

ValuEngine Capital Management LLC Firm Brochure - Form ADV Part 2A

This brochure provides information about the qualifications and business practices of ValuEngine Capital Management LLC. If you have any questions about the contents of this brochure, please contact us at (321) 325-0519 or by email at: paulh@valuenginecapital.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 ValuEngine Capital Management LLC is also available on the SEC's website at www.adviserinfo.sec.gov. ValuEngine Capital Management LLC's CRD number is: 175004.

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Registration does not imply a certain level of skill or training.

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Item 2: Material Changes

The material changes in this brochure from the last annual updating amendment of ValuEngine Capital Management LLC on March 07, 2024, are described below. Material changes relate to ValuEngine Capital Management LLC's policies, practices or conflicts of interests.

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Item 4: Advisory Business

A. Description of the Advisory Firm

ValuEngine Capital Management LLC (hereinafter “VE Cap Management”) is a Limited Liability Company organized in the State of Florida.

The firm was formed in October 2014 and became a registered investment adviser in August 2015. The principal owner is Paul Eric Henneman.

B. Types of Advisory Services

Portfolio Management Services

VE Cap Management offers ongoing portfolio management services based on the individual goals, objectives, time horizon, and risk tolerance of each client. VE Cap Management creates an Investment Policy Statement for each client, which outlines the client’s current situation (income, tax levels, and risk tolerance levels). Portfolio management services include, but are not limited to, the following:

- Investment strategy
- Asset allocation
- Risk tolerance
- Personal investment policy
- Asset selection
- Regular portfolio monitoring

VE Cap Management evaluates the current investments of each client with respect to their risk tolerance levels and time horizon. VE Cap Management will request discretionary authority from clients in order to select securities and execute transactions without permission from the client prior to each transaction. Risk tolerance levels are documented in the Investment Policy Statement, which is given to each client.

VE Cap Management seeks to provide that investment decisions are made in accordance with the fiduciary duties owed to its accounts and without consideration of VE Cap Management’s economic, investment or other financial interests. To meet its fiduciary obligations, VE Cap Management attempts to avoid, among other things, investment or trading practices that systematically advantage or disadvantage certain client portfolios, and accordingly, VE Cap Management’s policy is to seek fair and equitable allocation of investment opportunities/transactions among its clients to avoid favoring one client over another over time. It is VE Cap Management’s policy to allocate investment opportunities and transactions it identifies as being appropriate and prudent among its clients on a fair and equitable basis over time.

Institutional Intelligent Portfolios® platform (“Platform”), offered by Schwab Performance Technologies (“SPT”)

We offer an automated investment program (the “Program”) through which clients are invested in a range of investment strategies we have constructed and manage, each consisting of a portfolio of exchange-traded funds (“Funds”) and a cash allocation. The client may instruct us to exclude up to three Funds from their portfolio. The client’s portfolio is held in a brokerage account opened by the client at Charles Schwab & Co., Inc. (“CS&Co”). We use the Institutional Intelligent Portfolios® platform (“Platform”), offered by Schwab Performance Technologies (“SPT”), a software provider to independent investment advisors and an affiliate of CS&Co., to operate the Program. We are independent of and not owned by, affiliated with, or sponsored or supervised by SPT, CS&Co., or their affiliates (together, “Schwab”). We, and not Schwab, are the client’s investment advisor and primary point of contact with respect to the Program. We are solely responsible, and Schwab is not responsible, for determining the appropriateness of the Program for the client, choosing a suitable investment strategy and portfolio for the client’s investment needs and goals, and managing that portfolio on an ongoing basis. We have contracted with SPT to provide us with the Platform, which consists of technology and related trading and account management services for the Program. The Platform enables us to make the Program available to clients online and includes a system that automates certain key parts of our investment process (the “System”). [(Option 1) The System includes an online questionnaire that can help us determine the client’s investment objectives and risk tolerance and select an appropriate investment strategy and portfolio. Clients should note that, if we use the online questionnaire, we will recommend a portfolio via the System in response to the client’s answers to the online questionnaire.] [(Option 2) Based on information the client provides to us, we will recommend a portfolio via the System.] The client may then indicate an interest in a portfolio that is one level less or more conservative or aggressive than the recommended portfolio, but we then make the final decision and select a portfolio based on all the information we have about the client. The System also includes an automated investment engine through which we manage the client’s portfolio on an ongoing basis through automatic rebalancing and tax-loss harvesting (if the client is eligible and elects).

We charge clients a fee for our services as described below under Item 5 Fees and Compensation. Our fees are not set or supervised by Schwab.] Clients do not pay brokerage commissions or any other fees to CS&Co. as part of the Program. Schwab does receive other revenues, including (i) the profit earned by Charles Schwab Bank, a Schwab affiliate, on the allocation to the Schwab Intelligent Portfolios Sweep Program described in the Schwab Intelligent Portfolios Sweep Program Disclosure Statement; (ii) investment advisory and/or administrative service fees (or unitary fees) received by Charles Schwab Investment Management, Inc., a Schwab affiliate, from Schwab ETFs™ Schwab Funds® and Laudus Funds® that we select to buy and hold in the client’s brokerage account; (iii) fees received by Schwab from third-party ETFs that participate in the Schwab ETF OneSource™ program and mutual funds in the Schwab Mutual Fund

Marketplace® (including certain Schwab Funds and Laudus Funds) in the client's brokerage account for services Schwab provides; and (iv) remuneration Schwab may receive from the market centers where it routes ETF trade orders for execution. We do not pay SPT fees for the Platform so long as we maintain \$100 million in client assets in accounts at CS&Co. that are not enrolled in the Program. If we do not meet this condition, then we pay SPT an annual licensing fee of 0.10% (10 basis points) on the value of our clients' assets in the Program. This fee arrangement gives us an incentive to recommend or require that our clients with accounts not enrolled in the Program be maintained with CS&Co.

Selection of Other Advisers

VE Cap Management may direct clients to third party money managers. VE Cap Management will charge its management fee separately from the advisors to which it directs those clients. The combined fees will not exceed any limit imposed by any regulatory agency. Before selecting other advisors for clients, VE Cap Management will always ensure those other advisors are properly licensed or registered as an investment advisor.

Written Acknowledgement of Fiduciary Status

When we provide investment advice to you regarding your retirement plan account or individual retirement account, we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way we make money creates some conflicts with your interests, so we operate under a special rule that requires us to act in your best interest and not put our interest ahead of yours. Under this special rule's provisions, we must:

- Meet a professional standard of care when making investment recommendations (give prudent advice);
- Never put our financial interests ahead of yours when making recommendations (give loyal advice);
- Avoid misleading statements about conflicts of interest, fees, and investments;
- Follow policies and procedures designed to ensure that we give advice that is in your best interest;
- Charge no more than is reasonable for our services; and
- Give you basic information about conflicts of interest.

Services Limited to Specific Types of Investments

VE Cap Management generally limits its investment advice to mutual funds, real estate funds (including REITs), equities and ETFs (including ETFs in the gold and precious metal sectors). VE Cap Management may use other securities as well to help diversify a portfolio when applicable.

C. Client Tailored Services and Client Imposed Restrictions

VE Cap Management offers the same suite of services to all of its clients. However, specific client investment strategies and their implementation are dependent upon the client Investment Policy Statement which outlines each client's current situation (income, tax levels, and risk tolerance levels). Clients may impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs. However, if the restrictions prevent VE Cap Management from properly servicing the client account, or if the restrictions would require VE Cap Management to deviate from its standard suite of services, VE Cap Management reserves the right to end the relationship.

D. Wrap Fee Programs

A wrap fee program is an investment program where the investor pays one stated fee that includes management fees, transaction costs, fund expenses, and other administrative fees. VE Cap Management does not participate in any wrap fee programs.

E. Assets Under Management

VE Cap Management has the following assets under management:

Discretionary Amounts:	Non-discretionary Amounts:	Date Calculated:
\$ 19,095,866	\$ 0.00	February 02, 2026

Item 5: Fees and Compensation

A. Fee Schedule

Portfolio Management Fees

Total Assets Under Management	Annual Fee
\$0 - \$500,000	1.75%
\$500,001 - \$1,000,000	1.50%
\$1,000,001 - \$5,000,000	1.30%
\$5,000,001 - And Up	1.00%

VE Cap Management bills clients' accounts on a monthly basis based on the annualized management fee. These fees are generally negotiable and the final fee schedule is attached

as Exhibit II of the Investment Advisory Contract. Clients may terminate the agreement without penalty for a full refund of VE Cap Management's fees within five business days of signing the Investment Advisory Contract. Thereafter, clients may terminate the Investment Advisory Contract generally with 14 days' written notice.

Lower fees for comparable services may be available from other sources.

B. Payment of Fees

Payment of Asset-Based Portfolio Management Fees

Asset-based portfolio management fees are withdrawn directly from the client's accounts, by the custodian, with client's written authorization on a monthly basis. Clients may select the method in which they are billed. Fees are paid in arrears.

Selection of Other Advisers: Fees

Third Party Managers are withdrawn separately from VE Cap Management fees and are withdrawn directly from client's accounts by the custodian, with client's written authorization. Fees are deducted per the third-party manager's contract with the client.

Clients will not be charged a total management fee over the industry average of 3%.

C. Client Responsibility for Third Party Fees

Clients are responsible for the payment of all third-party fees (i.e. custodian fees, brokerage fees, mutual fund fees, transaction fees, etc.). Those fees are separate and distinct from the fees and expenses charged by VE Cap Management. Please see Item 12 of this brochure regarding broker-dealer/custodian.

As described in Item 4 Advisory Business, clients do not pay fees to SPT or brokerage commissions or other fees to CS&Co. as part of the Program. Schwab does receive other revenues, including (i) the profit earned by Charles Schwab Bank, a Schwab affiliate, on the allocation to the Schwab Intelligent Portfolios Sweep Program described in the Schwab Intelligent Portfolios Sweep Program Disclosure Statement; (ii) investment advisory and/or administrative service fees (or unitary fees) received by Charles Schwab Investment Management, Inc., a Schwab affiliate, from Schwab ETFs™ Schwab Funds® and Laudus Funds® that we select to buy and hold in the client's brokerage account; (iii) fees received by Schwab from third-party ETFs that participate in the Schwab ETF OneSource™ program and mutual funds in the Schwab Mutual Fund Marketplace® (including certain Schwab Funds and Laudus Funds) in the client's brokerage account for services Schwab provides; and (iv) remuneration Schwab may receive from the market centers where it routes ETF trade orders for execution. Brokerage arrangements are further described below in Item 12 Brokerage Practices.

D. Prepayment of Fees

VE Cap Management collects its fees in arrears. It does not collect fees in advance.

E. Outside Compensation for the Sale of Securities to Clients

Neither VE Cap Management nor its supervised persons accept any compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

Item 6: Performance-Based Fees and Side-By-Side Management

VE Cap Management does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

Item 7: Types of Clients

VE Cap Management generally provides advisory services to the following types of clients:

- ❖ Individuals
- ❖ High-Net-Worth Individuals
- ❖ Pension/Profit sharing plans

Clients eligible to enroll in the Program include individuals, IRAs, and revocable living trusts. Clients that are organizations (such as corporations and partnerships) or government entities, and clients that are subject to the Employee Retirement Income Security Act of 1974, are not eligible for the Program. There is no minimum investment required to open an account at ValuEngine Capital Management, LLC.

Minimum Account Size

There is no account minimum for any of VE Cap Management's services.

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

A. Methods of Analysis and Investment Strategies

Methods of Analysis

VE Cap Management's methods of analysis include fundamental analysis, quantitative analysis and modern portfolio theory.

Fundamental analysis involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages.

Quantitative analysis deals with measurable factors as distinguished from qualitative considerations such as the character of management or the state of employee morale, such as the value of assets, the cost of capital, historical projections of sales, and so on.

Modern portfolio theory is a theory of investment that attempts to maximize portfolio expected return for a given amount of portfolio risk, or equivalently minimize risk for a given level of expected return, each by carefully choosing the proportions of various asset.

Investment Strategies

VE Cap Management uses long term trading, short term trading and short sales as part of its two primary strategies: the ValuEngine View Strategy and the ValuEngine Diversified Strategy.

Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.

B. Material Risks Involved

Methods of Analysis

Fundamental analysis concentrates on factors that determine a company's value and expected future earnings. This strategy would normally encourage equity purchases in stocks that are undervalued or priced below their perceived value. The risk assumed is that the market will fail to reach expectations of perceived value.

Quantitative Model Risk: Investment strategies using quantitative models may perform differently than expected as a result of, among other things, the factors used in the models, the weight placed on each factor, changes from the factors' historical trends, and technical issues in the construction and implementation of the models.

Modern Portfolio Theory assumes that investors are risk adverse, meaning that given two portfolios that offer the same expected return, investors will prefer the less risky one. Thus, an investor will take on increased risk only if compensated by higher expected returns. Conversely, an investor who wants higher expected returns must accept more risk. The exact trade-off will be the same for all investors, but different investors will evaluate the trade-off differently based on individual risk aversion characteristics. The implication is that a rational investor will not invest in a portfolio if a second portfolio exists with a more favorable risk-expected return profile – i.e., if for that level of risk an alternative portfolio exists which has better expected returns.

Investment Strategies

VE Cap Management's use of short sales generally holds greater risk, and clients should be aware that there is a material risk of loss using any of those strategies.

The **ValuEngine View Strategy** is the product of a sophisticated stock valuation model that was first developed by ValuEngine's academic research team. It utilizes a three-factor approach: fundamental variables such as a company's trailing 12-month Earnings-Per-Share (EPS), the analyst consensus estimates of the company's future 12-month EPS, and the 30-year Treasury yield are all used to create a more accurate reflection of a company's fair value. A total of eleven additional firm specific variables are also used. The ValuEngine View portfolio is constructed by integrating this model along with some basic rules for market capitalization and industry diversification. The portfolio has 16 stocks and is balanced once each month. An equal amount of capital is allocated to each stock. The risk involved in using this method is that past performance data, analysts' consensus regarding future performance, and the current treasury yield, even when combined with firm-specific variables, may not result in accurate valuation of a company. This strategy also encompasses the risks of the specific securities (see below) in which the portfolio is invested.

The **ValuEngine Diversified Strategy** invests in a variety of asset classes in order to provide investors with returns and a high-dividend yield coupled with significantly lower risk than single-asset products. The ValuEngine Diversified Strategy may include ETFs focused on commodities, stock indices, REITs, bonds, emerging markets, and other suitable products. By reaping the benefits of diversification, the ValuEngine Diversified Strategy seeks to remain resilient during times of market volatility. The ValuEngine Diversified Strategy is designed for investors seeking management for their IRA and other retirement funds as well as those whose risk-profile is not suitable for our other strategies. The risks specific to this strategy include lack of liquidity and the broader risks associated with the underlying assets, particularly commodities, REITs, and emerging markets.

The **ValuEngine REIT Strategy** invests in REITs (Real Estate Investment Trusts) of all types in order to provide investors with exposure to real estate markets (both residential and commercial). REITs historically have offered strong returns through both relatively high dividend payments and stock price appreciation. The risks specific to this strategy are discussed in the "REITs" description in item 8C below.

Long term trading is designed to capture market rates of both return and risk. Due to its nature, the long-term investment strategy can expose clients to various types of risk that will typically surface at various intervals during the time the client owns the investments. These risks include but are not limited to inflation (purchasing power) risk, interest rate risk, economic risk, market risk, and political/regulatory risk.

Short term trading risks include liquidity, economic stability, and inflation, in addition to the long-term trading risks listed above. Frequent trading can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.

Short sales entail the possibility of infinite loss. An increase in the applicable securities' prices will result in a loss and, over time, the market has historically trended upward.

Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.

C. Risks of Specific Securities Utilized

VE Cap Management's use of short sales generally holds greater risk of capital loss. Clients should be aware that there is a material risk of loss using any investment strategy. The investment types listed below are not guaranteed or insured by the FDIC or any other government agency. VE Cap does not use leveraged or inverse ETF's.

Mutual Funds: Investing in mutual funds carries the risk of capital loss and thus you may lose money investing in mutual funds. All mutual funds have costs that lower investment returns. The funds can be of bond "fixed income" nature (lower risk) or stock "equity" nature.

Equity investment generally refers to buying shares of stocks in return for receiving a future payment of dividends and/or capital gains if the value of the stock increases. The value of equity securities may fluctuate in response to specific situations for each company, industry conditions and the general economic environments.

Exchange Traded Funds (ETFs): 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). 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.

REITs & other real estate funds face several kinds of risk that are inherent in the real estate sector, which historically has experienced significant fluctuations and cycles in performance. Revenues and cash flows may be adversely affected by: changes in local real estate market conditions due to changes in national or local economic conditions or changes in local property market characteristics; competition from other properties offering the same or similar services; changes in interest rates and in the state of the debt and equity credit markets; the ongoing need for capital improvements; changes in real estate tax rates and other operating expenses; adverse changes in governmental rules and fiscal policies; adverse changes in zoning laws; the impact of present or future environmental legislation and compliance with environmental laws.

Past performance is not indicative of future results. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.

Item 9: Disciplinary Information

A. Criminal or Civil Actions

Neither VE Cap Management nor its representatives have any criminal or civil actions to report.

B. Administrative Proceedings

Neither VE Cap Management nor its representatives have any administrative proceedings to report.

C. Self-regulatory Organization (SRO) Proceedings

Neither VE Cap Management nor its representatives have any self-regulatory organization proceedings to report.

Item 10: Other Financial Industry Activities and Affiliations

A. Registration as a Broker/Dealer or Broker/Dealer Representative

Neither VE Cap Management nor its representatives are registered as, or have pending applications to become, a broker/dealer or a representative of a broker/dealer.

B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor

Neither VE Cap Management nor its representatives are registered as or have pending applications to become either a Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Advisor or an associated person of the foregoing entities.

C. Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests

Paul Eric Henneman is President of ValuEngine Inc. From time to time, he may offer clients advice or products from those activities and clients should be aware that these services may involve a conflict of interest. VE Cap Management always acts in the best interest of the client and clients are in no way required to the services of any representative of VE Cap Management in connection with such individual's activities outside of VE Cap Management.

Vincent Michael Polidori is a licensed Part-time Salesperson for Casandra Properties Inc. From time to time, he may offer clients advice or products from those activities and clients should be aware that these services may involve a conflict of interest. ValuEngine Capital Management LLC always acts in the best interest of the client and clients always have the right to decide whether or not to utilize the services of any representative of ValuEngine Capital Management LLC in such individuals outside capacities.

ValuEngine, Inc. is a financial research company, writing about and publishing stock reports, as well as overall market analysis. ValuEngine, Inc does not manage any funds, only publishes financial related research.

All material conflicts of interest under Section 260.238 (k) of the California Corporations Code are disclosed regarding the investment adviser, its representatives or any of its employees, which could be reasonably expected to impair the rendering of unbiased and objective advice.

D. Selection of Other Advisers or Managers and How This Adviser is Compensated for Those Selections

VE Cap Management utilizes third-party investment advisers. VE Cap Management charges its management fees separately from and in addition to the third-party investment adviser's fees. VE Cap Management will ensure that third-party advisers are properly licensed or registered as an investment adviser prior to engagement.

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

A. Code of Ethics

VE Cap Management has a written Code of Ethics that covers the following areas: Prohibited Purchases and Sales, Insider Trading, Personal Securities Transactions, Exempted Transactions, Prohibited Activities, Conflicts of Interest, Gifts and Entertainment, Confidentiality, Service on a Board of Directors, Compliance Procedures, Compliance with Laws and Regulations, Procedures and Reporting, Certification of Compliance, Reporting Violations, Compliance Officer Duties, Training and Education, Recordkeeping, Annual Review, and Sanctions. VE Cap Management's Code of Ethics is available free upon request to any client or prospective client.

B. Recommendations Involving Material Financial Interests

VE Cap Management does not recommend that clients buy or sell any security in which a related person to VE Cap Management or VE Cap Management has a material financial interest.

C. Investing Personal Money in the Same Securities as Clients

From time to time, representatives of VE Cap Management may buy or sell securities for themselves that they also recommend to clients. This may provide an opportunity for representatives of VE Cap Management to buy or sell the same securities before or after recommending the same securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest. VE Cap Management will always document any transactions that could be construed as conflicts of interest and will never engage in trading that operates to the client's disadvantage when similar securities are being bought or sold.

D. Trading Securities At/Around the Same Time as Clients' Securities

From time to time, representatives of VE Cap Management may buy or sell securities for themselves at or around the same time as clients. This may provide an opportunity for representatives of VE Cap Management to buy or sell securities before or after recommending securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest; however, VE Cap Management will never engage in trading that operates to the client's disadvantage if representatives of VE Cap Management buy or sell securities at or around the same time as clients.

Item 12: Brokerage Practices

A. Factors Used to Select Custodians and/or Broker/Dealers

Custodians/broker-dealers will be recommended based on VE Cap Management's duty to seek "best execution," which is the obligation to seek execution of securities transactions for a client on the most favorable terms for the client under the circumstances. Clients will not necessarily pay the lowest commission or commission equivalent, and VE Cap Management may also consider the market expertise and research access provided by the broker-dealer/custodian, including but not limited to access to written research, oral communication with analysts, admittance to research conferences and other resources provided by the brokers that may aid in VE Cap Management's research efforts. VE Cap Management will never charge a premium or commission on transactions, beyond the actual cost imposed by the broker-dealer/custodian.

VE Cap Management will recommend clients to use Interactive Brokers LLC and Charles Schwab & Co., Inc.

1. Research and Other Soft-Dollar Benefits

While VE Cap Management has no formal soft dollar's program in which soft dollars are used to pay for third party services, VE Cap Management may receive research, products, or other services from custodians and broker-dealers in connection with client securities transactions ("soft dollar benefits"). VE Cap Management may enter into soft-dollar arrangements consistent with (and not outside of) the safe harbor contained in Section 28(e) of the Securities Exchange Act of 1934, as amended. There can be no assurance that any particular client will benefit from soft dollar research, whether or not the client's transactions paid for it, and VE Cap Management does not seek to allocate benefits to client accounts proportionate to any soft dollar credits generated by the accounts. VE Cap Management benefits by not having to produce or pay for the research, products or services, and VE Cap Management will have an incentive to recommend a broker-dealer based on receiving research or services. Clients should be aware that VE Cap Management's acceptance of soft dollar benefits may result in higher commissions charged to the client.

2. Brokerage for Client Referrals

VE Cap Management receives no referrals from a broker-dealer or third party in exchange for using that broker-dealer or third party.

3. Clients Directing Which Broker/Dealer/Custodian to Use

VE Cap Management will require clients to use a specific broker-dealer to execute transactions. Not all advisers require clients to use a particular broker-dealer.

B. Aggregating (Block) Trading for Multiple Client Accounts

VE Cap Management maintains the ability to block trade purchases and sales across accounts. When more than one account is trading a particular stock or ETF on the same day, block trading may be used to get identical pricing on the trades. Declining to block trade can cause more expensive trades for clients.

Client accounts enrolled in the Program are maintained at, and receive the brokerage services of, CS&Co., a broker-dealer registered with the Securities and Exchange Commission and a member of FINRA and SIPC. While clients are required to use CS&Co. as custodian/broker to enroll in the Program, the client decides whether to do so and opens its account with CS&Co. by entering into a brokerage account agreement directly with CS&Co. We do not open the account for the client. If the client does not wish to place his or her assets with CS&Co., then we cannot manage the client's account through the Program. CS&Co. may aggregate purchase and sale orders for Funds across accounts enrolled in the Program, including both accounts for our clients and accounts for clients of other independent investment advisory firms using the Platform.

Schwab Advisor Services™ (formerly called Schwab Institutional) is Schwab's business serving independent investment advisory firms like us. Through Schwab Advisor Services, CS&Co. provides us and our clients, both those enrolled in the Program and our clients not enrolled in the Program, with access to its institutional brokerage services—trading, custody, reporting, and related services—many of which are not typically available to CS&Co. retail customers. CS&Co. also makes available various support services. Some of those services help us manage or administer our clients' accounts, while others help us manage and grow our business. CS&Co.'s support services described below are generally available on an unsolicited basis (we don't have to request them) and at no charge to us. The availability to us of CS&Co.'s products and services is not based on us giving particular investment advice, such as buying particular securities for our clients. Here is a more detailed description of CS&Co.'s support services:

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

CS&Co. also makes available to us other products and services that benefit us but may not directly benefit the client or its account. These products and services assist us in managing and administering our clients' accounts. They include investment research, both Schwab's own and that of third parties. We may use this research to service all or some substantial number of our clients' accounts, including accounts not

maintained at CS&Co. In addition to investment research, CS&Co. also makes available software and other technology that:

- provide access to client account data (such as duplicate trade confirmations and account statements);
- facilitate trade execution and allocate aggregated trade orders for multiple client accounts;
- provide pricing and other market data;
- facilitate payment of our fees from our clients' accounts; and
- assist with back-office functions, recordkeeping, and client reporting.

CS&Co. also offers other services intended to help us manage and further develop our business enterprise. These services include:

- educational conferences and events;
- technology, compliance, legal, and business consulting;
- publications and conferences on practice management and business succession; and
- access to employee benefits providers, human capital consultants, and insurance providers.

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

The availability of services from CS&Co. benefits us because we do not have to produce or purchase them. We don't have to pay for these services, and they are not contingent upon us committing any specific amount of business to CS&Co. in trading commissions or assets in custody. With respect to the Program, as described above under Item 4 Advisory Business, we do not pay SPT fees for the Platform so long as we maintain \$100 Million in client assets in accounts at CS&Co. that are not enrolled in the Program. In light of our arrangements with Schwab, we may have an incentive to [recommend/require] that our clients maintain their accounts with CS&Co. based on our interest in receiving Schwab's services that benefit our business rather than based on the client's interest in receiving the best value in custody services and the most favorable execution of transactions. This is a conflict of interest. We believe, however, that our selection of CS&Co. as custodian and broker is in the best interests of our clients. It is primarily supported by the scope, quality, and price of CS&Co.'s services and not Schwab's services that benefit only us. We have adopted policies and procedures designed to ensure that our use of Schwab's services is appropriate for each of our clients.

Item 13: Reviews of Accounts

A. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews

All client accounts for VE Cap Management's advisory services provided on an ongoing basis are reviewed at least monthly by Paul E Henneman, Managing Partner or the assigned investment adviser representative with regard to clients' respective investment policies and risk tolerance levels.

B. Factors That Will Trigger a Non-Periodic Review of Client Accounts

Reviews may be triggered by material market, economic or political events, or by changes in client's financial situations (such as retirement, termination of employment, physical move, or inheritance).

C. Content and Frequency of Regular Reports Provided to Clients

Each client of VE Cap Management's advisory services provided on an ongoing basis will receive a monthly report detailing the client's account, including assets held, asset value, and calculation of fees. This written report will come from the custodian.

Item 14: Client Referrals and Other Compensation

A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes)

We receive an economic benefit from Schwab in the form of the support products and services it makes available to us. These products and services, how they benefit us, and the related conflicts of interest are described above under Item 12 Brokerage Practices. The availability to us of Schwab's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

Charles Schwab & Co., Inc. Advisor Services provides VE Cap Management with access to Charles Schwab & Co., Inc. Advisor Services' institutional trading and custody services, which are typically not available to Charles Schwab & Co., Inc. Advisor Services retail investors. These services generally are available to independent investment advisers on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the adviser's clients' assets are maintained in accounts at Charles Schwab & Co., Inc. Advisor Services. Charles Schwab & Co., Inc. Advisor Services includes brokerage services that are related to the execution of securities transactions, custody, research, including that in the form of advice, analyses and reports, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment. For VE Cap Management client accounts

maintained in its custody, Charles Schwab & Co., Inc. Advisor Services 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 Charles Schwab & Co., Inc. Advisor Services or that settle into Charles Schwab & Co., Inc. Advisor Services accounts.

Charles Schwab & Co., Inc. Advisor Services also makes available to VE Cap Management other products and services that benefit VE Cap Management but may not benefit its clients' accounts. These benefits may include national, regional or VE Cap Management specific educational events organized and/or sponsored by Charles Schwab & Co., Inc. Advisor Services. Other potential benefits may include occasional business entertainment of personnel of VE Cap Management by Charles Schwab & Co., Inc. Advisor Services personnel, including meals, invitations to sporting events, including golf tournaments, and other forms of entertainment, some of which may accompany educational opportunities. Other of these products and services assist VE Cap Management in managing and administering clients' accounts. These include software and other technology (and related technological training) that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts, if applicable), provide research, pricing information and other market data, facilitate payment of VE Cap Management's fees from its clients' accounts (if applicable), and assist with back-office training and support functions, recordkeeping and client reporting. Many of these services generally may be used to service all or some substantial number of VE Cap Management's accounts. Charles Schwab & Co., Inc. Advisor Services also makes available to VE Cap Management other services intended to help VE Cap Management manage and further develop its business enterprise. These services may include professional compliance, legal and business consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, employee benefits providers, and human capital consultants, insurance and marketing. In addition, Charles Schwab & Co., Inc. Advisor Services may make available, arrange and/or pay vendors for these types of services rendered to VE Cap Management by independent third parties. Charles Schwab & Co., Inc. Advisor Services may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to VE Cap Management. VE Cap Management is independently owned and operated and not affiliated with Charles Schwab & Co., Inc. Advisor Services.

B. Compensation to Non – Advisory Personnel for Client Referrals

VE Cap Management may, via written arrangement, retain third parties to act as solicitors for VE Cap Management's investment management services. All compensation with respect to the foregoing will be fully disclosed to each client to the extent required by applicable law. VE Cap Management will ensure each solicitor is properly registered in all appropriate jurisdictions.

Any compensated person and/or firm must be properly registered as a Solicitor pursuant to California Code of Regulation, Section 260.236(c)(2) and Section 260.236.1.

Item 15: Custody

When advisory fees are deducted directly from client accounts at client's custodian, VE Cap Management will be deemed to have limited custody of client's assets. Because client fees will be withdrawn directly from client accounts, in states that require it, VE Cap Management will:

- (A) Possess written authorization from the client to deduct advisory fees from an account held by a qualified custodian.
- (B) Send the qualified custodian written notice of the amount of the fee to be deducted from the client's account and verify that the qualified custodian sends invoices to the client.
- (C) Send the client a written invoice itemizing the fee upon or prior to fee deduction, 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.

Clients will receive all account statements and billing invoices that are required in each jurisdiction, and they should carefully review those statements for accuracy. Clients are urged to compare the account statements they received from custodian with those they received from VE Cap Management.

The custodians will send quarterly statements to clients that clearly show all disbursements including the advisory fees.

Item 16: Investment Discretion

VE Cap Management provides discretionary and non-discretionary investment advisory services to clients. The Investment Advisory Contract established with each client sets forth the discretionary authority for trading. Where investment discretion has been granted, VE Cap Management generally manages the client's account and makes investment decisions without consultation with the client as to when the securities are to be bought or sold for the account, the total amount of the securities to be bought/sold, what securities to buy or sell, the price per share, or to determine the broker or dealer to be used for a purchase or sale of securities for a client's account.

The firm will properly secure the client's permission prior to effecting securities transactions in client accounts managed on a non-discretionary basis pursuant to California Code of Regulation, Section 260.237.2(f)(1).

Item 17: Voting Client Securities (Proxy Voting)

VE Cap Management will not ask for, nor accept voting authority for client securities. Clients will receive proxies directly from the issuer of the security or the custodian. Clients should direct all proxy questions to the issuer of the security.

Item 18: Financial Information

A. Balance Sheet

VE Cap Management neither requires nor solicits prepayment of more than \$500 in fees per client, six months or more in advance, and therefore is not required to include a balance sheet with this brochure.

B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients

Neither VE Cap Management nor its management has any financial condition that is likely to reasonably impair VE Cap Management's ability to meet contractual commitments to clients.

C. Bankruptcy Petitions in Previous Ten Years

VE Cap Management has not been the subject of a bankruptcy petition in the last ten years.

Item 19: Requirements For State Registered Advisers

A. Principal Executive Officers and Management Persons; Their Formal Education and Business Background

VE Cap Management currently has only one management person: Paul Eric Henneman. Education and business background can be found on the individual's Form ADV Part 2B brochure supplement.

B. Other Businesses in Which This Advisory Firm or its Personnel are Engaged and Time Spent on Those (If Any)

Other business activities can be found on the Form ADV Part 2B brochure supplement.

C. Calculation of Performance-Based Fees and Degree of Risk to Clients

VE Cap Management does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

D. Material Disciplinary Disclosures for Management Persons of this Firm

Neither VE Cap Management or any management person VALUENGINE CAPITAL MANAGEMENT LLC or any management person has been involved in an award or found liable in an arbitration claim alleging damages in excess of \$2,500 or found liable in any civil, self-regulatory organization, or administrative proceedings.

E. Material Relationships That Management Persons Have with Issuers of Securities (If Any)

See Item 10.C and 11.B.

Neither VE Cap Management, nor its management persons, has any relationship or arrangement with issuers of securities.