

**Part 2A of Form ADV: Firm Brochure**

**Item 1 – Cover Page**

**Vital Investment Management, LLC**

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Date of Disclosure Brochure: March 14, 2023

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This disclosure brochure provides information about the qualifications and business practices of Vital Investment Management, LLC (also referred to as we, the firm and Vital Investment Management throughout this disclosure brochure). If you have any questions about the contents of this disclosure brochure, please contact David Eads at 970-412-0324. The information in this disclosure brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Vital Investment Management is also available on the Internet at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can view our firm's information on this website by searching for Vital Investment Management, LLC or our firm's CRD number 300811.

\*Registration as an investment adviser does not imply a certain level of skill or training.

## **Item 2 – Material Changes**

This section discusses only material changes made since the last annual update of our brochure. Vital Investment Management has not had any material changes since our last annual update of our brochure on March 3, 2022.

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## Item 4 – Advisory Business

Vital Investment Management is an investment adviser registered with the United States Securities and Exchange Commission (“SEC”) and is a limited liability company (LLC) formed under the laws of the State of Colorado. David Eads is the Chief Compliance Officer (CCO) and Managing Member of Vital Investment Management. David Eads owns 100.00% of Vital Investment Management.

### **Introduction**

The investment advisory services of Vital Investment Management are provided to you through an appropriately licensed and qualified individual who is an investment adviser representative of Vital Investment Management (referred to as your investment adviser representative throughout this brochure).

### **Description of Advisory Services**

The following are descriptions of the primary advisory services of Vital Investment Management. Please understand that a written agreement, which details the exact terms of the service, must be signed by you and Vital Investment Management before we can provide you the services described below.

**Asset Management Services** – Vital Investment Management offers asset management services, which involves Vital Investment Management providing you with continuous and ongoing supervision over your specified accounts. Vital Investment Management accepts both discretionary and non-discretionary accounts. The Adviser is a fiduciary and is required to act in a client’s best interest at all times.

You must appoint our firm as your investment adviser of record on specified accounts (collectively, the “Account”). The Account consists only of separate account(s) held by qualified custodian(s) under your name. The qualified custodians maintain physical custody of all funds and securities of the Account, and you retain all rights of ownership (e.g., right to withdraw securities or cash, exercise or delegate proxy voting and receive transaction confirmations) of the Account.

The Account is managed by the firm based on your financial situation, investment objectives and risk tolerance. We actively monitor the Account and provide advice regarding buying, selling, reinvesting or holding securities, cash or other investments of the Account.

We will need to obtain certain information from you to determine your financial situation and investment objectives. You will be responsible for notifying us of any updates regarding your financial situation, risk tolerance or investment objective and whether you wish to impose or modify existing investment restrictions; however, we will contact you at least annually to discuss any changes or updates regarding your financial situation, risk tolerance or investment objectives. We are always reasonably available to consult with you relative to the status of your Account. You have the ability to impose reasonable restrictions on the management of your accounts, including the ability to instruct us not to purchase certain securities.

It is important that you understand that we manage investments for other clients and may give them advice or take actions for them or our personal accounts that is different from the advice we provide to you or actions taken for you. We are not obligated to buy, sell or recommend to you any security or other investment that we may buy, sell or recommend for any other clients or for our own accounts.

Conflicts may arise in the allocation of investment opportunities among accounts that we manage. Vital Investment Management strives to allocate investment opportunities believed to be appropriate for your account(s) and other accounts advised by our firm among such accounts equitably and consistent with the best interests of all 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. If we obtain material, non-public information about a security or its issuer that we may not lawfully use or disclose, we have absolutely no obligation to disclose the information to any client or use it for any client's benefit.

**Financial Planning Services** - Vital Investment Management offers financial planning services, which involve preparing a written financial plan covering specific or multiple topics. When providing financial planning services, our role is to find ways to help you understand your overall financial situation and help you set financial objectives. We also provide modular written financial plans which only cover those specific areas of concern mutually agreed upon by you and the firm. A modular written financial plan is limited or segmented and does not involve the creation of a full written financial plan. You should be aware that there are important issues that may not be taken into consideration when the firm develops its analysis and recommendations under a modular written financial plan. Written financial plans prepared by the firm do not include specific recommendations of individual securities.

Vital Investment Management utilizes eMoney Advisors, a web-based financial and wealth planning system. Clients electing to use eMoney can select from a variety of available programs, including:

- Planning Center (allowing unlimited scenario planning);
- Retirement Income Tool;
- Vault (storage for client documents such as wills, insurance policies, etc.);
- Financial Connections (allowing aggregation of multiple accounts with daily updating of linked accounts); and
- Alerts to upcoming deadlines and important events.

If you elect to use eMoney you are required to provide us the information and documentation to be downloaded and/or input into the eMoney system. You will be provided with a unique username and password and will be able to monitor your portfolio performance, view balances, run "what if" scenarios, and store/view important papers and documents.

Our financial planning services do not involve implementing any transaction on your behalf or the active and ongoing monitoring or management of your investments or accounts. You have the sole responsibility for determining whether to implement our financial planning recommendations. To the extent that you would like to implement any of our investment recommendations through Vital Investment Management or retain Vital Investment Management to actively monitor and manage your investments, you must execute a separate written agreement with Vital Investment Management for our asset management services.

Vital Investment Management has a conflict of interest because it offers both financial planning and investment management services. When providing financial planning services, Vital Investment Management has an incentive to recommend itself for asset management services as Vital Investment Management receives additional compensation. Vital Investment Management mitigates this conflict of interest by disclosing this conflict to you and disclosing that clients always have the right to decide whether to act on any of the recommendations made by Vital Investment Management and if you elect to act on any of the recommendations, you have the right to effect the transactions through a professional unaffiliated with Vital Investment Management. Our fiduciary obligation is to always act and recommend

in the clients' best interest.

**Monthly Financial Planning Services-** Vital Investment Management offers ongoing financial planning services. Clients who elect this service will engage Vital Investment Management to design, implement and monitor a financial plan, and provide ongoing financial planning services.

Vital Investment Management works with clients in developing a comprehensive financial planning process that addresses both business and personal planning. As part of their Financial Planning Services, clients receive the following additional services:

- eMoney Advisors financial planning
- Dashboard to track personal and practice finances in one place
- Continuously updated net worth statement and quarterly progress report
- Authorization for Vital Investment Management to coordinate financial planning activities with legal counsel, tax advisors, and other service professionals
- Income tax analysis and scenario planning using Holistiplan

The engagement will include a written report or analysis to be provided to the Client. By utilizing this process, our goal is to increase long-term financial success by providing regular accountability and ongoing financial education.

### **Review Process**

We collect information regularly throughout the year from the Client and the Client's tax and legal advisors that we use to update a personal balance sheet. This balance sheet serves as the basis for regular conversations regarding personal cash flow, financing, large financial transactions, investments, practice health and profitability, personal liquidity and risk management. As Client circumstances and goals change, our highly organized system of proactive communication helps to ensure we remain well informed of these changes. Clients can call, email, or schedule meetings at their discretion.

**Pension Consulting Services-** Vital Investment Management offers pension consulting services to various types of pension plans, including, but not limited to, profit sharing plans, employee stock ownership plans, and 401(k) plans. Collectively, we consider these types of plans as a specific segment of our client base and in turn, we will refer to these types of plans as "Pension Clients."

We gather and review extensive information regarding each Pension Client on an individualized basis including each Pension Client's objectives and needs. Pension consulting services include plan feasibility, plan design, plan review, document preparation, plan amendments and assistance with Department of Labor and/or IRS issues, among others.

Other than those briefly described above, there are several distinct activities that may be available under our pension consulting services. These services may be provided separately or in combination with one another. Although not all-inclusive, the following information will describe some of the activities offered under pension consulting services.

Preparation of Investment Policy Statement ("IPS")- We may meet with a Pension Client to determine the relevant plan's investment needs and goals. If required by the Pension Client, we will then prepare a written IPS stating those needs and goals and encompassing a policy under

which these goals are to be achieved. The IPS will also list the criteria for selection of plan's investment options/vehicles and the procedures and timing interval for monitoring of investment performance.

Recommendation of Investment Options- The number and type of investment options/vehicles to be recommended will be determined by the Pension Client, based upon the plan's stated needs. We will review various investments, consisting predominantly of mutual funds (both index and managed) to determine which of these investments are appropriate to implement the Pension Client's IPS. The review process will result in the recommendation of specific investment options for the Pension Client to consider for inclusion in the list of plan investment options.

Monitoring of Investment Performance- A plan's investment options will be monitored continuously based on the procedures and timing intervals delineated in the IPS or as otherwise set forth by the Pension Client. Although our firm will not be involved in any way in the purchase or sale of these investments, we will supervise the plan portfolio and will make recommendations to the Pension Client as market factors and the plan's needs dictate.

Plan Performance Reporting- In conjunction with monitoring activities, we may also provide periodic reports regarding the performance of a pension plan and its underlying investment options. Such reports may include analysis from us as well as outside parties engaged by us to provide additional analysis in regard to such plans. Such outside parties would be engaged exclusively by the firm and not by a Pension Client.

Employee Communications-For Pension Clients whose plans offer plan participants the ability to self-direct their own investments, we may also provide educational support and investment workshops designed for the plan participants. The nature of the topics to be covered will be determined by the firm and in conjunction with a Pension Client under the appropriate ERISA guidelines. The educational support and investment workshops will not be designed so as to provide plan participants with individualized, tailored investment advice or individualized, tailored asset allocation recommendations.

Advice to Participants- Vital Investment Management may also provide individualized advice to plan participants. This service includes a review of a participant's individual situation, including age, existing assets, financial goals and attitude towards risk, and recommending an allocation of assets offered by the plan based on this information. Unless separately engaged to do so by a plan participant, we will not monitor a plan participant's situation or otherwise supervise or consult on the ongoing management of a participant's assets within the plan or otherwise.

## **Seminars**

Vital Investment Management may occasionally provide seminars in areas such as financial planning and retirement planning. Seminars are always offered on an impersonal basis and do not focus on the individual needs of participants.

## **Workshops**

Vital Investment Management offers educational, informative and motivational workshops to the public as well as to associations, family foundations and employers. Workshops are always offered on an impersonal basis and do not focus on the individual needs of the participants.

## **IRA Rollovers**

When recommending that a client rollover his or her account from current retirement plan to an IRA, Vital Investment Management and its investment adviser representatives have a conflict of interest. Vital Investment Management and its representatives can earn investment advisory fees by recommending that a client rollover his or her account at the retirement plan to an IRA; however, Vital Investment Management and its investment adviser representatives will not earn any investment advisory fee if client does not rollover the funds in the retirement plan (unless a client retained Vital Investment Management to provide advice about the client's retirement plan account). Thus, Vital Investment Management and its investment adviser representatives have an economic incentive to recommend a rollover of the retirement plan account, which is a conflict of interest. Vital Investment Management has taken steps to mitigate this conflict of interest arising from rolling over funds from an ERISA covered retirement plan to an IRA and has adopted written policies and procedures whereby Vital Investment Management and its investment adviser representatives will disclose the advantages/disadvantages of the retirement plan/IRA rollover options available to the client and will only recommend rollover if in the best interest of the client.

## **Limits Advice to Certain Types of Investments**

Vital Investment Management provides investment advice on the following types of investments:

- Mutual Funds
- Exchange Traded Funds (ETFs)
- Interval Funds
- Exchange-listed Securities
- US Government Securities
- Fixed Income Positions (e.g. bonds)
- Equities (e.g. individual stock)

Although we generally provide advice only on the products previously listed, we reserve the right to offer advice on any investment product that may be suitable for each client's specific circumstances, needs, goals and objectives.

When providing asset management services, Vital Investment Management typically constructs each client's account holdings using ETFs and Mutual Funds to build diversified portfolios. It is not our typical investment strategy to attempt to time the market, but we may increase cash holdings modestly as deemed appropriate based on your risk tolerance and our expectations of market behavior. We may modify our investment strategy to accommodate special situations such as low basis stock, stock options, legacy holdings, inheritances, closely held businesses, collectibles, or special tax situations.

*(Please refer to Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss for more information.)*



### **Tailor Advisory Services to Individual Needs of Clients**

Vital Investment Management's advisory services are always provided based on your individual needs. This means, for example, that when we provide asset management services, you are given the ability to impose restrictions on the accounts we manage for you, including specific investment selections and sectors. We work with you on a one-on-one basis through interviews and questionnaires to determine your investment objectives and suitability information. Our financial planning services are always provided based on your individual needs. When providing financial planning services, we work with you on a one-on-one basis through interviews and questionnaires to determine your investment objectives and suitability information.

Vital Investment Management will not enter into an investment adviser relationship with a prospective client whose investment objectives may be considered incompatible with our investment philosophy or strategies or where the prospective client seeks to impose unduly restrictive investment guidelines.

When managing client accounts through our firm's Asset Management Services program, we may manage a client's account in accordance with one or more investment models. When client accounts are managed using models, investment selections are based on the underlying model and we do not develop customized (or individualized) portfolios for each client. However, the determination to use a particular model or models is always based on each client's individual investment goals, objectives and mandates.

### **Client Assets Managed by Vital Investment Management**

As of 12/31/2022, Vital Investment Management had \$157,690,010 in assets under management, which consists of \$155,171,226 in discretionary assets and \$1,183,796 in non-discretionary assets.

## **Item 5 – Fees and Compensation**

### **Asset Management Services**

Fees charged for our asset management services are charged based on a percentage of assets under management, billed in arrears (at the end of the billing period) on a quarterly basis and calculated based on the fair market value of your account as of the last business day of the billing period. Fees are prorated (based on the number of days service is provided during the initial billing period) for your account opened at any time other than the beginning of the billing period. If asset management services are commenced in the middle of the billing period, then the prorated fee for that billing period is based on the value of the Account when services commence and is due immediately and will be deducted from Account when services commence.

The asset management services continue in effect until terminated by either party (i.e., Vital Investment Management or you) by providing written notice of termination to the other party. Because fees are billed in arrears, Vital Investment Management will prorate the final fee payment based on the number of days services are provided during the final period. The value of client assets on the termination date will be used to determine the final fee payment.

Fees charged for our asset management services are negotiable based on the providing the services, the type of client, the complexity of the client's situation, the composition of the client's account (i.e., equities versus mutual funds), the potential for additional account deposits, the relationship of the client with the

investment adviser representative, client requested in-person meeting frequency (i.e., bi-monthly vs. quarterly), and the total amount of assets under management for the client.

For our asset management services, client will be charged the following annual fee based upon the amount of assets under management:

<u>Assets Under Management</u>	<u>Annual Fees</u>
\$0 – \$100,000	1.50%
\$100,001 – \$2,000,000	1.00%
\$2,000,001 – \$4,000,000	0.75%
\$4,000,001 – Above	0.50%

This is a tiered annual fee schedule in which each tier of assets is charged a different rate under the annual fee schedule creating the effect of a blended fee rate used at the time of billing.

Vital Investment Management has a minimum annual fee of \$3,000. However, the fees will not exceed 2% of the account value. Fees are negotiable based on the firm's sole discretion. The firm will combine household account value to meet the firm's minimums for advisory fee billing. Quarterly fees are adjusted for cash flows that occurred into and out-of client accounts in the prior quarter. The advisory fee may be deducted directly from the client's custodial account or paid separately by check. Vital Investment Management requires written authorization from the client to deduct advisory fees from an account held by a qualified custodian. At the same time Vital Investment Management sends the qualified custodian written notice of the amount of the fee to be deducted from the client's account, Vital Investment Management sends the client a written invoice itemizing the fee, including the formula used to calculate the fee, the time period covered by the fee and the amount of assets under management on which the fee was based. Vital Investment Management fees are paid from your account by the custodian when we submit an invoice to them. We strongly urge you to compare our invoices to custodian statements for accuracy of the investment advisory fees being deducted. The qualified custodian(s) will not verify the accuracy of the investment advisory fees deducted. You should notify Vital Investment Management within ten (10) days of receipt of an invoice if you have questions about or dispute any billing entry. Please see item 15 for more information regarding the deduction of fees from client accounts.

Vital Investment Management believes that its annual fee is reasonable in relation to: (1) services provided and (2) the fees charged by other investment advisers offering similar services/programs. However, our annual investment advisory fee may be higher than that charged by other investment advisers offering similar services/programs.

In addition to our advisory fees, clients are also responsible for the payment of all third-party fees (i.e. custodian fees, brokerage fees, transaction fees & commissions, EFT and other mutual fund management and administrative fees which are charged against NAV net asset value, 12b-1 fees or other similar fees and charges). Those fees are also separate and distinct from the fees we charge. Vital Investment Management does the best we can to minimize all fees and transaction costs.

Brokerage commissions and/or transaction ticket fees charged by the qualified custodian are billed directly to you by the qualified custodian. Vital Investment Management does not receive any portion of such commissions or fees from you or the qualified custodian. In addition, you may incur certain charges imposed by third parties other than Vital Investment Management in connection with investments made through your account including, but not limited to, mutual fund sales loads, 12(b)-1

fees and surrender charges, variable annuity fees and surrender charges, IRA and qualified retirement plan fees, and charges imposed by the qualified custodian(s) of your account. Management fees charged by Vital Investment Management are separate and distinct from the fees and expenses charged by investment company securities that may be recommended to you. A description of these fees and expenses are available in each investment company security's prospectus.

All fees paid to Vital Investment Management for services are separate and distinct from the commissions, fees and expenses charged by insurance companies associated with any disability insurance, life insurance and annuities subsequently acquired by you. If you sell or liquidate certain existing securities positions to acquire any insurance or annuity, you may also pay a commission and/or deferred sales charges in addition to the financial planning and consulting fees paid to Vital Investment Management and any commissions, fees and expenses charged by the insurance company for subsequently acquired insurance and/or annuities.

All fees paid to Vital Investment Management for advisory services are separate and distinct from the fees and expenses charged by mutual funds to their shareholders. These fees and expenses are described in each mutual fund's prospectus. These fees will generally include a management fee, other fund expenses and a possible distribution fee. If the fund also imposes sales charges, you may pay an initial or deferred sales charge.

It should be noted that lower fees for comparable services may be available from other sources.

### **Financial Planning Services**

The following are the fee arrangements available for financial planning services offered by Vital Investment Management.

#### ***Fees for Financial Planning Services***

If Client is currently receiving asset management services from Vital Investment Management for an asset management fee, Vital Investment Management waives any fees for for an initial written financial plan ("initial financial plan") which may cover retirement planning, asset allocation, estate planning, investment planning and cash flow analysis.

For clients not receiving our firm's asset management services, Vital Investment Management can provide an initial financial plan under a fixed fee arrangement. A mutually agreed upon fixed fee is charged for the initial financial plan under this arrangement. There is a range in the amount of the fixed fee charged by Vital Investment Management for financial planning services. The fixed fee for an initial financial plan is generally \$3,000. The minimum fee generally charged for financial planning services provided on an hourly basis is \$300. The minimum fixed fee generally charged for financial planning services on a fixed fee basis is \$3,000. The amount of the fixed fee for your engagement is specified in your financial planning agreement with Vital Investment Management. Upon completion and delivery of the financial plan, the fixed fee is due from the client and considered earned by Vital Investment Management and any unpaid amount is immediately due.

Clients that receive ongoing monthly financial planning services will pay monthly recurring fees ranging from \$200 per month for basic plans and between \$500 and \$700 per month for more complex plans. The

fees are charged in arrears as of the last day of each financial planning calculation period. For ongoing monthly financial planning services, monthly fees are payable for each financial planning calculation period through the termination of the advisory agreement. Vital Investment Management uses credit cards for payment of the collect ongoing monthly financial planning fees; however, Vital Investment Management shall always have the authority to deduct such fees directly from the client's accounts by debiting the custodian. Client will authorize Vital Investment Management to deduct the ongoing monthly financial planning fees from the custodian; and custodian will be authorized and directed to pay Vital Investment Management the ongoing monthly financial planning fees.

For all clients, any requested financial planning services which are outside the scope of the initial financial plan ("additional financial plan") or an ongoing financial planning service are provided under an hourly fee arrangement. An hourly fee of \$300 per hour is charged by Vital Investment Management for financial planning services under this arrangement. When financial planning services are provided on an hourly basis, the fees will vary depending upon the circumstances. As a result, there is a wide range in the total amount of the fees that you incur. The minimum amount of fees will be \$300, and the maximum amount of fees to complete the financial planning services under an hourly arrangement will be generally no more than \$12,000. Access to eMoney Advisors is included at no additional charge for clients currently receiving asset management or financial planning services from Vital Investment Management. Any unpaid hourly fees are due immediately upon completion and delivery of the additional financial plan. Upon completion and delivery of the addition financial plan, the fixed fee is due from the client and considered earned by Vital Investment Management and any unpaid amount is immediately due.

If you elect to implement the recommendations of Vital Investment Management through our other investment advisory programs, Vital Investment Management may waive or reduce a portion of the investment advisory fees for such investment advisory program(s). Any reduction will be at the discretion of your investment adviser representative and disclosed to you prior to contracting for additional investment advisory services.

Even in the event that Vital Investment Management waives its fees for financial planning services, there are fees and expenses charged by mutual funds to their shareholders if Client invests in mutual funds that may be recommended in a financial plan or purchased into a managed portfolio due in part to these financial planning services. These fees and expenses are described in each mutual fund's prospectus. These fees will generally include a management fee, other fund expenses and a possible distribution fee (known as 12(b)-1 fees). If the mutual fund also imposes sales charges, Client may pay an initial or deferred sales charge.

Likewise, even if Vital Investment Management waives fees for its financial planning services, if Client decides to invest through a qualified custodian due in part to these financial planning services, the qualified custodian or broker-dealer executing certain transaction will charge commissions for implementing transactions.

All fees paid to Vital Investment Management for financial planning services are separate and distinct from the commissions charged by a broker-dealer or asset management fees charged by an investment adviser to implement such recommendations.

The financial planning services terminate upon either party providing written notice of termination to the other party or upon delivery of the financial plan to the client and payment by the client.

If you terminate the financial planning services after entering into an hourly, fixed or ongoing monthly fee financial planning agreement with us, you will be responsible for immediate payment of any financial planning services performed by Vital Investment Management prior to the receipt by Vital Investment Management of your notice of termination. For financial planning services performed by Vital Investment Management under an hourly arrangement, you will pay Vital Investment Management for any hourly fees incurred at the rates described above. For financial planning services performed by Vital Investment Management under a fixed fee arrangement, you will pay an early termination fee for the hours worked by Vital Investment Management multiplied by the hourly rate of \$300. In the event that there is a remaining balance of any fees paid in advance after the deduction of fees from the final invoice, those remaining proceeds will be refunded by Vital Investment Management to you. For ongoing monthly financial planning services performed by Vital Investment Management under an ongoing monthly financial planning service fee, you will pay Vital Investment Management for any fees incurred at the rates described above.

Vital Investment Management reserves the right to negotiate the fee rates, fee schedules, discounts, and all other terms and conditions of the asset management services, financial planning services, monthly financial planning services and its relationships with its clients, on a client-by-client basis in Vital Investment Management' sole discretion.

### **Pension Consulting Services**

The fees for pension consulting are 0.85% per year or lower if negotiated based on plan size and complexity. Fees are billed quarterly in arrears. Such quarterly period is the "Billing Period." Adviser will bill Client directly for payment from Plan assets.

For purposes of determining and calculating fees, Plan assets are valued net of Excluded Assets as of the last day of a calendar quarter. Annual fees are based on the market value of the Plan assets. The initial fee will be the amount, prorated for the number of days remaining in the initial Billing Period from the effective date of this Agreement, based upon the market value of the Plan assets on the first business day of the initial Billing Period. Thereafter, the fee will be based upon the market value of the Plan assets on the last business day of the previous Billing Period (without adjustment for anticipated withdrawals by Plan participants or other anticipated or scheduled transfers or distributions of assets) and will be due and payable within [20 days]. If this Agreement is terminated prior to the end of a Billing Period, Adviser shall be entitled to a fee, prorated for the number of days in the Billing Period prior to the effective date of termination, based on the market value of the Plan assets on the effective date of termination and will return to the Plan any amount received in advance of the Billing Period in excess of such amount.

### **Seminars**

No fees are charged for seminars. However, if we are hired by larger groups, such as corporations, we reserve the right to charge fees to cover the expenses incurred by us for presenting the seminars. In this case, all fees and payment provisions will be fully disclosed to you prior to the seminar being presented.

### **Workshops**

Workshops are always provided free of charge.

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

Vital Investment Management does not charge or accept performance-based fees and therefore, does not engage in side-by-side management.

## **Item 7 – Types of Clients**

Vital Investment Management generally provides investment advice to the following types of clients:

- Individuals
- High net worth individuals
- Corporations or business entities other than those listed above
- Charitable Organizations

You are required to execute a written agreement with Vital Investment Management specifying the particular advisory services in order to establish a client arrangement with Vital Investment Management.

### **Minimum Investment Amounts Required**

There are no minimum investment amounts or conditions required for establishing an account managed by Vital Investment Management. However, all clients are required to execute an agreement for services in order to establish a client arrangement with Vital Investment Management.

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

### **Methods of Analysis**

Vital Investment Management uses the following methods of analysis in formulating investment advice:

Fundamental – This is a method of evaluating a security by attempting to measure its intrinsic value by examining related economic, financial and other qualitative and quantitative factors. Fundamental analysts attempt to study everything that can affect the security's value, including macroeconomic factors (like the overall economy and industry conditions) and individually specific factors (like the financial condition and management of a company). The end goal of performing fundamental analysis is to produce a value that an investor can compare with the security's current price in hopes of figuring out what sort of position to take with that security (underpriced = buy, overpriced = sell or short). Fundamental analysis is considered to be the opposite of technical analysis. Fundamental analysis is about using real data to evaluate a security's value. Although most analysts use fundamental analysis to value stocks, this method of valuation can be used for just about any type of security.

The risk associated with fundamental analysis is that it is somewhat subjective. While a quantitative approach is possible, fundamental analysis usually entails a qualitative assessment of how market forces interact with one another in their impact on the investment in question. It is possible for those market forces to point in different directions, thus necessitating an interpretation of which forces will be dominant. This interpretation may be wrong, and could therefore lead to an unfavorable investment decision.

**Technical** – This is a method of evaluating securities by analyzing statistics generated by market activity, such as past prices and volume. Technical analysts do not attempt to measure a security's intrinsic value, but instead use charts and other tools to identify patterns that can suggest future activity. Technical analysts believe that the historical performance of stocks and markets are indications of future performance.

Technical analysis is even more subjective than fundamental analysis in that it relies on proper interpretation of a given security's price and trading volume data. A decision might be made based on a historical move in a certain direction that was accompanied by heavy volume; however, that heavy volume may only be heavy relative to past volume for the security in question, but not compared to the future trading volume. Therefore, there is the risk of a trading decision being made incorrectly, since future trading volume is an unknown. Technical analysis is also done through observation of various market sentiment readings, many of which are quantitative. Market sentiment gauges the relative degree of bullishness and bearishness in a given security, and a contrarian investor utilizes such sentiment advantageously. When most traders are bullish, then there are very few traders left in a position to buy the security in question, so it becomes advantageous to sell it ahead of the crowd. When most traders are bearish, then there are very few traders left in a position to sell the security in question, so it becomes advantageous to buy it ahead of the crowd. The risk in utilization of such sentiment technical measures is that a very bullish reading can always become more bullish, resulting in lost opportunity if the money manager chooses to act upon the bullish signal by selling out of a position. The reverse is also true in that a bearish reading of sentiment can always become more bearish, which may result in a premature purchase of a security.

There are risks involved in using any analysis method.

To conduct analysis, Vital Investment Management gathers information from financial newspapers and magazines, inspection of corporate activities, research materials prepared by others, corporate rating services, timing services, annual reports, prospectuses and filings with the SEC, and company press releases.

### **Investment Strategies**

We primarily follow a value-investing strategy that attempts to acquire at reasonable valuations publicly traded businesses that can deliver sustainable excess returns. We focus on a long-only strategy. Long term strategies are designed to identify and select investments to be held for multiple years. We will also invest in value oriented special situations with shorter expected holding periods.

Value Investing can be described as a strategy of selecting stocks that in our opinion trade for less than their intrinsic values. Value investors typically seek stocks of companies that they believe the market has undervalued. They believe the market overreacts to good and bad news, resulting in stock price movements that do not correspond with the company's long-term fundamentals. The result is an opportunity for value investors to profit by buying when the price is deflated. Often, value investors select stocks with lower-than-average price-to-book or price-to-earnings ratios and/or high dividend yields. The risks associated with value-investing include incorrectly analyzing and overestimating the intrinsic value of a business, concentration risk, under performance relative

to major benchmarks, macro-economic risks, investing in value traps i.e. businesses that remain perpetually undervalued, and lost purchasing power on cash holdings in the case of inflation.

Vital Investment Management uses the following investment strategies when managing client assets and/or providing investment advice:

Long term purchases. Investments held at least a year.

Short term purchases. Investments sold within a year.

Margin transactions. When an investor buys a stock on margin, the investor pays for part of the purchase and borrows the rest of the purchase price from a brokerage firm. For example, an investor may buy \$5,000 worth of stock in a margin account by paying for \$2,500 and borrowing \$2,500 from a brokerage firm. Clients cannot borrow stock from Vital Investment Management. Margin will only be utilized upon client request and is not an inherent part of any strategy.

Tactical asset allocation. Allows for a range of percentages in each asset class (such as Stocks = 40-70%). The ranges establish minimum and maximum acceptable percentages that permit the investor to take advantage of market conditions within these parameters. Thus, a minor form of market timing is possible, since the investor can move to the higher end of the range when stocks are expected to do better and to the lower end when the economic outlook is bleak.

Strategic asset allocation. Calls for setting target allocations and then periodically rebalancing the portfolio back to those targets as investment returns skew the original asset allocation percentages. The concept is akin to a “buy and hold” strategy, rather than an active trading approach. Of course, the strategic asset allocation targets may change over time as the client’s goals and needs change and as the time horizon for major events such as retirement and college funding grow shorter.

Investment Models. Vital Investment Management utilizes Ned Davis Research (“NDR”) to develop tactical asset allocation recommendations. These models are derived by combining some of NDR’s stock vs. bonds & cash recommendations to overweight, underweight, or remain neutral relative to each account’s stock vs. bond mid-point (i.e. midpoint of 55% stocks & 45% bonds and cash would have a tactical range of a minimum of 40% stock and a maximum of 70% stock). Using the inputs from NDR Vital Investment Management will overweight or underweight stocks, bonds, and cash in each account in the model relative to that account’s midpoint. Asset class level recommendations (i.e. US Small Cap Stocks vs. Emerging Market Stocks) are derived from NDR asset-class level models. The stock vs. bonds & cash and asset class level changes are typically made one per month for tax deferred accounts, and every-other-month for taxable accounts. The portion of the account that is not tactical is designed to be invested in long-term strategic allocations in stocks, bonds, or other asset classes deemed appropriate for each account. These models attempt to mitigate trading expenses by utilizing no transaction fee ETFs and Mutual Funds.



### **Primarily Recommend One Type of Security**

We do not primarily recommend one type of security to clients. Instead we recommend any product that may be suitable for each client relative to that client's specific circumstances and needs.

### **Recommending Securities**

Vital Investment Management, in certain situations may recommend investments in selected private placements. These types of investments may present unique risks due to the use of leverage and potential lack of liquidity. In addition, such recommendations may be limited only to those clients that are termed as "Accredited Investors" as defined in Rule 501(a) of Regulation D in the Securities Act of 1933. These types of investments also have varied and unique fee structures of their own. Vital Investment Management does not receive any fee from recommending these securities other than the investment management fee that is disclosed in item 5. Fees and Compensation above. Due to the unique and complex nature of these investments, clients will receive a separate disclosure prior to any investments being made.

### **Risk of Loss**

Past performance is not indicative of future results. Therefore, you should never assume that future performance of any specific investment or investment strategy will be profitable. Investing in securities (including stocks, mutual funds, and bonds, etc.) involves risk of loss. Further, depending on the different types of investments there may be varying degrees of risk. You 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. There are certain additional risks associated with investing in securities through our investment management program, as described below:

- Market Risk – Either the stock market as a whole, or the value of an individual company, goes down resulting in a decrease in the value of client investments. This is also referred to as systemic risk.
- Equity (stock) market risk – Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. If you held common stock, or common stock equivalents, of any given issuer, you would generally be exposed to greater risk than if you held preferred stocks and debt obligations of the issuer.
- Company Risk. When investing in stock positions, there is always a certain level of company or industry specific risk that is inherent in each investment. This is also referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. For example, if a company's employees go on strike or the company receives unfavorable media attention for its actions, the value of the company may be reduced.

- Fixed Income Risk. When investing in bonds, there is the risk that the issuer will default on the bond and be unable to make payments. Further, individuals who depend on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk. As interest rates rise, bond prices usually fall, and vice versa. This effect is usually more pronounced for longer-term securities.
- Exchange Traded Fund (ETFs) Risk: ETFs can trade at a premium or discount to NAV. Premium paid at purchase may not be realized at time of sale. An ETF is an investment fund traded on stock exchanges, similar to stocks. Investing in ETFs carries the risk of capital loss (sometimes up to a 100% loss in the case of a stock holding bankruptcy). You will also incur brokerage costs when purchasing ETFs. Areas of concern include the lack of transparency in products and increasing complexity, conflicts of interest and the possibility of inadequate regulatory compliance. Precious Metal ETFs (e.g., Gold, Silver, or Palladium Bullion backed “electronic shares” \_not physical metal) specifically may be negatively impacted by several unique factors, among them (1) large sales by the official sector which own a significant portion of aggregate world holdings in gold and other precious metals, (2) a significant increase in hedging activities by producers of gold or other precious metals, (3) a significant change in the attitude of speculators and investors.
- Mutual Fund Risk – When investing in a mutual fund, you will bear additional expenses based on your pro rata share of the mutual fund’s operating expenses, including the potential duplication of management fees. The risk of owning a mutual fund generally reflects the risks of owning the underlying securities the mutual fund holds.
- Management Risk – Your investment with our firm varies with the success and failure of our investment strategies, research, analysis and determination of portfolio securities. If our investment strategies do not produce the expected returns, the value of the investment will decrease.
- Illiquidity Risk – When investing in Interval Funds, you will bear illiquidity risk. Most Interval Funds can be purchased any day that the stock market is open. However, most Interval Funds limit sales/redemptions of the fund to one specific pre-set date each quarter. In a worst-case scenario, this limited quarterly liquidity can become even more pronounced if the fund manager elects to throttle the percentage of the fund that can be liquidated/redeemed each quarter. Quarterly redemptions can be throttled to be 5% of each investor's total investment each quarter, meaning there is a risk that an investor would not be able to fully liquidate their position for five years (5% redemption per quarter X 4 quarters per year = 20% redemption per year X 5 years = 100% redemption). Most funds are able to meet their full quarterly redemption/sales requests in full, but liquidity throttling is still a risk each quarter.
- Investment Models Risk – There is a risk of the models giving untimely buy and sell signals for stocks, bonds, and cash. The tactical portion of each account should be considered to have a 100% stock allocation risk as this portion of each account has the possibility to be invested fully in stocks. A bond minimum allocation should be set for each account to mitigate the risk of untimely buy and sell signals for stocks, bonds, and cash. There is a risk of being wrong twice if the model recommends buying at a higher price level and then selling at a lower price level.

## Item 9 – Disciplinary Information

There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of our business or integrity.

## Item 10 – Other Financial Industry Activities and Affiliations

Vital Investment Management is **not** and does **not** have a related person that is a broker/dealer, municipal securities dealer, government securities dealer or broker, an investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund), another investment adviser or financial planner, a futures commission merchant, commodity pool operator, or commodity trading advisor, a banking or thrift institution, an accountant or accounting firm, a lawyer or law firm, an insurance company or agency, a pension consultant, a real estate broker or dealer, and a sponsor or syndicator of limited partnerships.

Vital Investment Management is an independent registered investment adviser and only provides investment advisory services and does not sell products or services other than investment advice.

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

### **Code of Ethics Summary**

According to the *Investment Advisers Act of 1940*, an investment adviser is considered a fiduciary and has a fiduciary duty to all clients. Vital Investment Management has established a Code of Ethics to comply with the requirements of Section 204(A)-1 of the *Investment Advisers Act of 1940* that reflects its fiduciary obligations and those of its supervised persons. The Code of Ethics also requires compliance with federal securities laws. The Code of Ethics covers all individuals that are classified as "supervised persons". All employees, officers, directors and investment adviser representatives are classified as supervised persons. Vital Investment Management requires its supervised persons to consistently act in your best interest in all advisory activities. Vital Investment Management imposes certain requirements on its affiliates and supervised persons to ensure that they meet the firm's fiduciary responsibilities to you. The standard of conduct required is higher than ordinarily required and encountered in commercial business.

This section is intended to provide a summary description of the Code of Ethics of Vital Investment Management. If you wish to review the Code of Ethics in its entirety, you should send us a written request and upon receipt of your request, we will promptly provide a copy of the Code of Ethics to you.

### **Affiliate and Employee Personal Securities Transactions Disclosure**

Vital Investment Management or associated persons of the firm may buy or sell for their personal accounts, investment products identical to those recommended to clients. This creates a conflict of interest. It is the express policy of Vital Investment Management that all persons associated in any manner with our firm must act in the clients' best interest when implementing personal investments. Vital Investment Management and its associated persons will not buy or sell securities for their personal account(s) where their decision is derived, in whole or in part, by information obtained as a result of employment or association with our firm unless the information is also available to the investing public upon reasonable inquiry.

Vital Investment Management is and will continue to be in compliance with applicable state and federal rules and regulations. To mitigate conflicts of interest, we have developed written supervisory procedures that include personal investment and trading policies for our representatives, employees and their immediate family members (collectively, associated persons):

- Associated persons cannot prefer their own interests to that of the client.
- Associated persons cannot purchase or sell any security for their personal accounts prior to implementing transactions for client accounts.
- Associated persons cannot buy or sell securities for their personal accounts when those decisions are based on information obtained as a result of their employment, unless that information is also available to the investing public upon reasonable inquiry.
- Associated persons are prohibited from purchasing or selling securities of companies in which any client is deemed an “insider”.
- Associated persons are discouraged from conducting frequent personal trading.
- Associated persons are generally prohibited from serving as board members of publicly traded companies unless an exception has been granted to the Chief Compliance Officer of Vital Investment Management.
- Associated persons will not be permitted to disadvantage the trading of any client accounts.

Any associated person not observing our policies is subject to sanctions up to and including termination.

### **Item 12 – Brokerage Practices**

Clients always have the right to decide whether to act on the financial planning recommendations of Vital Investment Management. Lower fees for comparable services may be available from other sources. If a conflict exists between the interests of the Advisor or its associated persons and the interest of the client, the client always has the right to decide whether to act on any of the recommendations made by Vital Investment Management and if you elect to act on any of the recommendations, you have the right to effect the transactions through a professional unaffiliated with Vital Investment Management. Our fiduciary obligation is to always act and recommend in the clients’ best interest. If the firm assists in the implementation of any recommendations, we are responsible to ensure that the client receives the best execution possible. Best execution does not necessarily mean that clients receive the lowest possible commission costs but that the qualitative execution is best. In other words, all conditions considered, the transaction execution is in your best interest. When considering best execution, we look at a number of factors besides prices and rates including, but not limited to:

- Execution capabilities (e.g., market expertise, ease/reliability/timeliness of execution, responsiveness, integration with our existing systems, ease of monitoring investments)
- Products and services offered (e.g., investment programs, back office services, technology, regulatory compliance assistance, research and analytic services)
- Financial strength, stability and responsibility
- Reputation and integrity
- Ability to maintain confidentiality

We exercise reasonable due diligence to make certain that best execution is obtained for all clients when implementing any transaction by considering the back office services, technology and pricing of services offered.

### **Brokerage Recommendations**

Vital Investment Management recommends that clients establish brokerage accounts with the Schwab Institutional division of Charles Schwab & Co., Inc ("Schwab"), a FINRA-registered broker-dealer, Member SIPC, to maintain custody of clients' assets and to effect trades for their accounts. Although Vital Investment Management may recommend/require the clients establish accounts at Schwab, it is the client's decision to custody assets with Schwab. Vital Investment Management is independently owned and operated and not affiliated with Schwab.

Schwab provides Vital Investment Management with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the advisor's clients' assets are maintained at Schwab Institutional. These services are not contingent upon Vital Investment Management committing to Schwab any specific amount of business (assets in custody or trading commissions). Schwab's brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require significantly higher minimum initial investment.

For Vital Investment Management's clients' accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions or other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts. Schwab Institutional also makes available to Vital Investment Management other products or services that benefit Vital Investment Management but may not directly benefit clients' accounts. Many of these products and services may be used to service all or some substantial number of Vital Investment Management' accounts, including accounts not maintained Schwab.

Schwab's products and services that assist Vital Investment Management in managing and administering clients' accounts include software and other technology that (i) provides access to client account data (such as trade confirmations and account statements); (ii) facilitate trade execution and allocate aggregated trade orders for multiple client accounts; (iii) provide research, pricing and other market data; (iv) facilitate payment of Vital Investment Management's fees from some of its accounts; and (v) assist with back-office functions, recordkeeping and client reporting.

Schwab Institutional also offers other services intended to help Vital Investment Management manage and further develop its business enterprise. These services may include: (i) compliance, legal and business consulting; (ii) publications and conferences on practice management and business succession; and (iii) access to employee benefits providers, human capital consultants and insurance providers. Schwab Institutional may discount or waive fees it would otherwise charge for some of these services or pay all or part of the fees of a third-party providing these services to Vital Investment Management. Schwab Institutional may also provide other benefits such as educational events or occasional business entertainment of Vital Investment Management personnel. While as a fiduciary, Vital Investment Management endeavors to act in its clients' best interests, Vital Investment Management's recommendation that clients maintain their assets in accounts at Schwab may take into account availability of some of the foregoing products and services and other arrangements not solely on the nature of cost or quality of custody and brokerage services provided by Schwab, which creates a conflict of interest. Vital Investment Management believes that its recommendation of Schwab is appropriate based on the services that it provides and the fees that it charges.

### **Soft Dollar Benefits**

An investment adviser receives soft dollar benefits from a custodian when the investment adviser receives research or other products and services in exchange for client securities transactions or maintaining an account balance with the custodian. Please see brokerage recommendations immediately above.

Vital Investment Management does not have a soft dollar agreement with a broker-dealer or a third-party.

### **Handling Trade Errors**

Vital Investment Management has implemented procedures designed to prevent trade errors; however, trade errors in client accounts cannot always be avoided. Consistent with its fiduciary duty, it is the policy of Vital Investment Management 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 is 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 is made whole and any loss resulting from the trade error is absorbed by Vital Investment Management if the error is caused by Vital Investment Management. If the error is caused by the broker-dealer, the broker-dealer is responsible for handling the trade error. If an investment gain results from the correcting trade, the gain remains in the client's account unless the same error involved other client account(s) that should also receive the gains. It is not permissible for all clients to retain the gain. Vital Investment Management may also confer with a client to determine if the client should forego the gain (e.g., due to tax reasons).

Vital Investment Management will never benefit or profit from trade errors.

### **Block Trading Policy**

We may elect to purchase or sell the same securities for several clients at approximately the same time. This process is referred to as aggregating orders, batch trading or block trading and is used by our firm when Vital Investment Management believes such action may prove advantageous to clients. If and when we aggregate client orders, allocating securities among client accounts is done on a fair and equitable basis. Typically, the process of aggregating client orders is done in order to allocate orders among clients on a more equitable basis in order to avoid differences in prices that might be obtained when orders are placed independently.

Vital Investment Management uses the average price allocation method for transaction allocation.

Under this procedure Vital Investment Management will calculate the average price and transaction charges for each transaction included in a block order and assign the average price and transaction charge to each allocated transaction executed for the client's account.

If and when we determine to aggregate client orders for the purchase or sale of securities, including securities in which Vital Investment Management or our associated persons may invest, we will do so in accordance with the parameters set forth in the SEC No-Action Letter, *SMC Capital, Inc.* Neither we nor our associated persons receive any additional compensation as a result of block trades.

## **Item 13 – Review of Accounts**

### **Account Reviews and Reviewers**

Managed accounts are reviewed at least quarterly. While the calendar is the main triggering factor, reviews can also be conducted at your request. Account reviews will include investment strategy and objectives review and making a change if strategy and objectives have changed. Reviews are conducted by David Eads, with reviews performed in accordance with your investment goals and objectives.

Investment models are reviewed at least monthly in the firm's Investment Committee Meetings (typically the 3<sup>rd</sup> Thursday and proceeding Friday of the month). The Investment Committee has one voting member, David Eads, and a number of non-voting members. The firm's Investment Committee reviews past performance of the firm's models and holdings compared to a stated comparative benchmark (the tactical mid-point). The Investment Committee reviews market fundamental data, technical data, new research, and tactical ETF and Mutual Fund allocations and performance. Changes recommended by the Investment Committee are actionable in the next portfolio rebalance for each account.

Our financial planning services do not include monitoring the investments of your account(s), and therefore, there is no ongoing review of your account(s) under such services.

### **Statements and Reports**

For our asset management services, you are provided with transaction confirmation notices and regular quarterly account statements in writing directly from the qualified custodian. Additionally, Vital Investment Management may provide performance reports at meetings with you and upon request.

Financial planning clients do not receive any report other than the written plan originally contracted for and provided by Vital Investment Management.

You are encouraged to always compare any reports or invoices provided by us against the account statements delivered from the qualified custodian. When you have questions about your account statement, you should contact our firm and the qualified custodian preparing the statement.

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

Vital Investment Management reserves the right to pay a fee to a promoter who refers clients to us in accordance with applicable securities laws. From time to time Vital Investment Management does enter into promoter relationships with individual ("Promoters") who in turn offer our services to members of the public. Through these arrangements, we pay a cash referral fee to the promoter based upon a percentage of our advisory fee. The referral fee is paid pursuant to a written agreement and this information is disclosed to Clients prior to, or at the time, of entering into an investment advisory agreement. Vital Investment Management also offers a revenue sharing plan for our employees based on the number and amount of client referrals. Clients do not pay higher fees as a result of these arrangements.

Other than soft dollar benefits provided by the custodian disclosed by item 12 above, the only compensation received from advisory services is the fees charged for providing investment advisory services as described in Item 5 of this Disclosure Brochure. Vital Investment Management receives no other forms of compensation in connection with providing investment advice.

We receive an economic benefit from Schwab in the form of the support products and services it makes available to us and other independent investment advisers whose clients maintain their accounts at Schwab. These products and services, how they benefit us, and the related conflicts of interest are described above (see Item 12 – Brokerage Practices). The availability of Schwab’s products and services is not based on us giving particular investment advice, such as buying particular securities for our clients. Please see Item 5, Fees and Compensation, Item 10, Other Financial Industry Activities and Affiliations and Item 12, Brokerage Practices, for additional discussion concerning other compensation.

### **Item 15 – Custody**

Custody, as it applies to investment advisors, has been defined by regulators as having access or control over client funds and/or securities. Vital Investment Management does not have physical custody of client funds and securities. In other words, custody is not limited to physically holding client funds and securities. If an investment adviser has the ability to access or control client funds or securities, the investment adviser is deemed to have custody and must ensure proper procedures are implemented.

Vital Investment Management is deemed to have custody of client funds and securities whenever Vital Investment Management is given the authority to have fees deducted directly from client accounts. Per Rule 206(4)-2 of the Investment Advisers Act of 1940, Vital Investment Management is deemed to have custody of certain client accounts where standing letters of authorization (SLOAs) may exist. The determination of this custody is based on the structure of each SLOA. Vital Investment Management conducts regular and ongoing audits of all of the SLOAs across the firm to determine which accounts we are deemed to have custody for and follows all associated SEC rules and guidelines for that custody.

It should be noted that authorization to trade in client accounts is not deemed by regulators to be custody.

We have 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. The firm will have written authorization from the client from the custodian for its fee to send a billing invoice to the client that indicates the fee to be withdrawn from the account and how it was calculated. Finally, account statements are delivered directly from the qualified custodian to each client, or the client’s independent representative, at least quarterly. Clients should carefully review those statements and are urged to compare the statements against reports and invoices received from Vital Investment Management and notify us of any discrepancies. When clients have questions about their account statements, they should contact Vital Investment Management or the qualified custodian preparing the statement.

### **Item 16 – Investment Discretion**

When providing asset management services, Vital Investment Management maintains trading authorization over your Account and can provide management services on a **discretionary** basis. When discretionary authority is granted, we will have the authority to determine the type of securities and the amount of securities that can be bought or sold for your portfolio without obtaining your consent for each transaction.



If you decide to grant trading authorization on a **non-discretionary** basis, we will be required to contact you prior to implementing changes in your account. Therefore, you will be contacted and required to accept or reject our investment recommendations including:

- The security being recommended
- The number of shares or units
- Whether to buy or sell

Once the above factors are agreed upon, we will be responsible for making decisions regarding the timing of buying or selling an investment and the price at which the investment is bought or sold. If your accounts are managed on a non-discretionary basis, you need to know that if we are not able to reach you or you are slow to respond to our request, it can have an adverse impact on the timing of trade implementations and we may not achieve the optimal trading price.

You will have the ability to place reasonable restrictions on the types of investments that may be purchased in your Account. You may also place reasonable limitations on the discretionary power granted to Vital Investment Management so long as the limitations are specifically set forth or included as an attachment to the client agreement.

### **Item 17 – Voting Client Securities**

#### **Proxy Voting**

Vital Investment Management does not vote proxies on behalf of Clients. We have determined that taking on the responsibilities for voting client securities does not add enough value to the services provided to you to justify the additional compliance and regulatory costs associated with voting client securities. Therefore, it is your responsibility to vote all proxies for securities held in Account.

You will receive proxies directly from the qualified custodian or transfer agent; We will not provide you with the proxies. You are encouraged to read through the information provided with the proxy-voting documents and make a determination based on the information provided. Clients may call Vital Investment Management with any questions about any proxies they receive.

### **Item 18 – Financial Information**

Vital Investment Management does 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 the 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, Vital Investment Management has not been the subject of a bankruptcy petition at any time.

## Customer Privacy Policy Notice

The information contained in this section will also be disclosed in Vital Investment Management's Privacy Policy Statement. This statement will be provided to all clients in accordance with the rules and regulations of the *Gramm-Leach-Bliley Act of 1999*.

As a registered investment advisor, Vital Investment Management, LLC and its investment adviser representatives will gather and develop personal information regarding our clients. This information will be gathered and developed by us for the following purposes:

1. To determine the client's financial goals and objectives
2. To determine the level of advisory services needed and desired by the client
3. To provide the client with specific recommendations regarding advisory services
4. To provide the client with specific recommendations regarding financial products
5. To provide ongoing support and recommendations regarding financial products held in the client's account

Client information that Vital Investment Management, LLC will collect may include, but not be limited to the following:

- Information received from clients on financial inventories through consultations with its representatives. This information may include personal and household information such as income, spending habits, investment objectives, financial goals, statements of account and other records concerning the clients' financial conditions and assets, together with information concerning employee benefits and retirement plan interests, wills, trusts, mortgages and tax returns.
- Information developed as part of financial plans, analyses or investment advisory services.
- Information concerning investment advisory account transactions, such as wrap account transactions.
- Information about clients' financial products and services transactions with Vital Investment Management, LLC

When a client account is closed, Vital Investment Management, LLC will continue to keep all client information confidential in accordance with the principles stated in its privacy policy.

A copy of the Privacy Policy Notice will be delivered to all clients in writing by at least one of the following methods:

- By hand delivering a copy to the client
- Mailing a copy to the client's address on record
- If business is conducted electronically, a notice may be posted on an electronic site as long as the client acknowledges receipt of the Privacy Policy Notice prior to the client obtaining any services or products from Vital Investment Management, LLC

A copy of the Privacy Policy Notice will be provided to the client no later than the time a client establishes a relationship with Vital Investment Management, LLC, unless this situation would cause a delay in the client obtaining services and the client agrees to accept the notice at a later date. When this situation applies, a

copy of the Privacy Policy Statement will be delivered to the client within a reasonable time period following the transaction.

Any time a change is made to the Privacy Policy, the statement to clients will be revised. The revised statement will be given to all affected clients prior to any disclosure of information. In addition, Vital Investment Management, LLC will provide a copy of its Privacy Policy Statement to all current and existing clients at least annually.

### **Business Continuity Plan**

Vital Investment Management has a business continuity and contingency plan in place designed to respond to significant business disruptions. These disruptions can be both internal and external. Internal disruptions will impact our ability to communicate and do business, such as a fire in the office building. External disruptions will prevent the operation of the securities markets or the operations of a number of firms, such as earthquakes, wildfires, hurricanes, terrorist attack or other wide-scale, regional disruptions.

Our continuity and contingency plan has been developed to safeguard employees' lives and firm property, to allow a method of making financial and operational assessments, to quickly recover and resume business operations, to protect books and records, and to allow clients to continue transacting business.

The plan includes the following:

- Alternate locations to conduct business;
- Hard and electronic back-ups of records;
- Alternative means of communications with employees, clients, critical business constituents and regulators; and
- Details on the firms' employee succession plan

Our business continuity and contingency plan is reviewed and updated on a regular basis to ensure that the policies in place are sufficient and operational.

**FORM ADV PART 2B BROCHURE SUPPLEMENT**

**Item 1 – Cover Page**

**Vital Investment Management, LLC**

4045 St. Could Drive  
Suite 220  
Loveland, Colorado 80538  
Phone: 970-776-3316

**David Eads, CFP® CRD # 6058093**

**Brian Niehaus CRD # 7408374**

**Dillon Goodman CRD # 7468576**

**Date of Supplement: March 14, 2023**

**This brochure supplement provides information about David Eads, Brian Niehaus and Dillon Goodman that supplements the Vital Investment Management, LLC (“Vital Investment Management”) disclosure brochure. You should have received a copy of that brochure. Please contact David Eads at 970-776-3316 if you did not receive Vital Investment Management’s brochure or if you have any questions about the contents of this supplement.**

**Additional information about David Eads, Brian Niehaus and Dillon Goodman is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

## **Item 2 – Educational Background and Business Experience**

### **David Eads**

05/29/1983

#### **Post Secondary Educational Background:**

Colorado State University, Construction Management: 2006

#### **Business Background:**

Vital Investment Management, Managing Member and Chief Compliance Officer, 02/2019 to Present;

Colorado Financial Management, Investment Advisor & Financial Planner, 04/2012 to 3/31/2019

Something Canadian LLC, Co-Owner, 05/2016 to Present

Engineered Outdoor Products LLC, Co-Owner, 08/2016 to 08/2019

US Engineering Company, Project Manager, 07/1998 to 04/2012

#### **Professional Designations and Qualifications:**

CERTIFIED FINANCIAL PLANNER™(1)

### **Brian Niehaus**

11/07/1963

#### **Post Secondary Educational Background:**

University of Northern Iowa, B.S., Business Management: 1986

#### **Business Background:**

Vital Investment Management, Financial Advisor, 04/2021 to Present

Independent Bank Group, Inc., Commercial Lender, 03/2015 to 04/2021

First National Bank of Omaha, Business Banking Manager, 08/1996 to 02/2015

### **Dillon Goodman**

03/09/1992

#### **Post Secondary Educational Background:**

Idaho State University, M.S., Accounting: 2017

Brigham Young University, B.S., Accounting: 2016

Certified Public Accountant in Colorado: 11/14/2019

#### **Business Background:**

Vital Investment Management, Financial Advisor, 03/2022 to Present

Stephanie Packham CPA LLC, Accountant 08/2018 to Present

Deloitte and Touche LLC, Audit Associate, 10/2017 to 07/2018

Stephanie Packham CPA LLC, Accountant, 06/2017 to 09/2017

## Professional Designations and Qualifications:

Certified Public Accountant(2)

### (1) Certified Financial Planner™ CFP® Designation Defined:

The CERTIFIED FINANCIAL PLANNER™, CFP® and federally registered CFP (with flame design) marks (collectively, the “CFP® marks”) are professional certification marks granted in the United States by Certified Financial Planner Board of Standards, Inc. (“CFP Board”).

The CFP® certification is a voluntary certification; no federal or state law or regulation requires financial planners to hold CFP® certification. It is recognized in the United States and a number of other countries for its (1) high standard of professional education; (2) stringent code of conduct and standards of practice; and (3) ethical requirements that govern professional engagements with clients. Currently, more than 62,000 individuals have obtained CFP® certification in the United States.

To attain the right to use the CFP® marks, an individual must satisfactorily fulfill the following requirements:

- Education – Complete an advanced college-level course of study addressing the financial planning subject areas that the CFP Board's studies have determined as necessary for the competent and professional delivery of financial planning services, and attain a Bachelor's Degree from a regionally accredited United States college or university (or its equivalent from a foreign university). CFP Board's financial planning subject areas include insurance planning and risk management, employee benefits planning, investment planning, income tax planning, retirement planning, and estate planning;
- Examination – Pass the comprehensive CFP® Certification Examination. The examination administered in 10 hours over a two-day period includes case studies and client scenarios designed to test one's ability to correctly diagnose financial planning issues and apply one's knowledge of financial planning to real world circumstances;
- Experience – Complete at least three years of full-time financial planning-related experience (or the equivalent, measured as 2000 hours per year); and
- Ethics – Agree to be bound by the CFP Board's *Standards of Professional Conduct*, a set of documents outlining the ethical and practice standards for CFP® professionals.

Individuals who become certified must complete the following ongoing education and ethics requirements in order to maintain the right to continue to use the CFP® marks:

- Continuing Education – Complete 30 hours of continuing education hours every two years, including two hours on the *Code of Ethics* and other parts of the *Standards of Professional Conduct*, to maintain competence and keep up with developments in the financial planning field; and
- Ethics – Renew an agreement to be bound by the *Standards of Professional Conduct*. The *Standards* prominently require that CFP® professionals provide financial planning services at a fiduciary standard of care. This means the CFP® professionals must provide financial planning services in the best interests of their clients.

CFP® professionals who fail to comply with the above standards and requirements may be subject to CFP Board's enforcement process, which could result in the suspension or permanent revocation of their CFP® certification.

## **(2) Certified Public Accountant (CPA) Designation Defined:**

CPAs in the state of Colorado must currently complete the following requirements:

- **Educational Requirements:** earned a Bachelor's degree (or its equivalent) in the field with a minimum of 27 hours in accounting classes and 21 hours in general business classes. At least three of the hours must be in auditing; no more than six hours can be concentrated in any other single area.
- **Experience Requirements:** an applicant must have worked in public accounting under the direct supervision of a licensed CPA in the state of Colorado for at least one year. The work the applicant has completed must be for the employer's clients and not for the employer and must be in one or more areas of accounting, including auditing, attestation, tax return preparation, or general accounting. The applicant may not have won any part of the business for which he is working or have any other financial interest in it.
- **Additional Education in Place of Experience:** an applicant may substitute an additional 30 semester hours of accounting classes beyond those required to obtain a bachelor's degree, for a minimum total of 120 hours, for the one-year work requirement. Of those 120 hours, at least 45 must be in accounting courses and at least 36 must be in business administration.
- **Uniform CPA Examination:** currently the Uniform CPA Examination includes four sections; applicants for a CPA license must pass all of them with a score of no lower than 75. The sections cover auditing and attestation, business environment and concepts, financial accounting and reporting, and regulation.
- **Ethics Requirement:** current applicants must complete the American Institute of Certified Public Accountants (AICPA) Ethics Course, which is an 11-hour self-guided class available by correspondence or online.
- **Application:** once an applicant has completed the above requirements, he must submit an application for a license to the Colorado State Board of Accountancy and pay a fee.

CPAs renew their designation every two years by completing 80 hours of continuing education. Four of these continuing education hours must be in Ethics.

### **Item 3 – Disciplinary Information**

David Eads, Brian Niehaus and Dillon Goodman have no legal or disciplinary events to report.

### **Item 4 – Other Business Activities**

David Eads, Brian Niehaus and Dillon Goodman are not engaged in any other investment-related business activities.

### **Item 5 – Additional Compensation**

David Eads may receive additional benefits. Certain product sponsors may provide David Eads with other economic benefits as a result of his recommendation or sale of the product sponsors' investments. The economic benefits received by David Eads from product sponsors can include but are not limited to, financial assistance or the sponsorship of conferences and educational sessions, marketing support, incentive awards, payment of travel expenses, and tools to assist David Eads in providing various services to clients.

Although Vital Investment Management and David Eads endeavor at all times to put the interest of its clients ahead of its own or those of its officers, directors, or representatives (“affiliated persons”), these arrangements could affect the judgment of David Eads when recommending investment products. These situations present a conflict of interest that may affect the judgment of affiliated persons including David Eads, Brian Niehaus and Dillon Goodman.

Brian Niehaus and Dillon Goodman do not receive any additional compensation or economic benefit for providing advisory services from any source other than Vital Investment Management. Brian Niehaus and Dillon Goodman may receive additional compensation from Vital in addition to their regular salary since they have a revenue sharing arrangement with Vital. Brian Niehaus and Dillon Goodman receive a portion of their advisory fee from new advisory clients they refer to Vital Investment Management.

#### **Item 6 – Supervision**

David Eads is the Chief Compliance Officer of Vital Investment Management. He is responsible for overseeing and enforcing the firm’s compliance programs that have been established to monitor and supervise the activities and services provided by the firm and its representatives. David Eads can be contacted at 970-776-3316.