

Vahanian & Associates Financial Planning Inc.
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ADV Part 2A, Brochure
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This Brochure provides information about the qualifications and business practices of Vahanian & Associates Financial Planning Inc. (“Vahanian”). If you have any questions about the contents of this Brochure, please contact us at (518) 583-0891 or vahanian@vahanian.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Vahanian & Associates Financial Planning Inc. also is available on the SEC’s website at www.adviserinfo.sec.gov.

References to Vahanian & Associates Financial Planning Inc. as a “registered investment adviser” or any reference to being “registered” does not imply a certain level of skill or training.

Item 2 Material Changes

There have been no material changes to this ADV Part 2A, Brochure since the February 22, 2021 annual update filing.

Vahanian’s Chief Compliance Officer, Bonnie M. Boyce, is available to address any questions about this Brochure or any conflicts of interest presented.

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Item 4 Advisory Business

- A. Vahanian & Associates Financial Planning Inc. (“Vahanian”) is a New York corporation formed on July 14, 1986. Vahanian became registered as an investment adviser in August 1998. Jeffrey C. Vahanian, is Vahanian’s President and principal owner.
- B. Vahanian offers investment advisory services and financial planning and related consulting services to its clients as described below.

INVESTMENT ADVISORY SERVICES

Clients can engage Vahanian to provide discretionary investment advisory services on a fee basis. Vahanian’s annual investment advisory fee is based upon a percentage of the market value of the assets placed under Vahanian’s management. Before engaging Vahanian to provide investment advisory services, clients enter into an Investment Advisory Agreement with Vahanian setting forth the terms and conditions of the engagement, describing the scope of the services to be provided, and the fee that is due from the client.

Vahanian’s investment management services are tailored specifically to the needs of each client. To begin the investment advisory process, an investment adviser representative will collaborate with the client to develop investment objectives based upon an assessment of factors that typically include capital preservation, risk tolerance, income production, liquidity requirements, client preferences, asset and liability levels, and investment restrictions. Once the client’s investment objectives are established, Vahanian will allocate or recommend that the client allocate investment assets consistent with the designated investment objectives. Vahanian primarily allocates client investment assets on a discretionary basis among various mutual funds, exchange traded funds (“ETFs”), individual equity securities, and to a much lesser extent, fixed income securities (bonds), cash and cash equivalents consistent with the client’s designated investment objectives. Once allocated, Vahanian provides ongoing monitoring and review of account performance and asset allocation as compared to client investment objectives and will periodically execute or recommend execution of transactions for the account based upon those reviews or other triggering events.

FINANCIAL PLANNING AND CONSULTING SERVICES (STAND-ALONE)

Vahanian may agree to provide financial planning and consulting services (including investment and non-investment related matters, including estate planning, insurance planning, etc.) on a stand-alone separate fee basis. Before engaging Vahanian to provide planning or consulting services, clients are generally required to enter into a Financial Planning and Consulting Agreement with Vahanian setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the portion of the fee that is due from the client before Vahanian commences services.

MISCELLANEOUS

Limitations of Financial Planning and Non-Investment Consulting/Implementation Services. Vahanian may provide financial planning and related consulting services addressing investment or non-investment related matters, such as estate planning, tax planning, insurance, etc. Vahanian does not serve as a law firm or accounting firm, and no portion of its services should be construed as legal or accounting services. Accordingly, Vahanian does not prepare estate planning documents or tax returns. Unless specifically agreed in writing, neither Vahanian nor its representatives are responsible to implement any financial plans or financial planning advice;

provide ongoing financial planning services; or provide ongoing monitoring of financial plans or financial planning advice. Clients are solely responsible to revisit the financial plan or financial planning advice with Vahanian, if desired. Vahanian's financial planning and consulting services are completed upon communicating its recommendations to the client, upon delivery of the applicable written plan, or upon termination of the applicable agreement. Upon client request, Vahanian may recommend the services of other professionals for certain implementation purposes (i.e., attorneys, accountants, insurance agents, etc.), including representatives of Vahanian in their separate individual capacities as registered representatives of Royal Alliance Associates ("Royal") an SEC registered and FINRA member broker-dealer (as described in Item 5.E.), and as licensed insurance agents (as described in Item 10.C.). The client is under no obligation to engage the services of any recommended professional, who is responsible for the quality and competency of the services they provide. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from Vahanian and its representatives.

Conflict of Interest. The recommendation by Vahanian's representative that a client purchase a securities or insurance commission product through Vahanian's representative in their separate and individual capacity as a registered representative of Royal and as an insurance agent presents a conflict of interest, as the receipt of commissions may provide an incentive to recommend investment or insurance products based on commissions to be received, rather than on a particular client's need. No client is under any obligation to purchase any securities or insurance commission products through such a representative. Clients are reminded that they may purchase securities and insurance products recommended by Vahanian through other, non-affiliated broker-dealers and insurance agents. If the client engages any recommended professional, and a dispute then arises related to the engagement, the client should seek recourse exclusively from and against the engaged professional.

ERISA / IRC Fiduciary Acknowledgment. When Vahanian provides investment advice to a client about the client's retirement plan account or individual retirement account, it does so as a fiduciary within the meaning of Title I of the Employee Retirement Income Security Act ("ERISA") and/or the Internal Revenue Code ("IRC"), as applicable, which are laws governing retirement accounts. Because the way Vahanian makes money creates some conflicts with client interests, Vahanian operates under a special rule that requires it to act in the client's best interest and not put its interests ahead of the client's. Under this special rule's provisions, Vahanian must: meet a professional standard of care when making investment recommendations (give prudent advice); never put its financial interests ahead of the client's when making recommendations (give loyal advice); avoid misleading statements about conflicts of interest, fees, and investments; follow policies and procedures designed to ensure that Vahanian gives advice that is in the client's best interest; charge no more than is reasonable for Vahanian's services; and give the client basic information about conflicts of interest.

Retirement Plan Rollovers – No Obligation / Conflict of Interest. A client or prospective client leaving an employer has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in the former employer's plan, if permitted, (ii) roll over the assets to the new employer's plan, if one is available and rollovers are permitted, (iii) roll over to an Individual Retirement Account ("IRA"), or (iv) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences). If Vahanian recommends that a client roll over their retirement plan assets into an account to be managed by Vahanian, such a recommendation creates a conflict of interest if Vahanian will earn a new (or increase its current) advisory fee as a result of the rollover. Clients are not obligated to roll over retirement plan assets to an account managed by Vahanian.

Asset Aggregation / Reporting Services. Vahanian may provide access to reporting services through one or more third-party aggregation / reporting platforms that can reflect all of the client's investment assets, including those investment assets that the client has not engaged Vahanian to manage (the "Excluded Assets"). Vahanian's service for the Excluded Assets is strictly limited to reporting, and specifically excludes investment management or implementation. Because Vahanian does not have trading authority for the Excluded Assets, the client (and/or a designated investment professional), and not Vahanian, will be exclusively responsible for directly implementing any recommendations for the Excluded Assets and the resulting performance or related activity (such as timing and trade errors) pertaining to the Excluded Assets. The third-party aggregation / reporting platforms may also provide access to financial planning information and applications, which should not be construed as services, advice, or recommendations provided by Vahanian. Accordingly, Vahanian will not agree to be responsible for any adverse results a client may experience if the client engages in financial planning or other functions available on the third party reporting platforms without Vahanian's participation or oversight.

Portfolio Trading Activity / Inactivity. As part of its investment advisory services, Vahanian will review client portfolios on an ongoing basis to determine if any trades are necessary based upon various factors, including but not limited to investment performance, market conditions, fund manager tenure, style drift, account additions/withdrawals, the client's financial circumstances, and changes in the client's investment objectives. Based upon these and other factors, there may be extended periods when Vahanian determines that upon review, trades within a client's portfolio are not prudent. Clients nonetheless remain subject to the fees described in Item 5 during periods of portfolio trading inactivity.

Client Obligations. When performing its services, Vahanian is not required to verify any information received from the client or from the client's designated professionals and is expressly authorized to rely on that information. Clients are responsible to promptly notify Vahanian if there is ever any change in their financial situation or investment objectives for the purpose of reviewing or amending Vahanian's services or previous recommendations.

- C. Vahanian provides investment advisory services tailored specifically to the needs of each client. Before providing investment advisory services, an investment adviser representative will ascertain each client's investment objectives. Then, Vahanian allocates or recommend that the client allocate investment assets consistent with the designated investment objectives. The client may, at any time, impose reasonable restrictions, in writing, on Vahanian's services.
- D. Vahanian does not participate in a wrap fee program.
- E. As of December 31, 2021, Vahanian had \$317,322,169 in assets under management on a discretionary basis.

Item 5 Fees and Compensation

- A. Clients can engage Vahanian to provide investment advisory services on a non-negotiable fee basis as described below.

INVESTMENT ADVISORY SERVICES

If a client determines to engage Vahanian to provide discretionary investment advisory services on a fee basis, except in extremely limited circumstances, Vahanian's annual investment advisory fee is non-negotiable and equal to 1.25% of the assets placed under Vahanian's management. Unless Vahanian expressly agrees otherwise in writing, account assets consisting of cash and cash equivalent positions are included in the value of an account's assets for purposes of calculating Vahanian's advisory fee. In certain extremely limited cases, Vahanian may agree in its sole discretion to charge a lower percentage investment advisory fee, charge a flat fee, charge a fee on a different interval, or waive its fee entirely based upon certain criteria such as but not limited to: the amount of assets to be managed; portfolio composition; the scope and complexity of the engagement; the anticipated number of meetings and servicing needs; related or family accounts; future earning capacity; anticipated future additional assets; the professionals rendering the services; prior relationships with Vahanian and its representatives, and negotiations with the client. As a result of these factors, similarly situated clients could pay different fees which correspondingly impacts a client's net account performance. Moreover, the services to be provided by Vahanian to any particular client could be available from other advisers at lower fees, and certain clients may have fees different than those specifically set forth above.

FINANCIAL PLANNING AND CONSULTING SERVICES (STAND-ALONE)

Upon specific client request, Vahanian may agree to provide financial planning and consulting services (including investment and non-investment related matters, including estate planning, insurance planning, etc.) on a stand-alone fee basis. Vahanian's non-negotiable planning and consulting fees is \$250.00 per hour, payable according to the terms and conditions of a Financial Planning and Consulting Agreement.

- B. Vahanian deducts fees or bills clients quarterly in arrears, based upon the market value of the assets on the last business day of the previous quarter. Both Vahanian's Investment Advisory Agreement and the custodial/clearing agreement may authorize the custodian to debit the account for the amount of Vahanian's investment advisory fee and to directly remit that management fee to Vahanian in compliance with regulatory procedures. In the limited event that Vahanian bills the client directly, payment is due upon receipt of Vahanian's invoice.
- C. Vahanian recommends that Royal Alliance Associates Inc. ("Royal") (which clears through Pershing, LLC) serve as the broker-dealer for client investment management assets. Broker-dealers charge transaction fees for executing certain securities transactions according to their fee schedule and they or their affiliated or unaffiliated custodians impose additional charges for custodial services and other fees associated with maintaining the client's account. Without limiting the foregoing, clients may also be required to pay certain charges and administrative fees related to their investment advisory accounts including, but not limited to, transaction charges (including mark-ups and mark-downs) resulting from trades executed through or with a broker-dealer other than the designated broker-dealer/custodian, transfer taxes, transfer or wiring fees, odd lot differentials, exchange fees, interest charges, American Depository Receipt agency processing fees, and any charges, taxes or other fees mandated by any federal, state or other applicable law or otherwise agreed to with regard to client accounts. For mutual fund and ETF

purchases, clients will incur charges imposed by the respective fund which represent the client's pro rata share of the fund's management fee and other fund expenses. These fees and expenses are described in each fund's prospectus or other offering documents. Vahanian does not share in the fees or expenses charged by the broker-dealers/custodians and fund sponsors described in this Item 5.C.

- D. Vahanian's annual investment advisory fee is prorated and paid quarterly, in arrears, based upon the market value of the assets on the last business day of the previous quarter. The Investment Advisory Agreement between Vahanian and the client will continue in effect until terminated by either party by written notice in accordance with the terms of the Investment Advisory Agreement. Upon termination, Vahanian will debit the account for the pro-rated portion of the unpaid advisory fee based upon the number of days that services were provided during the billing quarter.
- E. Securities Commission Transactions. Clients can choose to engage Jeffrey C. Vahanian, Vahanian's President, in his separate and individual capacity as registered representative of Royal, an SEC registered and FINRA member broker-dealer, to implement investment recommendations on a commission basis. In addition, certain other of Vahanian's representatives are non-producing registered representatives of Royal. Therefore, clients cannot engage them to implement investment recommendations on a commission basis as they would be able to do through Mr. Vahanian. If the client chooses to purchase investment products through Royal, then Royal will charge brokerage commissions to execute securities transactions, and Royal will pay a portion of those commissions to Mr. Vahanian, as applicable. The brokerage commissions charged by Royal may be higher or lower than those charged by other broker-dealers. In addition, Royal, as well as Mr. Vahanian, relative to commission mutual fund purchases, may also receive additional ongoing 12b-1 trailing commission compensation directly from the mutual fund company during the period that the client maintains the mutual fund investment.

Royal has also provided financial assistance to Mr. Vahanian, in his separate and individual capacity as a registered representative of Royal, as part of a compensation package through a series of forgivable loans ("Forgivable Loans"), one of which remains outstanding. The terms of the Forgivable Loans vary from three (3) to five (5) years in length and constitute additional economic benefits. Under the Forgivable Loans, loan repayments due and owing by Mr. Vahanian are offset by corresponding annual payments made by Royal to Mr. Vahanian, so long as Mr. Vahanian remains continuously affiliated with, or otherwise provides continuing and uninterrupted services, for Royal, and uses best efforts to maintain client assets and accounts with Royal. The Forgivable Loans therefore incentivize Mr. Vahanian to remain affiliated with Royal in a separate individual capacity as a registered representative and to recommend that clients use and maintain brokerage assets with Royal. Depending upon his production through Royal, Mr. Vahanian can also qualify to attend Royal's annual invitation-only recognition event and other events, which could also include discounted or free hotel, travel, and other accommodations for himself and a guest ("Event Benefits"). The receipt of the Forgivable Loans and the Event Benefits present conflicts of interest, because Vahanian's representatives are incentivized to recommend that clients utilize Royal for brokerage services in an effort to achieve loan forgiveness or maximize the scope of the Event Benefits, rather than basing such recommendations on a client's particular needs. Clients are therefore reminded that they are not under any obligation to purchase securities commission products through Royal and/or Vahanian's representatives, and that they may purchase such securities commission products from other, non-affiliated broker-dealers and registered representatives.

1. Conflicts of Interest: Based upon the above compensation arrangements, the recommendation that a client purchase a commission product from Royal presents conflicts of interest, as the receipt of commissions or other compensation may provide an incentive to recommend investment products based on commissions and other compensation to be received, rather than on a particular client's need. No client is under any obligation to purchase any commission products from Vahanian's representatives. Vahanian's Chief Compliance Officer, Bonnie M. Boyce, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.
2. Clients may purchase investment products recommended by Vahanian through other, non-affiliated broker dealers or agents.
3. Vahanian does not receive more than 50% of its revenue from advisory clients as a result of commissions or other compensation for the sale of investment products Vahanian recommends to its clients.
4. When Vahanian's representative sells an investment product on a commission basis, Vahanian does not charge an advisory fee in addition to the commissions paid by the client for such product. When providing services on an advisory fee basis, Vahanian's representative does not also receive commission compensation or additional 12b-1 fees for such advisory services. However, a client may engage Vahanian to provide investment management services on an advisory fee basis and separate from such advisory services purchase an investment product from Vahanian's representative on a separate commission basis.

Item 6 Performance-Based Fees and Side-by-Side Management

Neither Vahanian nor any supervised person of Vahanian accepts performance-based fees.

Item 7 Types of Clients

Vahanian's clients currently include individuals, high net worth individuals, trusts and estates. While Vahanian does not impose any mandatory requirements for opening or maintaining investment advisory accounts, Vahanian generally seeks to provide those services to clients having at least \$500,000 in assets designated for Vahanian's management.

Item 8 Methods of Analysis, Investment Strategies and Risk of Loss

A. Vahanian may utilize the following methods of security analysis:

- Fundamental - (analysis performed on historical and present data, with the goal of making financial forecasts)
- Technical – (analysis performed on historical and present data, focusing on price and trade volume, to forecast the direction of prices)
- Cyclical – (analysis performed on historical relationships between price and market trends, to forecast the direction of prices)

Vahanian may utilize the following investment strategies when implementing investment advice given to clients:

- Long Term Purchases (securities held at least a year)
- Short Term Purchases (securities sold within a year)

Investment Risk. Investing in securities involves risk of loss that clients should be prepared to bear, including the loss of principal investment. Past performance does not guarantee future results. Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and investment strategies recommended or undertaken by Vahanian) will be profitable or equal any specific performance levels. Investment strategies such as asset allocation, diversification, or rebalancing do not assure or guarantee better performance and cannot eliminate the risk of investment losses. There is no guarantee that a portfolio employing these or any other strategy will outperform a portfolio that does not engage in such strategies. While asset values may increase and client account values could benefit as a result, it is also possible that asset values may decrease, and client account values could suffer a loss.

- B. Vahanian's methods of analysis and investment strategies do not present any significant or unusual risks. However, every method of analysis has its own inherent risks. To perform an accurate market analysis Vahanian must have access to current/new market information. Vahanian has no control over the dissemination rate of market information; therefore, unbeknownst to Vahanian, certain analyses may be compiled with outdated market information, severely limiting the value of Vahanian's analysis. Furthermore, an accurate market analysis can only produce a forecast of the direction of market values. There can be no assurances that a forecasted change in market value will materialize into actionable or profitable investment opportunities.

Vahanian's primary investment strategies - Long Term Purchases and Short Term Purchases - are fundamental investment strategies. However, every investment strategy has its own inherent risks and limitations. For example, longer term investment strategies require a longer investment time period to allow for the strategy to potentially develop. Shorter term investment strategies require a shorter investment time period to potentially develop but, as a result of more frequent trading, may incur higher transactional costs when compared to a longer term investment strategy.

Socially Responsible Investing / ESG Investing. Upon client request, Vahanian may employ "Socially Responsible Investing," which presents unique risks and limitations. Socially Responsible Investing involves the incorporation of environmental, social and governance (generally referred to as "ESG") considerations into the investment process. Clients requesting to engage in ESG-focused investing must be willing to accept the inherent risks and limitations of that strategy, including without limitation those risks and limitations described below. The investment universe of ESG related investment vehicles is by nature narrower in scope and therefore the investment options may be limited when compared to non-ESG mandated securities. By narrowing the scope of investment options, clients may miss the opportunity to invest in a non-ESG mandated security or sector, which could contribute to their overall portfolio performance. ESG securities could underperform broad market indexes. ESG mandated investment funds may have higher expense ratios than non-ESG mandated investment vehicles. ESG considerations may vary from person to person, so the client's opinion about what constitutes valid and valuable ESG principles may differ from those of the security issuer. ESG scores and ratings may also differ between two different ESG securities because of the way the respective fund managers analyze and identify ESG factors. The underlying holdings of some

ESG investment vehicles may not disclose the same level or scope of ESG information as other companies. As a result, some investments may not capture ESG concepts with 100% accuracy. Therefore, Vahanian may rely on portfolio managers to establish their own system of ranking and sustainable factors in coordination with their mandate.

Margin / Securities Based Loans. Vahanian does not recommend the use of margin for investment purposes. However, if a client determines to take a margin loan that collateralizes a portion of the assets that Vahanian is managing, Vahanian's investment advisory fee will be computed based upon the full value of the assets, without deducting the amount of the margin loan. Without limiting the above, Vahanian may recommend that a client establish a margin loan or a securities-based loan (collectively, "SBLs") with the client's broker-dealer/custodian or their affiliated banks (each, an "SBL Lender") to access cash flow. Unlike a real estate-backed loan, an SBL has the potential benefit of enabling borrowers to access funds in a shorter period of time, providing greater repayment flexibility, and may also result in the borrower receiving certain tax benefits. Clients interested in learning more about the potential tax benefits of borrowing money on margin should consult with an accountant or tax advisor. The terms and conditions of each SBL are contained in a separate agreement between the client and the SBL Lender selected by the client, which terms and conditions may vary from client to client. Borrowing funds on margin is not suitable for all clients and is subject to certain risks, including but not limited to: increased market risk, increased risk of loss, especially in the event of a significant downturn; liquidity risk; the potential obligation to post collateral or repay the SBL if the SBL Lender determines that the value of collateralized securities is no longer sufficient to support the value of the SBL; the risk that the SBL Lender may liquidate the client's securities to satisfy its demand for additional collateral or repayment / the risk that the SBL Lender may terminate the SBL at any time. Before agreeing to participate in an SBL program, clients should carefully review the applicable SBL agreement and all risk disclosures provided by the SBL Lender including the initial margin and maintenance requirements for the specific program in which the client enrolls, and the procedures for issuing "margin calls" and liquidating securities and other assets in the client's accounts. If Vahanian recommends that a client apply for an SBL instead of selling securities that Vahanian manages for a fee to meet liquidity needs, the recommendation presents an ongoing conflict of interest because selling those securities (instead of leveraging those securities to access an SBL) would reduce the amount of assets to which Vahanian's investment advisory fee percentage is applied, and thereby reduce the amount of investment advisory fees collected by Vahanian. Likewise, the same ongoing conflict of interest is present if a client determines to apply for an SBL on their own initiative. These ongoing conflicts of interest would persist as long as Vahanian has an economic disincentive to recommend that the client terminate the use of SBLs. If the client were to invest any portion of the SBL proceeds in an account that Vahanian manages, Vahanian will receive an advisory fee on the invested amount, which could compound this conflict of interest. If a client accesses an SBL through its relationship with Vahanian and the client's relationship with Vahanian is terminated, clients may incur higher (retail) interest rates on the outstanding loan balance. Clients are not under any obligation to employ the use of SBLs, and are solely responsible for determining when to use, reduce, and terminate the use of SBLs. Although Vahanian seeks to disclose all conflicts of interest related to its recommended use of SBLs and related business practices, there may be other conflicts of interest that are not identified above. Clients are therefore reminded to carefully review the applicable SBL agreement, and all risk disclosures provided by the SBL Lender as applicable, and contact Vahanian's Chief Compliance Officer with any questions about the use of SBLs.

Cybersecurity Risk. The information technology systems and networks that Vahanian and its third-party service providers use to provide services to Vahanian's clients employ various controls, which are designed to prevent cybersecurity incidents stemming from intentional or unintentional actions that could cause significant interruptions in Vahanian's operations and result in the unauthorized acquisition or use of clients' confidential or non-public personal information. Clients and Vahanian are nonetheless subject to the risk of cybersecurity incidents that could ultimately cause them to incur losses, including for example: financial losses, cost, and reputational damage to respond to regulatory obligations, other costs associated with corrective measures, and loss from damage or interruption to systems. Although Vahanian has established its systems to reduce the risk of cybersecurity incidents from coming to fruition, there is no guarantee that these efforts will always be successful, especially considering that Vahanian does not directly control the cybersecurity measures and policies employed by third-party service providers. Clients could incur similar adverse consequences resulting from cybersecurity incidents that more directly affect issuers of securities in which those clients invest, broker-dealers, qualified custodians, governmental and other regulatory authorities, exchange and other financial market operators, or other financial institutions.

- C. Currently, Vahanian primarily allocates client investment assets on a discretionary basis among various mutual funds, ETFs, individual equity securities, and to a much lesser extent, fixed income securities (bonds), cash and cash equivalents in consistent with the client's designated investment objectives. Each type of security has its own unique set of risks associated with it. The following provides a short description of some of the underlying risks associated with investing in the types of securities to which Vahanian allocates client investment assets:

Market Risk. The price of a security may drop in reaction to tangible and intangible events and conditions. This type of risk may be caused by external factors (such as economic or political factors) but may also be incurred because of a security's specific underlying investments. Additionally, each security's price can fluctuate based on market movement, which may or may not be due to the security's operations or changes in its true value. For example, political, economic, and social conditions may trigger market events which are temporarily negative, or temporarily positive.

Unsystematic Risk. Unsystematic risk is the company-specific or industry-specific risk in a portfolio that the investor bears. Unsystematic risk is typically addressed through diversification. However, as indicated above, diversification does not guarantee better performance and cannot eliminate the risk of investment losses.

Value Investment Risk. Value stocks may perform differently from the market as a whole and following a value-oriented investment strategy may cause a portfolio to underperform growth stocks.

Growth Investment Risk. Prices of growth stocks tend to be higher in relation to their companies' earnings and may be more sensitive to market, political and economic developments than other stocks, making their prices more volatile.

Small Company Risk. Securities of small companies are often less liquid than those of large companies and this could make it difficult to sell a small company security at a desired time or price. As a result, small company stocks may fluctuate relatively more in price. In general, small capitalization companies are more vulnerable than larger companies to adverse business or economic developments and they may have more limited resources.

Commodity Risk. The value of commodity-linked derivative instruments may be affected by changes in overall market movements, commodity index volatility, changes in interest rates, or factors affecting a particular industry or commodity, such as drought, floods, weather, livestock disease, embargoes, tariffs, and international economic, political, and regulatory developments.

Foreign Securities and Currencies Risk. Foreign securities prices may decline or fluctuate because of: (i) economic or political actions of foreign governments, and/or (ii) less regulated or liquid securities markets. Investors holding these securities are also exposed to foreign currency risk (the possibility that foreign currency will fluctuate in value against the U.S. dollar).

Interest Rate Risk. Fixed income securities and fixed income-based securities are subject to interest rate risk because the prices of fixed income securities tend to move in the opposite direction of interest rates. When interest rates rise, fixed income security prices tend to fall. When interest rates fall, fixed income security prices tend to rise. In general, fixed income securities with longer maturities are more sensitive to these price changes.

Inflation Risk. When any type of inflation is present, a dollar at present value will not carry the same purchasing power as a dollar in the future, because that purchasing power erodes at the rate of inflation.

Reinvestment Risk. Future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e., interest rate), which primarily relates to fixed income securities.

Credit Risk. The issuer of a security may be unable to make interest payments and/or repay principal when due. A downgrade to an issuer's credit rating or a perceived change in an issuer's financial strength may affect a security's value and impact performance. Credit risk is considered greater for fixed income securities with ratings below investment grade. Fixed income securities that are below investment grade involve higher credit risk and are considered speculative.

Call Risk. During periods of falling interest rates, a bond issuer will call or repay a higher-yielding bond before its maturity date, forcing the investment to reinvest in bonds with lower interest rates than the original obligations.

Regulatory Risk. Changes in laws and regulations from any government can change the market value of companies subject to such regulations. Certain industries are more susceptible to government regulation. For example, changes in zoning, tax structure or laws may impact the return on investments.

Mutual Fund Risk. Mutual funds are operated by investment companies that raise money from shareholders and invest it in stocks, bonds, and/or other types of securities. Each fund will have a manager that trades the fund's investments in accordance with the fund's investment objective. Mutual funds charge a separate management fee for their services, so the returns on mutual funds are reduced by the costs to manage the funds. While mutual funds generally provide diversification, risks can be significantly increased if the fund is concentrated in a particular sector of the market. Mutual funds that are sold through brokers are called load funds, and those sold to investors directly from the fund companies are called no-load funds. Mutual funds come in many varieties. Some invest aggressively for capital appreciation, while others are conservative and are designed to generate income for shareholders. In addition, the client's overall portfolio may be affected by losses of an underlying fund and the level of risk arising from the investment practices of an underlying fund (such as the use of derivatives).

Exchange Traded Fund Risk. ETFs are marketable securities that are designed to track, before fees and expenses, the performance or returns of a relevant index, commodity, bonds, or basket of assets, like an index fund. Unlike mutual funds, ETFs trade like common stock on a stock exchange. ETFs experience price changes throughout the day as they are bought and sold. In addition to the general risks of investing, there are specific risks to consider with respect to an investment in ETFs, including, but not limited to: (i) an ETF's shares may trade at a market price that is above or below its net asset value; (ii) the ETF may employ an investment strategy that utilizes high leverage ratios; or (iii) trading of an ETF's shares may be halted if the listing exchange's officials deem such action appropriate, the shares are de-listed from the exchange, or the activation of market-wide "circuit breakers" (which are tied to large decreases in stock prices) halts stock trading generally.

Cash and Cash Equivalent Risk. Vahanian may hold a portion of client's assets in cash or cash equivalent positions (such as but not limited to money market funds) typically for defensive and liquidity purposes. Investments in these assets may cause a client to miss upswings in the markets. Vahanian's advisory fee could exceed the interest income from holding cash or cash equivalents. Clients can advise Vahanian not to maintain (or to limit the amount of) cash or cash equivalent positions in their account.

Item 9 Disciplinary Information

Vahanian has not been the subject of any disciplinary actions.

Item 10 Other Financial Industry Activities and Affiliations

- A. Registered Representative of Royal. As disclosed above in Item 5.E, Jeffrey C. Vahanian, Vahanian's President, is also a registered representative of Royal, an SEC-registered and FINRA member broker-dealer. Certain other of Vahanian's representatives are non-producing registered representatives of Royal.
- B. Neither Vahanian, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.
- C. Broker Dealer. As disclosed above in Item 5.E, Jeffrey C. Vahanian is a registered representative of Royal, an SEC-registered and FINRA member broker-dealer. Clients can therefore choose to engage Mr. Vahanian, in his separate and individual capacity to execute securities brokerage transactions on a commission basis.

Licensed Insurance Agents. Certain of Vahanian's representatives, in their separate and individual capacities, are also licensed insurance agents who may recommend the purchase of certain insurance-related products on a commission basis and may be engaged in such a capacity.

Conflicts of Interest. The recommendation by Vahanian's representatives that a client purchase a securities or insurance commission product presents conflicts of interest, as the receipt of commissions or other compensation including Forgivable Loans provide an incentive to recommend investment products based on commissions to be received, rather than on a particular client's need. No client is under any obligation to purchase any commission products from Vahanian's representatives. Clients are reminded that they may purchase insurance products

recommended by Vahanian through other, non-affiliated insurance agents or broker-dealers. Vahanian's Chief Compliance Officer, Bonnie M. Boyce, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.

Royal Alliance Practice Support Council. As discussed in response to Item 12.A.1. below, Vahanian's Chief Compliance Officer, Bonnie Boyce, serves on the Royal Alliance Practice Support Council ("Royal Support Council"). Royal does not compensate Ms. Boyce for this service. However, Royal often waives or discounts Ms. Boyce's registration fees, lodging, meals, and other incidental expenses incurred in attending meetings. Vahanian's principal owner and President, Jeffrey C. Vahanian, previously served in a similar capacity on other Royal Alliance Advisory Boards. This relationship presents a conflict of interest because it may incentivize Vahanian to recommend that clients engage Royal as broker-dealer based on Ms. Boyce's receipt of the above-described benefits for her service to the Royal Support Council. Clients are therefore reminded that they are not required to engage Royal to provide broker-dealer services.

- D. Vahanian does not receive, directly or indirectly, compensation from investment advisors that it recommends or selects for its clients.

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

- A. Vahanian maintains an investment policy relative to personal securities transactions. This investment policy is part of Vahanian's overall Code of Ethics, which serves to establish a standard of business conduct for all of Vahanian's Representatives that is based upon fundamental principles of openness, integrity, honesty and trust, a copy of which is available upon request.

In accordance with Section 204A of the Investment Advisers Act of 1940, Vahanian also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by Vahanian or any person associated with Vahanian.

- B. Neither Vahanian nor any related person of Vahanian recommends, buys, or sells for client accounts, securities in which Vahanian or any related person of Vahanian has a material financial interest.
- C. Vahanian and its representatives may buy or sell securities that are also recommended to clients. This practice may create a situation where Vahanian and/or representatives of Vahanian are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation presents a conflict of interest. Practices such as "scalping" (i.e., a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon the rise in the market price which follows the recommendation) could take place if Vahanian did not have adequate policies in place to detect such activities. In addition, this requirement can help detect insider trading, "front-running" (i.e., personal trades executed before those of Vahanian's clients) and other potentially abusive practices.

Vahanian has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of Vahanian's "Access Persons." Vahanian's securities transaction policy requires that an Access Person of Vahanian must provide the Chief Compliance Officer or their designee with a written report of their current securities holdings within ten (10) days after becoming an Access Person. Additionally, each Access Person must provide the Chief Compliance Officer or their designee with a written report of the Access

Person's current securities holdings at least once each twelve (12) month period thereafter on a date Vahanian selects; provided, however that at any time that Vahanian has only one Access Person, they will not be required to submit any securities report described above.

- D. Vahanian and its representatives may buy or sell securities, at or around the same time as those securities are recommended to clients. This practice creates a situation where Vahanian and its representatives are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation presents a conflict of interest. As indicated above in Item 11 C, Vahanian has a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each of Vahanian's Access Persons.

Item 12 Brokerage Practices

- A. Vahanian generally recommends that investment management accounts be maintained with Royal/Pershing, LLC. Before engaging Vahanian to provide investment management services, clients enter into an agreement with Vahanian setting forth the terms and conditions for the management of their assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian. Depending on which broker-dealer/custodian clients select to maintain their account, they may experience differences in customer service, transaction timing, the availability of sweep account vehicles and money market funds, and other aspects of investing that could cause differences in account performance.

When seeking "best execution," from a broker-dealer, the determinative factor is not always the lowest possible cost, but whether the transaction represents the best qualitative execution when considering the full range of a broker-dealer's services including the value of research provided, execution capability, commission rates, and responsiveness. Although Vahanian cannot guarantee that clients will always experience the best possible execution available, Vahanian seeks to recommend a broker-dealer/custodian that will hold client assets and execute transactions on terms that are, overall, most advantageous when compared with other available providers and their services. Vahanian considers a wide range of factors when recommending a broker-dealer/custodian, including:

- Combination of transaction execution services and asset custody services (generally without a separate fee for custody);
- Capability to execute, clear and settle trades (buy and sell securities for client accounts);
- Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.);
- Breadth of available investment products (stocks, bonds, mutual funds, ETFs, etc.);
- Quality of services (including research);
- Competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate the prices;
- Reputation, financial strength, and stability; and
- Prior service to Vahanian and its other clients.

Royal/Pershing, LLC is compensated for its services according to its fee schedule, generally by charging clients commissions or other fees on trades that it executes or that settle into their Royal/Pershing, LLC account. Although Vahanian will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for all client account transactions. The fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to,

Vahanian's investment advisory fees. Royal/Pershing, LLC charges clients a flat dollar amount as a "prime broker" or "trade-away" fee for each trade that Vahanian executes by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited or settled into the client's Royal/Pershing, LLC account. These fees are in addition to the commissions or other compensation clients pay the executing broker-dealer. Therefore, in an attempt to minimize client trading costs, Vahanian directs Royal/Pershing, LLC to execute most if not all trades for client accounts. When doing so, Vahanian has determined that having Royal/Pershing, LLC execute most trades is consistent with the duty to seek "best execution" of client trades.

1. Research and Other Benefits. While Vahanian does not receive traditional "soft dollar benefits," Vahanian and by extension, its clients receive access to certain institutional brokerage services (trading, custody, reporting, and related services), many of which are not typically available to retail customers. Royal/Pershing, LLC also makes various support services available to Vahanian. Some of those services help Vahanian manage or administer its clients' accounts; while others help it manage and grow its business. Royal/Pershing, LLC's support services generally are available on an unsolicited basis (Vahanian does not have to request them) and at no charge to Vahanian.

Royal/Pershing, LLC's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Royal/Pershing, LLC include some to which Vahanian might not otherwise have access or that would require a significantly higher minimum initial investment by its clients. These services benefit Vahanian's clients and their accounts.

Royal/Pershing, LLC also makes other products and services available to Vahanian that benefits Vahanian but may only indirectly benefit its clients or their accounts, such as investment research developed by Royal/Pershing, LLC or third parties that Vahanian may use to service clients' accounts. In addition to investment research, Royal/Pershing, LLC 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 other clients' accounts; and
- Assist with back-office functions, recordkeeping, and client reporting.

Royal/Pershing, LLC may offer other services intended to help Vahanian manage and further develop its business. These services include:

- Educational conferences and events;
- Consulting on technology, compliance, legal and business needs;
- Publications and conferences on practice management and business succession; and
- Access to employee benefits providers, human capital consultants, and insurance providers.

Royal/Pershing, LLC may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to Vahanian. Royal/Pershing, LLC may discount or waive its fees for some of these services or pay all or a part of a third party's fees. Royal/Pershing, LLC can also provide occasional business meals and entertainment for Vahanian's personnel.

Royal Alliance Practice Support Council. As indicated in Item 10.C. above, Vahanian's Chief Compliance Officer, Bonnie Boyce, serves on Royal Support Council, which is comprised of approximately nine representatives who have been invited by Royal to participate in meetings and discussions related to Royal's services and operations. Ms. Boyce does not receive compensation from Royal for this service. However, Royal pays for Ms. Boyce's lodging, meals and other incidental expenses incurred in attending meetings. This relationship presents a conflict of interest because it may incentivize Vahanian to recommend that clients engage Royal as broker-dealer based on Ms. Boyce's receipt of the above-described benefits for his service to the Royal Support Council.

Vahanian's Interest in Royal/Pershing, LLC's Services and Benefits and Related Conflict of Interest. The availability of the services and products described above that Vahanian receives from Royal/Pershing, LLC (the "Services and Products") provides Vahanian with an advantage, because Vahanian does not have to produce or purchase them. However, Vahanian does not have to pay Royal/Pershing, LLC or any other entity for Services and Products that Royal/Pershing, LLC provides. Vahanian's clients do not pay more for investment transactions executed or assets maintained at Royal/Pershing, LLC as a result of this arrangement. The receipt of Services and Products are not contingent upon Vahanian committing any specific amount of business to Royal/Pershing, LLC in trading commissions or assets in custody. There is no corresponding commitment made by Vahanian to Royal/Pershing, LLC, or any other entity to invest any specific amount or percentage of client assets in any specific securities or investment products as a result of the above. However, this arrangement nonetheless incentivizes Vahanian to recommend that clients maintain their account with Royal/Pershing, LLC, based on its interest in receiving Royal/Pershing, LLC's services that benefit its business rather than based on clients' interest in receiving the best value in custody services and the most favorable execution of their transactions. This presents a conflict of interest. When making such a recommendation, however, Vahanian does so when it reasonably believes that recommending Royal/Pershing, LLC to serve as broker-dealer/custodian is in the best interests of its clients. It is primarily supported by the scope, quality, and price of Royal/Pershing, LLC's services and not Royal/Pershing, LLC's services that benefit only Vahanian.

2. Vahanian does not receive referrals from broker-dealers.
3. Directed Brokerage. Vahanian does not generally accept directed brokerage arrangements (when a client requires that account transactions be executed through a specific broker-dealer). In those client-directed arrangements, the client will negotiate terms and arrangements for their account with that broker-dealer, and Vahanian will not seek better execution services or prices from other broker-dealers. As a result, the client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case. If the client directs Vahanian to execute securities transactions for the client's accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to execute account transactions through alternative clearing

arrangements that may be available through Vahanian. Higher transaction costs adversely impact account performance. Transactions for directed accounts will generally be executed after the execution of portfolio transactions for non-directed accounts.

- B. Vahanian will generally execute account transactions for each client independently unless Vahanian decides to purchase or sell the same securities for several clients at approximately the same time. Vahanian may (but is not obligated to) combine or “bunch” such orders to seek best execution, to negotiate more favorable commission rates, or to equitably allocate differences in prices and commissions or other transaction costs among Vahanian’s clients, which might have been obtained if the orders were placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. Vahanian will not receive any additional compensation as a result.

Item 13 Review of Accounts

- A. For those clients to whom Vahanian provides investment supervisory services, account reviews are conducted on an ongoing basis by Vahanian’s Principal and representatives. All investment supervisory clients are advised that it remains their responsibility to advise Vahanian of any changes in their investment objectives and/or financial situation. All clients (in person or via telephone) are encouraged to review financial planning issues (to the extent applicable), investment objectives and account performance with Vahanian on an annual basis.
- B. Vahanian may conduct account reviews on a non-periodic basis upon triggering events such as but not limited to changes in client investment objectives / financial situation, market activity, and specific client request.
- C. Clients receive quarterly written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for their accounts. Vahanian may also provide a written periodic report summarizing account activity and performance.

Item 14 Client Referrals and Other Compensation

- A. As referenced in Items 5.E. and 12.A.1. above, Vahanian and its representative receive economic benefits from Royal/Pershing, LLC including support services and products without cost or at a discount. Vahanian’s clients do not pay more for investment transactions executed and/or assets maintained at Royal/Pershing, LLC, or any other entity as a result of this arrangement. There is no corresponding commitment made by Vahanian to Royal/Pershing, LLC, or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities, or other investment products as result of the above arrangement.
- B. Vahanian does not compensate, directly or indirectly, any person, other than its representatives, for client referrals.

Item 15 Custody

Vahanian has the ability to have its advisory fee for each client debited by the custodian on a quarterly basis. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. Vahanian may also provide a written periodic report summarizing account activity and performance. To the extent that Vahanian provides clients with periodic account statements or reports, Vahanian urges clients to carefully review those statements and compare them to custodial account statements. Vahanian's statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities. The account custodian does not verify the accuracy of Vahanian's advisory fee calculations.

Vahanian provides other services on behalf of its clients that require disclosure at ADV Part 1, Item 9. In particular, certain clients have signed asset transfer authorizations that permit the qualified custodian to rely upon instructions from Vahanian to transfer client funds to "third parties." In accordance with the guidance provided in the SEC Staff's February 21, 2017 Investment Adviser Association No-Action Letter, the affected accounts are not subjected to an annual surprise CPA examination.

Item 16 Investment Discretion

The client can determine to engage Vahanian to provide investment advisory services on a discretionary basis. Before Vahanian assumes discretionary authority over a client's account, clients execute an Investment Advisory Agreement granting Vahanian full authority to buy, sell, or otherwise execute investment transactions involving the assets in the client's name found in the discretionary account.

Clients who engage Vahanian on a discretionary basis may, at any time, impose restrictions, in writing, on Vahanian's discretionary authority (i.e., limit the types/amounts of particular securities purchased for their account, exclude the ability to purchase securities with an inverse relationship to the market, limit or proscribe Vahanian's use of margin, etc.).

Item 17 Voting Client Securities

- A. Vahanian does not vote client proxies. Clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets.
- B. Clients will receive their proxies or other solicitations directly from their custodian. Clients may contact Vahanian to discuss any questions they may have with a particular solicitation.

Item 18 Financial Information

- A. Vahanian does not solicit fees of more than \$1,200, per client, six months or more in advance.
- B. Vahanian is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary authority over certain client accounts.
- C. Vahanian has not been the subject of a bankruptcy petition.

Vahanian's Chief Compliance Officer, Bonnie M. Boyce, is available to address any questions about this Brochure or any conflicts of interest presented.