIENTS**

VZD Capital Management LLC provides services to high-net-worth individuals, multigenerational families, trusts, qualified retirement plans, charitable organizations, and businesses.

Our account minimum is \$250,000, but smaller accounts may be accepted based on several factors, including client relationships.

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

VZD Capital Management, LLC's general investment strategy is to build diversified portfolios while attempting to reduce overall investment risk and volatility. We emphasize continuous and regular account supervision.

We typically create portfolios using individual equities, bonds, exchange-traded funds (ETFs), preferred stocks, and real estate investment trusts (REITs) to implement this strategy. The client's investment strategy is tailored to their specific needs and may include some or all the previously mentioned securities. Each portfolio will initially be designed to meet a particular investment goal, which we determine suits the client's circumstances. Once the appropriate



portfolio has been determined, it is subject to dollar-cost averaging, review, continuous monitoring, and rebalancing based on the client's needs, growth or decline of positions, goals, and objectives. Each client can place reasonable restrictions on the types of investments to be held in the portfolio.

We generally make long-term security purchases but may also make short-term purchases and employ dollar-cost averaging (periodic investing over a specific period). Securities may be held for less than a year to rebalance a portfolio, a client's change of investment objective, and meet the cash needs of a client or if the fundamental rationale for holding the security changes. Sometimes, because some of these investment strategies involve certain additional degrees of risk, they will only be recommended when consistent with the client's stated tolerance for risk.

To analyze investments, VZD uses various forms of analysis, including fundamental analysis (attempting to measure the intrinsic value of a security by examining related economic, financial, and other quantitative and qualitative factors), cyclical analysis (analyzing securities relative to business cycles), technical analysis (analyzing market activity statistics), and charting (using past trends to extrapolate future trends).

The firm procures research from multiple sources to evaluate investment ideas and to analyze financial data and market conditions such as the general economic health of a company, analysis of management or competitive advantages, past market data (primarily institutional ownership, beta, volume, and insider's ownership), business cycles, as well as patterns and trends. While such analysis helps the firm evaluate a potential investment, it does not guarantee that the investment will increase in value. Assets that meet the investment criteria utilized in the fundamental analysis may lose value and have negative investment performance. The firm monitors these economic indicators to determine if adjustments to strategic allocations are appropriate.

VZD Capital Management does not espouse a specific investment strategy for our clients, preferring to use investment strategies with our clients that make sense given the current economic environment. Some of the strategies we may employ include dividend yield strategies and asset allocation utilizing a core and satellite approach. The investment strategy for a specific client is based on the objectives stated by the client during consultations. The client may change these objectives at any time.

## **RISK OF LOSS**

**All investment strategies we offer involve risk and may result in a loss of your original investment, which you should be prepared to bear.** Such risks include market, interest rate, currency, political, business, and strategic risks. Specific trading strategies can affect investment performance through increased brokerage and other transactions.

Due to the inherent risk of loss associated with investing, we cannot represent, guarantee, or even imply that our services and analysis methods can predict future results, successfully identify market cycles, or insulate you from losses due to market declines. However, each client's propensity for risk is elevated, documented, and considered throughout the portfolio management process.

No investment strategy can assure a profit or avoid a loss. There are other risks depending on the plan and the investments, including, but not limited to – concentration risk, credit/default risk, high volatility and frequency changes in volatility, inflation, investor concentration, legal risk, limited markets, liquidity risk, long-term investment commitments, market risks, strategy risk, supply and demand constraints, turnover risk, taxation risk.

## **ITEM 9 DISCIPLINARY INFORMATION**

Registered investment advisers must disclose all material facts regarding any legal or disciplinary events that would be material to the evaluation of the firm or the integrity of its management. VZD Capital Management, LLC 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, LLC is an independent investment advisory firm and only provides investment advisory services. The Firm is not engaged in any other business activities and offers services other 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 or receive referrals from a third-party investment advisor.

VZD Capital Management, LLC has no other financial industry affiliations.

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

VZD Capital Management, LLC has a Code of Ethics that defines our fiduciary commitment to each client. The code applies to all firm members (Supervised Persons). The code's primary objective is to provide general ethical guidelines and specific instructions regarding our duties to our clients. The firm and its Supervised Persons owe a duty of loyalty, fairness, and good faith towards each client. The firm's Supervised Persons must adhere not only to the specific provisions of the Code but also to the general principles that guide the Code. The Code covers various topics that address employee ethics and conflicts of interest. To request a copy of our Code, please get in touch with Ethel J. Davis at (816)726-7066 or by email to [ethel@vzdcap.com](mailto:ethel@vzdcap.com).

### **PARTICIPATION IN CLIENT TRANSACTION**

VZD Capital Management LLC employees are permitted to purchase or sell the same securities that may be recommended to and purchased on behalf of the Clients. In owning the same securities, we recommend (purchase or sell) to you presents a conflict of interest that, as fiduciaries, we must disclose to you and mitigate through policies and procedures. As noted above, we have adopted a Code of Ethics to address insider trading (material non-public information controls), gifts and entertainment, outside business activities, and personal securities reporting.

To supervise compliance with its Code of Ethics, VZD Capital Management, LLC requires anyone associated with this advisory practice to have access to advisory recommendations to provide the firm's principal with annual securities holding reports and quarterly transaction reports. VZD Capital Management LLC requires that all individuals act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.

### **PERSONAL TRADING**

Ethel J. Davis is the chief compliance officer of VZD Capital Management LLC. She reviews all employees' trades each quarter. The reviews ensure that employees' personal trading does not affect the markets and that the firm's clients receive preferential treatment.

## **ITEM 12 BROKERAGE PRACTICES**

VZD Capital Management LLC recommends that clients establish a brokerage account with Charles Schwab & Co., Inc., the institutional division, a registered broker-dealer and member SIPC, to maintain custody of assets and effect trades. Schwab provides brokerage and custodial services to independent investment advisory firms, including VZD Capital Management, LLC. Schwab provides VZD access to its institutional trading and custody services, which are typically not available to Schwab's retail investors. These services are generally available to independent investment advisors on an unsolicited basis, at no charge, so long as \$10 million of the advisor's clients' assets are maintained at Schwab. This minimum may give us an incentive to recommend that you retain an account with Schwab based on our interest in receiving Schwab's services that benefit our business rather than on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a potential conflict of interest. We believe, however, that our selection of Schwab as custodian and broker is in the best interest of our clients. Our selection is primarily supported by the scope, quality, and price of Schwab's services and not Schwab's services that benefit only us. Schwab's brokerage services include the execution of securities transactions, custody, research, and access to investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

Please note that not all investment advisors recommend or require the use of a broker/dealer or custodian. Some investment advisors allow clients to select the broker/dealer or custodian. However, for compliance and operational efficiency purposes, we have required all investment management clients to open accounts through Charles Schwab when participating in the fee-based, discretionary investment management services unless an exception is granted.

VZD Capital Management, LLC does not receive client referrals from Charles Schwab. VZD is a "fee-only" advisor, which means its income is derived solely from investment advisory and consulting fees. VZD receives no financial compensation from any brokerage transactions. The custodian receives any commissions, charges, markups, or transaction costs associated with such brokerage transactions.

### **SERVICES THAT MAY NOT DIRECTLY BENEFIT YOU**

Schwab also makes other products and services that benefit us available but may not directly benefit you or your account. 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 client's accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- Provide access to client account data (such as duplicate trade confirmations and account statements).
- Facilitate trade execution and allocate aggregated trade orders for multiple client accounts.
- Provide pricing and other market data.
- Facilitate payment of our fees from our client's accounts
- Assist with back-office functions, recordkeeping, and client reporting.
- Market consulting and support.

VZD Capital Management LLC has no arrangements to compensate any broker-dealer for client referrals. VZD does not maintain any client trade error gains. VZD makes Clients whole concerning any trade error losses incurred by the Client caused by VZD Capital.

VZD Capital Management generally does not aggregate any client transactions in any securities. Client accounts are individually reviewed and managed, and transaction costs are not saved by aggregating orders in almost all circumstances in which VZD arranges transactions.

## **ITEM 13 REVIEW OF ACCOUNTS**

Accounts assets are supervised continuously and formally reviewed quarterly by the Chief Investment Officer, Ethel J. Davis. The review process contains each of the following elements:

- assessing client goals and objectives
- evaluating the employed strategy(ies);
- monitoring the portfolio(s) and
- addressing the need to rebalance

Any of the following events may trigger additional account reviews:

- a specific client request.
- a change in the client's goals and objectives;
- an imbalance in a portfolio asset allocation; and
- market, economic, and political events
- substantial growth in a position and adds more risk to the portfolio(s)

All Clients (in person, by telephone, or via Zoom Video) are encouraged to review all underlying elements of the investment objective and account performance. In addition, each Client relationship shall be reviewed at least

annually. Reviews may be conducted more or less frequently at the Client's request. The Client is encouraged to notify VZD Capital Management, LLC if changes occur in the Client's financial situation that might adversely affect the Client's investment plan.

The client will receive a brokerage statement at least quarterly from the Custodian. These brokerage statements are sent directly from the Custodian to the Client. The Client can also establish electronic access to the Custodian's website so they can view these reports and their accounts activity. Client brokerage statements will include all positions, transactions, and fees relating to the Client's account.

## **ITEM 14 CLIENT REFERRAL AND OTHER COMPENSATION**

The only compensation received from advisory services is the fees charged for providing investment services, as described in Item 5 of this brochure.

We received consulting fees from clients who needed to meet our minimum and requested that we review their portfolios and investment products.

Ethel J. Davis, CEO | Chief Compliance Officer, receives compensation for her speaking engagements and customized educational curriculum designed for the client.

### **CLIENT REFERRALS**

VZD Capital Management, LLC does not engage solicitors to provide client referrals.

## **ITEM 15 CUSTODY**

Investment Management Clients will receive at least quarterly statements from the broker-dealer, bank, or other qualified custodian who holds and maintains the client's investment assets. VZD Capital urges you to carefully review such statements and compare such official custodial records to the account statements we may provide. Our portfolio consultations and meetings utilize information from Charles Schwab's recordkeeping, accounting procedures, reporting dates, and valuation methodologies for specific securities.

By a separate agreement, the client authorizes the custodian to deduct advisory fees for VZD Capital Management, LLC.

## **ITEM 16 INVESTMENT DISCRETION**

Clients can decide to engage VZD Capital Management, LLC, to provide investment advisory services at their discretion. Before VZD Capital Management, LLC assumes discretionary authority over a Client's account, the Client shall be required to execute an Investment Advisory Agreement, naming VZD Capital Management, LLC as the Client's attorney and agent, in fact, granting VZD Capital Management, LLC full authority to buy, sell, or otherwise affect investment transactions involving the assets in the Client's name found in the discretionary account.

## **ITEM 17 VOTING CLIENT SECURITIES**

### **Proxy Voting**

VZD Capital Management, LLC will not vote on proxies on behalf of the client. While there are some investment advisors will vote proxies and other corporate decisions on behalf of their clients, we have determined that taking on the responsibility for voting client securities does not add enough value to the services provided to clients to justify the additional compliance or regulatory costs associated with voting clients' securities. Therefore, the client is responsible for voting on all proxies for securities held in accounts managed by the firm.

Clients will receive proxies directly from the custodian or transfer agent, and the firm will not deliver such documents. Although we do not vote for client proxies, if you have any questions about a particular proxy, please get in touch with us.

## **ITEM 18 FINANCIAL INFORMATION**

In some cases, registered investment advisers are required to provide specific financial information and disclosures about their economic conditions. For example, if the firm requires prepayment of fees for six months in advance, has custody of client funds, or has a condition reasonably likely to impair its ability to meet its contractual commitments, it must provide financial information and make disclosures.

Neither the firm nor its management has any adverse financial situations to disclose and has not been subject to bankruptcy or financial compromise.

## **ITEM 19 REQUIREMENTS FOR STATE-REGISTERED ADVISERS**

VZD Capital Management, LLC has one principal executive officer – Ethel J. Davis. The educational and business background for Ms. Davis is supplied on the Form ADV Part 2B Brochure Supplement.

VZD Capital Management carries professional liability and cyber security insurance to meet the requirements of the State of Kansas and the custodian – Charles Schwab & Co., Inc. The level of insurance that VZD Capital Management employs to protect the firm and its clients from any fraudulent activities.