



FORM CRS

A SUMMARY OF YOUR ADVISORY RELATIONSHIP WITH VITALSTONE FINANCIAL, LLC.

February 15, 2024

PART 1 – INTRODUCTION

VitalStone Financial, LLC (“VitalStone Financial”) is registered with the Securities and Exchange Commission (SEC) as an investment adviser. Brokerage and investment advisory services and fees differ, and it is important for you to understand these differences. Free and simple tools are available to research firms and our Financial Professionals at Investor.gov/CRS, which also provides educational materials about broker-dealers, investment advisers, and investing.

ITEM 2 - RELATIONSHIPS AND SERVICES

WHAT INVESTMENT SERVICES AND ADVICE CAN YOU PROVIDE ME?

VitalStone Financial offers investment advisory services to retail investors on a discretionary basis. In a discretionary account, you have granted written investment authority to your Financial Professional to execute purchase and sell orders in your advisory accounts without consulting with you first. You may limit our discretion, such as by imposing reasonable restrictions on investing in certain securities or groups of securities. As the retail client, you make the ultimate decision regarding the purchase or sale of your investments. Our Firm monitors your investment advisory accounts, and specific investments within your accounts, on an ongoing basis to align with your investment goals. This service is included as part of the Firm’s standard advisory services. Our Firm does not have a minimum account value in order to provide advisory services. If deemed appropriate for you, our Firm will recommend utilizing an independent Third-Party Money Manager (“TPMM”) to aid in the implementation of investment strategies for the client’s portfolio. Our Firm offers financial planning and consulting services for our clients. Financial Planning services are provided in conjunction with our investment management services.

FOR MORE INFORMATION REFER TO OUR FIRM’S ADV PART 2A BROCHURE - ITEM 4, 7, 8, 13, & 16

QUESTIONS TO ASK YOUR FINANCIAL PROFESSIONAL:

- ☒ Given my financial situation, should I choose an investment advisory service? Why or why not?
- ☒ How will you choose investments to recommend to me?
- ☒ What is your relevant experience, including your licenses, education, and other qualifications? What do these qualifications mean?

ITEM 3 - FEES, COSTS, CONFLICTS, AND STANDARD OF CONDUCT

WHAT FEES WILL I PAY?

Our Firm receives a fee as compensation for providing investment advisory services on your account. The investment management fee includes investment management supervision, trade entry, and other account maintenance and/or service activities. A calendar monthly investment management fee is billed in arrears based on the average daily balance of your account during the previous calendar month. Our maximum annual advisory fee is 2.00%. You pay this fee even if you don’t buy or sell investments. The custodian may charge transaction costs, custodial fees, redemption fees, retirement plan and administrative fees, or commissions. Our other Firm fees are billed as follows: Fees for financial planning services are included in the investment management fee described above. For TPMM, fees and billing methods are outlined in each respective TPMM’s Brochure and Advisory Contract. You pay an ongoing fee directly to the TPMM based upon a percentage of your assets under management with respect to each TPMM.

You will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce any amount of money you make on your investments over time. Please make sure you understand what fees and costs you are paying.

FOR MORE INFORMATION REFER TO OUR FIRM’S ADV PART 2A BROCHURE - ITEM 5

QUESTIONS TO ASK YOUR FINANCIAL PROFESSIONAL:

- ☒ Help me understand how these fees and costs might affect my investments.
- ☒ If I give you \$10,000 to invest, how much will go to fees and costs, and how much will be invested for me?

WHAT ARE YOUR LEGAL OBLIGATIONS TO ME WHEN ACTING AS MY INVESTMENT ADVISER?

HOW ELSE DOES YOUR FIRM MAKE MONEY AND WHAT CONFLICTS OF INTEREST DO YOU HAVE?

When we act as your investment adviser, we have to act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests. You should understand and ask us about these conflicts because they can affect the investment advice we provide you. Here are some examples to help you understand what this means.

1) Asset-based fees present a conflict because our Firm is incentivized by encouraging you to invest additional funds in your

advisory accounts. Asset-based fee compensation also poses a conflict when: a) advising you to rollover a 401(k) balance, when equivalent and less costly options are available if funds are left with the employer's fund manager; b) advising you not to pay off a mortgage (thus diminishing assets), even when the mortgage carries a high interest rate; c) advising against making a large charitable contribution to get a tax deduction (but decrease assets under management); d) advising you to take a margin position in your managed account and charging fees on the margin balance. 2) Our firm allows our Financial Professionals to invest in the same securities as you; however, our Financial Professionals are fiduciaries and will not favor their personal accounts over your advisory account. 3) Lastly, some of the products, services and other benefits provided by your custodians are used in servicing all of our Firm's advisory accounts and therefore may not directly benefit your advisory account. If you have questions about whether any of these situations could apply to your investments, ask your Financial Professional.

[FOR MORE INFORMATION REFER TO OUR FIRM'S ADV PART 2A BROCHURE - ITEM 10, 11, & 14](#)

QUESTIONS TO ASK YOUR FINANCIAL PROFESSIONAL:

- ☒ How might your conflicts of interest affect me, and how will you address them?

HOW DO YOUR FINANCIAL PROFESSIONALS MAKE MONEY?

Our Firm's Financial Professionals are compensated by the investment services fees as described above in Item 3 Fee section. They receive a salary and may receive a discretionary bonus. This compensation is based on the amount of assets they service, the amount of time spent, and the complexity required to meet the client's needs or revenue based on the recommendations provided by our Financial Professionals. Therefore, if you pay asset-based fees, our Financial Professionals have an incentive to recommend that you increase your assets under management with us because it will increase their compensation.

When our Financial Professionals act as a registered representative of a broker-dealer, our Financial Professionals receive commissions in connection with the transactions made in your account. To mitigate this conflict, our Firm will reduce a portion of our fees by the amount of the brokerage commissions earned by our Financial Professionals.

While some of our Firm's Financial Professionals are engaged in outside business activities, we are required to disclose material outside business activities and any conflict it may pose to you. Our Firm supervises the business activities of our Financial Professionals through our compliance program. All Financial Professionals are required to follow a Code of Conduct to mitigate any conflicts to you.

[FOR MORE INFORMATION REFER TO OUR FIRM'S ADV PART 2A BROCHURE - ITEM 5, 10, 11, 12, & 14](#)

ITEM 4 - DISCIPLINARY HISTORY

DO YOU OR YOUR FINANCIAL PROFESSIONALS HAVE LEGAL OR DISCIPLINARY HISTORY?

Yes. Visit [Investor.gov/CRS](https://www.investor.gov/crs) for a free and simple search tool to research us and our financial professionals.

QUESTIONS TO ASK YOUR FINANCIAL PROFESSIONAL:

- ☒ As a Financial Professional, do you have any disciplinary history? For what type of conduct?

[FOR MORE INFORMATION REFER TO OUR FIRM'S ADV PART 2A BROCHURE - ITEM 9](#)

ADDITIONAL INFORMATION

For additional information about our investment advisory services visit the SEC's website at www.adviserinfo.sec.gov. Our firm's IARD number is: 310485. You may also contact us directly for up-to-date information and to request a copy of the relationship summary at: 210-782-9855.

QUESTIONS TO ASK YOUR FINANCIAL PROFESSIONAL:

- ☒ Who is my primary contact person?
- ☒ Is he or she an investment adviser or a representative of a broker-dealer? Who can I talk to if I have concerns about how this person is treating me?

MATERIAL CHANGES SINCE LAST FILING

On January 16, 2023, the firm updated Form CRS for annual amendment. The firm no longer offers non-discretionary services. Additional descriptions in Item 3 and formatting updates were also completed.