

Item 1

Cover Page



**Opes Wealth Management, LLC**

**Form ADV - Part 2A**

**Investment Adviser Brochure**

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**March 14, 2024**

This brochure provides information about the qualifications and business practices of Opes Wealth Management, LLC (“OWM”). If you have any questions about the contents of this brochure, please contact us at 408-831-5807 or [umiguel@opeswealth.com](mailto:umiguel@opeswealth.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.

Opes Wealth Management, LLC is a registered investment adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training. Additional information about Opes Wealth Management, LLC is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2           Material Changes**

Form ADV Part 2A requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes.

Since our last annual filing made in March 2023, OWM has had the following material changes:

- Effective summer 2023, the firm no longer maintains the DBA Savage and Company out of the Oregon office and all services are provided out of the Ashland office as Opes Wealth.
- We manage held-away accounts that are maintained at independent third-party custodians. Further information about this service is available in Items 4 and 5.
- Effective January 2024, Louis Odette has been promoted to Chief Investment Officer.

OWM encourages each client to read this Brochure carefully and to call with any questions you might have.

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## Item 4            **Advisory Business**

- A. Opes Wealth Management, LLC (“OWM”) is a corporation formed on November 6, 2018 in the State of California. OWM became registered with the United States Securities and Exchange Commission (“SEC”) as an Investment Adviser Firm in December 2018. OWM is principally owned by Mark Duvall, Erin Whalen, Tracie Southerland, and Louis Odette. OWM operates out of Menlo Park, California and Ashland, Oregon.
  
- B. As discussed below, OWM offers to its clients (individuals, business entities, and trusts) discretionary investment advisory services, and, to the extent specifically requested by a client financial planning services and related consulting services.

### **INVESTMENT ADVISORY SERVICES**

The client can determine to engage OWM to provide discretionary investment advisory services on a *fee-only* basis. All investment advice provided is customized to each client’s investment objectives and financial needs. OWM tailors its advisory services to meet the needs of its individual clients and seeks to ensure, on a continuous basis, that client portfolios are managed in a manner consistent with those needs and objectives. OWM consults with clients on an initial and ongoing basis to assess their specific risk tolerance, time horizon, liquidity constraints and other related factors relevant to the management of their portfolios.

### **Opes Premier Services**

Clients may choose to engage OWM to provide combined financial planning and investment management services relative to investment accounts under the “Opes Premier Services” program (“Opes Premier Program”). To commence the Opes Premier Program engagement, clients are required to enter into a *Financial Counseling and Investment Advisory Agreement* with OWM setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the fee that is due from the client.

An investment adviser representative will then meet with the client to ascertain investment objectives, risk tolerances, restrictions, and to create a balance sheet analysis report. Once defined and agreed upon, OWM will prepare the client’s Financial Assessment and Recommendations analysis and review it in detail with the client. Thereafter, OWM will allocate investment assets consistent with the designated investment objectives and the Financial Assessment and Recommendations analysis. OWM primarily allocates investment assets among mutual funds and exchange traded funds (“ETFs”) generally following the parameters of one or more similarly managed asset allocation models described in Item 8.C. below. Under the Opes Premier Program, OWM may adjust its trading strategies within the similarly managed investment allocation models on an individualized client basis depending upon each client’s investment objectives and/or tax consequences.

When consistent with client investment objectives, OWM may also allocate all or a portion of their investment assets among Separately Managed Account programs sponsored by Charles Schwab & Co., Inc. (Charles Schwab & Co., Inc. and its affiliates including but not

limited to Schwab Wealth Investment Advisory, Inc. are collectively referred to as “Schwab”) OWM is not owned by, affiliated with, or sponsored or supervised by Schwab. (Please refer to the “Separately Managed Account Program” disclosure below).

After OWM allocates Opes Premier Program investment assets, OWM continues to provide ongoing monitoring and review of account performance and asset allocation as compared to client investment objectives, provides tax loss harvesting and related consultation services as may be applicable, and rebalances the portfolio on a discretionary basis as applicable.

OWM also offers to review the Opes balance sheet analysis report on an annual basis with the client to address any changed circumstances, and to evaluate whether the financial plan is still appropriate based upon the client’s individual investment objectives. OWM will also modify the balance sheet analysis report on an annual basis or upon a client’s specific request based upon a change in financial circumstances without additional charge. However, in the event that the client requires extraordinary planning and/or consultation services (to be determined in the sole discretion of OWM), OWM may determine to charge for such additional, the dollar amount of which shall be set forth in separate written notice.

### **Opes Select Services**

Clients may choose to engage OWM to provide combined financial planning and investment management services relative to investment accounts under the “Opes Select Services” program. To commence the Opes Select Program engagement, clients are required to enter into a *Financial Counseling and Investment Advisory Agreement* with OWM setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the fee that is due from the client.

An investment adviser representative will then meet with the client to ascertain investment objectives, risk tolerances, restrictions, and to create a balance sheet analysis report. Once defined and agreed upon, OWM will prepare the client’s Financial Assessment and Recommendations analysis and review it in detail with the client. Thereafter, OWM will allocate investment assets consistent with the designated investment objectives and the Financial Assessment and Recommendations analysis. OWM primarily allocates investment assets among mutual funds and exchange traded funds (“ETFs”) generally following the parameters of one or more similarly managed asset allocation models described in Item 8.C. below. The Opes Select program differs from the Premier program in that there is no “location optimization” (tax optimization strategy that strategically allocates taxable and tax deferred investments), fewer and different Alternative Investments, no Separate Account Managers. Under the Opes Select Program, OWM may adjust its trading strategies within the similarly managed investment allocation models on an individualized client basis depending upon each client’s investment objectives and/or tax consequences.

After OWM allocates Opes Select Program investment assets, OWM continues to provide ongoing monitoring and review of account performance and asset allocation as compared to client investment objectives, provides tax loss harvesting and related consultation services as may be applicable, and rebalances the portfolio on a discretionary basis as applicable.

OWM also offers to review the Opes balance sheet analysis report on an annual basis with the client to address any changed circumstances, and to evaluate whether the financial plan is still appropriate based upon the client's individual investment objectives. OWM will also modify the balance sheet analysis report upon a client's specific request based upon a change in financial circumstances without additional charge. However, in the event that the client requires extraordinary planning and/or consultation services (to be determined in the sole discretion of OWM), OWM may determine to charge for such additional, the dollar amount of which shall be set forth in a separate written notice to the client.

### **Opes Access Services**

Clients may choose to engage OWM to provide investment management services utilizing the Institutional Intelligent Portfolios® Program, under the "Opes Access Services" program. OWM may choose to accept accounts into the program that may be higher or lower than this threshold, in its sole discretion. The Institutional Intelligent Portfolios® Program is an automated investment program through which clients are invested in a range of investment strategies OWM has constructed and manages, each consisting of a portfolio of exchange traded funds ("ETFs") and a cash allocation. The client's portfolio is held in a brokerage account opened by the client at Charles Schwab & Co., Inc. ("CS&Co"). OWM uses 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 Opes Access Services. OWM is independent of and not owned by, affiliated with, or sponsored or supervised by SPT, CS&Co., or their affiliates (collectively, "Schwab"). OWM, and not Schwab, is the client's investment adviser and primary point of contact with respect to Opes Access Services. As between OWM and Schwab, OWM is solely responsible for determining the appropriateness of Opes Access Services for the client, choosing a suitable investment strategy and portfolio for the client's investment needs and goals. OWM has contracted with SPT to provide OWM with the Platform, which consists of technology and related trading and account management services for Opes Access Services. The Platform enables OWM to make Opes Access Services available to clients online and includes a system that automates certain key parts of its investment process (the "System"). The System includes an online questionnaire that helps OWM determine the client's investment objectives and risk tolerance and select an appropriate investment strategy and portfolio. Clients should note that OWM will recommend a portfolio via the System in response to the client's answers to the online questionnaire. 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 OWM then makes the final decision and selects a portfolio based on all the information it has about the client. The System also includes an automated investment engine through automatic rebalancing and tax-loss harvesting (if the client is eligible and elects).

OWM charges clients a fee for its services as described below under Item 5, Fees and Compensation. OWM's fees are not set or supervised by Schwab. Clients do not pay brokerage commissions or any other fees to Schwab as part of Opes Access Services.

OWM does not pay SPT fees for the Platform so long as it maintains \$100 million in client assets in accounts at CS&Co that are not enrolled in Opes Access Services. If Opes does not meet this condition, then it must pay SPT an annual licensing fee of 0.10% (10 basis points) on the value of its clients' assets in Opes Access Services. This arrangement presents a conflict of interest, as it provides an incentive for Opes to recommend that clients maintain their accounts at Schwab.

Clients enrolled in Opes Access Services are limited in the universe of investment options available to them. For example, the investment options available are limited to ETFs, whereas OWM recommends various other types of securities in its other services. Opes Access Services is designed to provide guidance and professional assistance to individuals who are beginning the process of accumulating wealth. Clients will have access to their accounts and a financial interface online but will also have the opportunity to confer with OWM with respect to their account.

### **Rebalancing**

The System will rebalance a client's account periodically by generating instructions to CS&Co to buy and sell shares of ETFs and depositing or withdrawing funds through the "Sweep Program", considering the asset allocation for the client's investment strategy. Rebalancing trade instructions can be generated by the System when (i) the percentage allocation of an ETF varies by a set parameter established by OWM, (ii) OWM decides to change the ETFs or their percentage allocations for an investment strategy or (iii) OWM decides to change a client's investment strategy, which could occur, for example, when a client makes changes to their investment profile or imposes or modifies restrictions on the management of their account. Accounts below \$5,000 may deviate farther than the set parameters as well as the target allocation of the selected investment profile. Rebalancing below \$5,000 may impact the ability to maintain positions in selected asset classes due to the inability to buy or sell at least one share of an ETF. For example, withdrawal requests may require entire asset classes to be liquidated to generate and disburse the requested cash.

### **Sweep Program**

Each investment strategy involves a cash allocation ("Cash Allocation") that will be held in a sweep program at Charles Schwab Bank (the "Sweep Program"). The Cash Allocation will be a minimum of 1% of an account's value to be held in cash, and may be higher, depending on the investment strategy chosen for a client. The Cash Allocation will be accomplished through enrollment in the Sweep Program, a program sponsored by Schwab. By enrolling in Opes Access Services, clients consent to having the free credit balances in their brokerage accounts at CS&Co swept into deposit accounts ("Deposit Accounts") at Charles Schwab Bank ("Schwab Bank") through the Sweep Program. Schwab Bank is an FDIC-insured depository institution that is a Schwab affiliate. The Sweep Program is a required feature of Opes Access Services. If the Deposit Account balances exceed the Cash Allocation for a client's investment strategy, the excess over the rebalancing parameter will be used to purchase securities as part of rebalancing. If clients request cash withdrawals from their accounts, this likely will require the sale of ETF

positions in their accounts to bring their Cash Allocation in line with the target allocation for their chosen investment strategy. If those clients have taxable accounts, those sales may generate capital gains (or losses) for tax purposes. In accordance with an agreement with CS&Co, Schwab Bank has agreed to pay an interest rate to depositors participating in the Sweep Program that will be determined by reference to an index.

### **Financial Planning Services**

For Select and Premier clients, OWM offers personal comprehensive financial planning services to set forth goals, objectives and implementation strategies for the client over the long-term. For certain Access clients, planning is conducted only as mutually agreed. Depending upon individual client requirements, the comprehensive financial plan will include recommendations, which many include the following areas: Retirement Planning, Cash Flow Forecasting, Estate Planning, Charitable Giving, Tax Planning, and Insurance Planning.

OWM prepares and provides the financial planning client with a written comprehensive financial plan and performs quarterly, semi-annual or annual reviews of the plan with the client, dependent on the client's needs. Clients should notify us promptly anytime there is a change in their financial situation, goals, objectives, or needs and/or if there is any change to the financial information initially provided to us. Clients are under no obligation to implement any of the recommendations provided in their written financial plan.

### **MISCELLANEOUS**

**Non-Investment Consulting/Implementation Services.** To the extent requested by the client, OWM may provide consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, expert witness, etc. Neither OWM, nor any of its representatives, serves as an attorney, accountant, or licensed insurance agent, and no portion of OWM's services should be construed as same. To the extent requested by a client, OWM may recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance, etc.). The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from OWM. **Please Note:** If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. It remains the client's responsibility to promptly notify OWM if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating or revising OWM's previous recommendations and/or services.

**Separately Managed Account Programs.** In the Opes Premier Services program, OWM may allocate (and/or recommend that the client allocate) a portion of a client's investment assets among unaffiliated Separately Managed Account programs sponsored by *Schwab* and/or its affiliated entities in accordance with the client's designated investment objective(s). In such situations, the Separately Managed Account Manager shall have day-to-day responsibility for the active discretionary management of the allocated assets. OWM shall continue to render investment advisory services to the client relative to the ongoing monitoring and review of account performance, asset allocation and client



investment objectives. Factors which OWM shall consider in recommending Separately Managed Account programs include the client's designated investment objective(s) as applied to the Separately Managed Account program: management style, performance, reputation, financial strength, reporting, pricing, and research. In the event that OWM is engaged to provide investment advisory services as part of an unaffiliated Separately Managed Account program, OWM will be unable to negotiate commissions and/or transaction costs.

**Held Away Assets.** We implement investment advice on behalf of certain clients in held-away accounts that are maintained at independent third-party custodians. These held-away accounts are often 401(k) accounts, 529 plans, and other assets that are not held at our primary custodian(s). We review, monitor, and manage these held-away accounts in an integrated way with client accounts held at our primary custodian(s). Further information about this service is available in Item 5.

**Use of Mutual Funds.** Most mutual funds and exchange traded funds are available directly to the public. Thus, a prospective client can obtain many of the funds that may be utilized by OWM independent of engaging OWM as an investment advisor. However, if a prospective client determines to do so, he/she will not receive OWM's initial and ongoing investment advisory services. In addition to OWM's investment advisory fee described below, and transaction and/or custodial fees discussed below, clients will also incur, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g. management fees and other fund expenses).

**Portfolio Activity.** OWM has a fiduciary duty to provide services consistent with the client's best interest. As part of its investment advisory services, OWM will review client portfolios on an ongoing basis to determine if any changes are necessary based upon various factors, including, but not limited to, investment performance, fund manager tenure, style drift, account additions/withdrawals, and/or a change in the client's investment objective. Based upon these factors, there may be extended periods of time when OWM determines that changes to a client's portfolio are neither necessary nor prudent. Of course, as indicated below, there can be no assurance that investment decisions made by OWM will be profitable or equal any specific performance level(s).

**Client Obligations.** In performing its services, OWM shall not be required to verify any information received from the client or from the client's other professionals, and is expressly authorized to rely thereon. Moreover, each client is advised that it remains their responsibility to promptly notify OWM if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating or revising OWM's previous recommendations and/or services.

**Fiduciary Acknowledgment.** When OWM provides investment advice to you regarding your retirement plan account or individual retirement account, OWM is a fiduciary 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 OWM makes money creates some conflicts with client interests, so OWM operates under a special rule that requires the Firm to act in the clients' best interest and not put OWM interest ahead of the clients.'

- C. OWM shall provide investment advisory services specific to the needs of each client. Prior to providing investment advisory services, an investment adviser representative will ascertain each client's investment objective(s). Thereafter, OWM shall allocate and/or recommend that the client allocate investment assets consistent with the designated investment objective(s). Clients may impose reasonable restrictions on the management of their accounts if OWM determines, in its sole discretion, that the conditions would not materially impact the performance of a management strategy or prove overly burdensome for OWM's management efforts.
- D. OWM will not assume any responsibility for the accuracy or the information provided by clients. OWM is not obligated to verify any information received from a client or other professionals (e.g., attorney, accountant) designated by a client, and OWM is expressly authorized by the client to rely on such information provided. Under all circumstances, clients are responsible for promptly notifying OWM in writing of any material changes to the client's financial situation, investment objectives, time horizon, or risk tolerance. In the event that a client notifies OWM of any changes, OWM will review such changes and implement any necessary revisions to the Client's portfolio.

OWM does not sponsor a wrap fee program for its investment advisory services.

- E. As of December 31, 2023, OWM had \$589,916,182 of Assets under management on a discretionary basis.

## **Item 5 Fees and Compensation**

### **A. INVESTMENT ADVISORY SERVICES**

If a client determines to engage OWM to provide discretionary investment advisory services on a *fee-only* basis, OWM shall deduct fees and/or bill clients quarterly in advance, based upon the market value of the assets (including cash, accrued interest and the value of securities held on margin) on the last business day of the previous quarter. OWM's annual investment advisory fee shall be agreed upon with each client and asset for in an agreement executed by OWM and the client, based upon a percentage (%) of the market value and type of assets placed under OWM's management as follows:

#### **Opes Premier Services**

- 1.25% of the value of the account between \$0 and \$1M
- 0.65% of the value of the account between \$1M and up to \$2M
- 0.55% of the value of the account between \$2M and up to \$5M
- 0.35% of the value of the account over \$5M

#### **Opes Select Services**

- 1.0% of the value of the account between \$0 and \$1M
- 0.6% of the value of the account between \$1M and up to \$2M
- 0.5% of the value of the account between \$2M and up to \$5M
- 0.3% of the value of the account over \$5M

### Opes Access Services

0.75% of the value of the account between \$0M and up to \$1M

0.45% of the value of the account between \$1M and up to \$5M

0.3% of the value of the account over \$5M

### Additional Optional Services

If an Access client requires detailed financial planning, a balance sheet analysis report will be provided upon request. OWM will review and evaluate the result with the client. An additional service fee of \$1,500 will be charged, or as otherwise mutually agreed upon.

For certain clients, we charge an advisory fee for services provided to the held-away accounts mentioned above in Item 4, just as we do with client accounts held at our primary custodian(s). The specific fee schedule charged by us is provided in the client's investment advisory contract with us.

### PLANNING SERVICES

For those non-investment management clients receiving financial planning services, OWM typically charges a minimum annual flat fee of \$3,500, or as otherwise mutually agreed upon to be paid quarterly in advance. This fee can be negotiated depending on the complexity of a client's plan and the services provided.

Notwithstanding the foregoing, OWM and the client may choose to negotiate an annual advisory or planning fee or a fee for additional optional services that varies from the ranges and schedules set forth above. Factors upon which an advisory or planning fee may be based include, but are not limited to, the size and nature of the relationship, the services rendered, the nature and complexity of the products and investments involved, time commitments, and travel requirements. The Advisory fee charged by the Firm will apply to all of the client's assets under management, unless specifically excluded in the client agreement. Although OWM believes that its fees are competitive, clients should understand that lower fees for comparable services may be available from other sources and firms.

- B. OWM generally deducts its advisory fees from a client's investment account held at his/her custodian. Upon engaging OWM to manage such account(s), a client grants OWM this limited authority through a written instruction to the custodian of his/her account(s). The client is responsible for verifying the accuracy of the calculation of the advisory fee; the custodian will not determine whether the fee is accurate or properly calculated.

Although clients generally are required to have their investment advisory fees deducted from their accounts, in some cases, OWM will bill the client directly for advisory fees if it determines that such billing arrangement is appropriate given the circumstances.

The custodian of the client's accounts provides each client with a statement, at least quarterly, indicating separate line items for all amounts disbursed from the client's account(s), including any fees paid directly to OWM.

Clients may make additions to and withdrawals from their account at any time, subject to

OWM's right to terminate an account. Additions may be in cash or securities provided that the Firm reserves the right to liquidate transferred securities or decline to accept particular securities into a client's account. Clients may withdraw account assets at any time on notice to OWM, subject to the usual and customary securities settlement procedures. However, the Firm generally designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client's investment objectives. OWM may consult with its clients about the options and implications of transferring securities. Clients are advised that when transferred securities are liquidated, they may be subject to transaction fees, short-term redemption fees, fees assessed at the mutual fund level (e.g. contingent deferred sales charges) and/or tax ramifications.

Investment management services between OWM and the client may be terminated at any time by either OWM or the client upon written notice, as outlined in the *Investment Advisory Agreement*. OWM does not impose termination fees when the client terminates the relationship, except when agreed upon in advance.

- C. In connection with OWM's management of an account, a client will incur fees and/or expenses separate from and in addition to OWM's advisory fee. These additional fees may include transaction charges and the fees/expenses charged by any custodian, subadvisor, mutual fund, ETF, separate account manager (and the manager's platform manager, if any), limited partnership, or other advisor, transfer taxes, odd lot differentials, exchange fees, interest charges, ADR processing fees, and any charges, taxes or other fees mandated by any federal, state or other applicable law, retirement plan account fees (where applicable), margin interest, brokerage commissions, mark-ups or mark-downs and other transaction-related costs, electronic fund and wire fees, and any other fees that reasonably may be borne by a brokerage account. For Independent Managers, clients should review each manager's Form ADV 2A disclosure brochure and any contract they sign with the Independent Manager (in a dual contract relationship). The client is responsible for all such fees and expenses. Please see Item 12 of this brochure regarding brokerage practices.
- D. As noted in Item 5(B) above, OWM's annual investment advisory fees, and planning fees if applicable, are generally paid in advance and shall be prorated and paid quarterly. Investment management fees are calculated based upon the market value of the assets on the last business day of the previous quarter. Planning fees are typically a flat fee.

The *Investment Advisory Agreement* between OWM 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, OWM shall refund equal to the prorated portion of the advanced advisory fee paid based upon the number of days remaining in the billing quarter. Client refunds are credited back to the account prior to delinking, whenever possible. If not possible, refunds are issued via check to the client's recorded legal address.

- E. Neither OWM nor its representatives accept compensation from the purchase or sale of securities or other investment products, other than the investment advisory fees noted above.

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

Neither OWM nor any supervised person of OWM accepts performance-based fees or participate in side-by-side management. Performance-based fees are fees that are based on a share of capital gains or capital appreciation of a client's account. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees. OWM's fees are calculated as described in Item 5 above.

## **Item 7 Types of Clients**

OWM's offers investment advisory services to individuals, business entities, and trusts. OWM typically imposes a minimum asset size of \$700,000 for Opes Premiere Services, \$350,000 for Opes Select Services, and \$50,000 for Opes Access Services, however OWM does reserve the right to accept or decline a potential client of any size for any reason in its sole discretion.

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

A primary step in OWM's investment strategy is getting to know the clients – to understand their financial condition, risk profile, investment goals, tax situation, and liquidity constraints – and assemble a complete picture of their financial situation. To aid in this understanding, OWM offers clients financial planning that is highly customized and tailored. This comprehensive approach is integral to the way that OWM does business. Once OWM has a true understanding of its clients' needs and goals, the investment process can begin, and the Firm can recommend strategies and investments that it believes are aligned with the client's goals and risk profile.

- A. OWM shall 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)

OWM shall 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)
- Limited Liquidity Purchases (securities that can be purchased or redeemed only at specified times)

As outlined above, OWM employs fundamental analysis methods in developing investment strategies for its clients. Research and analysis from OWM is based on numerous sources, including third-party research materials and publicly available materials, such as company annual reports, prospectuses, and press releases. For OWM, this process typically involves an analysis of an issuer's management team, investment

strategies, style drift, past performance, reputation and financial strength in relation to the asset class concentrations and risk exposures of the Firm's model asset allocations. A substantial risk in relying upon fundamental analysis is that while the overall health and position of a company may be good, evolving market conditions may negatively impact the security.

OWM generally employs a long-term investment strategy for its clients, consistent with their financial goals. At times, the Firm may also buy and sell positions that are more short-term in nature, depending on the goals of the client and/or the fundamentals of the security, sector or asset class.

Client portfolios with similar investment objectives and asset allocation goals may own different securities and investments. The client's portfolio size, tax sensitivity, desire for simplicity, income needs, long-term wealth transfer objectives, time horizon and choice of custodian are all factors that influence OWM's investment recommendations.

Investing in securities involves risk of loss that clients should be prepared to bear. A client can lose all or a substantial portion of his/her investment. A client should be willing to bear such a loss. Some investments are intended only for sophisticated investors and can involve a high amount of risk. 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/or investment strategies recommended or undertaken by OWM) will be profitable or equal any specific performance level(s).

- B. Investing in securities involves a significant risk of loss which clients should be prepared to bear. OWM's investment recommendations are subject to various market, currency, economic, political and business risks, and such investment decisions will not always be profitable. Clients should be aware that there may be a loss or depreciation to the value of the client's account. There can be no assurance that the client's investment objectives will be obtained and no inference to the contrary should be made.

Generally, the market value of equity stocks will fluctuate with market conditions, and small- stock prices generally will fluctuate more than large-stock prices. The market value of fixed income securities will generally fluctuate inversely with interest rates and other market conditions prior to maturity. Fixed income securities are obligations of the issuer to make payments of principal and/or interest on future dates, and include, among other securities: bonds, notes and debentures issued by corporations; debt securities issued or guaranteed by the U.S. government or one of its agencies or instrumentalities, or by a non-U.S. government or one of its agencies or instrumentalities; municipal securities; and mortgage-backed and asset-backed securities. These securities may pay fixed, variable, or floating rates of interest, and may include zero coupon obligations and inflation-linked fixed income securities. The value of longer duration fixed income securities will generally fluctuate more than shorter duration fixed income securities. Investments in overseas markets also pose special risks, including currency fluctuation and political risks, and it may be more volatile than that of a U.S. only investment. Such risks are generally intensified for investments in emerging markets. In addition, there is no assurance that a mutual fund or ETF will achieve its investment objective. Past performance of investments

is no guarantee of future results.

OWM's primary investment strategies - Long Term Purchases, Short Term Purchases, and Limited Liquidity 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.

Additional risks involved in the securities recommended by OWM include, among others:

- **Stock market risk**, which is the chance that stock prices overall will decline. The market value of equity securities will generally fluctuate with market conditions. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices. Prices of equity securities tend to fluctuate over the short term as a result of factors affecting the individual companies, industries or the securities market as a whole. Equity securities generally have greater price volatility than fixed income securities.
- **Sector risk**, which is the chance that significant problems will affect a particular sector, or that returns from that sector will trail returns from the overall stock market. Daily fluctuations in specific market sectors are often more extreme than fluctuations in the overall market.
- **Issuer risk**, which is the risk that the value of a security will decline for reasons directly related to the issuer, such as management performance, financial leverage, and reduced demand for the issuer's goods or services.
- **Non-diversification risk**, which is the risk of focusing investments in a small number of issuers, industries or foreign currencies, including being more susceptible to risks associated with a single economic, political or regulatory occurrence than a more diversified portfolio might be.
- **Value investing risk**, which is the risk that value stocks not increase in price, not issue the anticipated stock dividends, or decline in price, either because the market fails to recognize the stock's intrinsic value, or because the expected value was misgauged. If the market does not recognize that the securities are undervalued, the prices of those securities might not appreciate as anticipated. They also may decline in price even though in theory they are already undervalued. Value stocks are typically less volatile than growth stocks, but may lag behind growth stocks in an up market.
- **Smaller company risk**, which is the risk that the value of securities issued by a smaller company will go up or down, sometimes rapidly and unpredictably as compared to more widely held securities. Investments in smaller companies are subject to greater levels of credit, market and issuer risk.
- **Foreign (non-U.S.) investment risk**, which is the risk that investing in foreign securities result in the portfolio experiencing more rapid and extreme changes in value than a portfolio that invests exclusively in securities of U.S. companies. Risks associated

with investing in foreign securities include fluctuations in the exchange rates of foreign currencies that may affect the U.S. dollar value of a security, the possibility of substantial price volatility as a result of political and economic instability in the foreign country, less public information about issuers of securities, different securities regulation, different accounting, auditing and financial reporting standards and less liquidity than in the U.S. markets.

- **Interest rate risk**, which is the chance that prices of fixed income securities decline because of rising interest rates. Similarly, the income from fixed income securities may decline because of falling interest rates.
- **Credit risk**, which is the chance that an issuer of a fixed income security will fail to pay interest and principal in a timely manner, or that negative perceptions of the issuer's ability to make such payments will cause the price of that fixed income security to decline.
- **Exchange Traded Fund (ETF) risk**, which is the risk of an investment in an ETF, including the possible loss of principal. ETFs typically trade on a securities exchange and the prices of their shares fluctuate throughout the day based on supply and demand, which may not correlate to their net asset values. Although ETF shares will be listed on an exchange, there can be no guarantee that an active trading market will develop or continue. Owning an ETF generally reflects the risks of owning the underlying securities it is designed to track. ETFs are also subject to secondary market trading risks. In addition, an ETF may not replicate exactly the performance of the index it seeks to track for a number of reasons, including transaction costs incurred by the ETF, the temporary unavailability of certain securities in the secondary market, or discrepancies between the ETF and the index with respect to weighting of securities or number of securities held.
- **Management risk**, which is the risk that the investment techniques and risk analyses applied by OWM may not produce the desired results and that legislative, regulatory, or tax developments, affect the investment techniques available to OWM. There is no guarantee that a client's investment objectives will be achieved.
- **Real estate risk**, which is the risk that an investor's investments in Real Estate Investment Trusts ("REITs") or real estate-linked derivative instruments will subject the investor to risks similar to those associated with direct ownership of real estate, including losses from casualty or condemnation, and changes in local and general economic conditions, supply and demand, interest rates, zoning laws, regulatory limitations on rents, property taxes and operating expenses. An investment in REITs or real estate-linked derivative instruments subject the investor to management and tax risks.
- **Investment companies ("Mutual Funds") risk**, when an investor invests in mutual funds, the investor will bear additional expenses based on his/her pro rata share of the mutual fund's operating expenses, including the management fees. The risk of owning a mutual fund generally reflects the risks of owning the underlying investments the mutual fund holds.
- **Commodity risk**, generally commodity prices fluctuate for many reasons, including changes in market and economic conditions or political circumstances (especially of key energy-producing and consuming countries), the impact of weather on demand, levels of



domestic production and imported commodities, energy conservation, domestic and foreign governmental regulation (agricultural, trade, fiscal, monetary and exchange control), international politics, policies of OPEC, taxation and the availability of local, intrastate and interstate transportation systems and the emotions of the marketplace. The risk of loss in trading commodities can be substantial.

- **Cybersecurity risk**, which is the risk related to unauthorized access to the systems and networks of OWM and its service providers. The computer systems, networks and devices used by OWM and service providers to us and our clients to carry out routine business operations employ a variety of protections designed to prevent damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches. Despite the various protections utilized, systems, networks or devices potentially can be breached. A client could be negatively impacted as a result of a cybersecurity breach. Cybersecurity breaches can include unauthorized access to systems, networks or devices; infection from computer viruses or other malicious software code; and attacks that shut down, disable, slow or otherwise disrupt operations, business processes or website access or functionality. Cybersecurity breaches cause disruptions and impact business operations, potentially resulting in financial losses to a client; impediments to trading; the inability by us and other service providers to transact business; violations of applicable privacy and other laws; regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or other compliance costs; as well as the inadvertent release of confidential information. Similar adverse consequences could result from cybersecurity breaches affecting issues of securities in which a client invests; governmental and other regulatory authorities; exchange and other financial market operators, banks, brokers, dealers and other financial institutions; and other parties. In addition, substantial costs may be incurred by those entities in order to prevent any cybersecurity breaches in the future.

- **Alternative investments/private funds risk**, investing in alternative investments is speculative, not suitable for all clients, and intended for experienced and sophisticated investors who are willing to bear the high economic risks of the investment, which can include:

- loss of all or a substantial portion of the investment due to leveraging, short-selling or other speculative investment practices;
- lack of liquidity in that there may be no secondary market for the investment and none expected to develop;
- volatility of returns;
- restrictions on transferring interests in the investment;
- potential lack of diversification and resulting higher risk due to concentration of trading authority when a single adviser is utilized;
- absence of information regarding valuations and pricing;
- delays in tax reporting;
- less regulation and higher fees than mutual funds;
- risks associated with the operations, personnel, and processes of the manager of the funds investing in alternative investments

- **Closed-end funds risk**, Closed-end funds typically use a high degree of leverage. They may be diversified or non-diversified. Risks associated with closed-end fund

investments include liquidity risk, credit risk, volatility and the risk of magnified losses resulting from the use of leverage. Additionally, closed-end funds may trade below their net asset value.

- **Structured notes risk –**

- o *Complexity.* Structured notes are complex financial instruments. Clients should understand the reference asset(s) or index(es) and determine how the note's payoff structure incorporates such reference asset(s) or index(es) in calculating the note's performance. This payoff calculation may include leverage multiplied on the performance of the reference asset or index, protection from losses should the reference asset or index produce negative returns, and fees. Structured notes may have complicated payoff structures that can make it difficult for clients to accurately assess their value, risk and potential for growth through the term of the structured note. Determining the performance of each note can be complex and this calculation can vary significantly from note to note depending on the structure. Notes can be structured in a wide variety of ways. Payoff structures can be leveraged, inverse, or inverse-leveraged, which may result in larger returns or losses. Clients should carefully read the prospectus for a structured note to fully understand how the payoff on a note will be calculated and discuss these issues with OWM.

- o *Market risk.* Some structured notes provide for the repayment of principal at maturity, which is often referred to as "principal protection." This principal protection is subject to the credit risk of the issuing financial institution. Many structured notes do not offer this feature. For structured notes that do not offer principal protection, the performance of the linked asset or index may cause clients to lose some, or all, of their principal. Depending on the nature of the linked asset or index, the market risk of the structured note may include changes in equity or commodity prices, changes in interest rates or foreign exchange rates, and/or market volatility.

- o *Issuance price and note value.* The price of a structured note at issuance will likely be higher than the fair value of the structured note on the date of issuance. Issuers now generally disclose an estimated value of the structured note on the cover page of the offering prospectus, allowing investors to gauge the difference between the issuer's estimated value of the note and the issuance price. The estimated value of the notes is likely lower than the issuance price of the note to investors because issuers include the costs for selling, structuring and/or hedging the exposure on the note in the initial price of their notes. After issuance, structured notes may not be re-sold on a daily basis and thus may be difficult to value given their complexity.

- o *Liquidity.* The ability to trade or sell structured notes in a secondary market is often very limited, as structured notes (other than exchange-traded notes known as ETNs) are not listed for trading on securities exchanges. As a result, the only potential buyer for a structured note may be the issuing financial institution's broker-dealer affiliate or the broker-dealer distributor of the structured note. In addition, issuers often specifically disclaim their intention to repurchase or make markets in the notes they issue. Clients should, therefore, be prepared to hold a structured note to its maturity date, or risk selling the note at a discount to its value at the time of sale.

- o *Credit risk.* Structured notes are unsecured debt obligations of the issuer, meaning that the issuer is obligated to make payments on the notes as promised. These promises, including any principal protection, are only as good as the financial health of the structured note issuer. If the structured note issuer defaults on these obligations, investors may lose some, or all, of the principal amount they invested in the structured notes as well as any other payments that may be due on the structured notes.
- C. Currently, OWM primarily allocates client investment assets among various individual equity and fixed income securities and/or mutual funds, on a discretionary basis in accordance with the client's designated investment objective(s).

**A brief description of each of OWM's Premier and Select Program asset allocation models are as follows:**

Premier Program: Full featured offering, with Location Optimization and full complement of Mutual Fund Alternative Investments.

Moderate Growth - Seeks capital appreciation over full market cycles while generally maintaining broad global diversification. This allocation offers a high level of growth potential with a commensurate level of year-to-year volatility.

Conservative Growth - Seeks capital appreciation over full market cycles while generally maintaining broad global diversification. This allocation offers a moderately high level of growth potential with a commensurate level of year-to-year volatility.

Balanced Growth - Seeks capital appreciation over full market cycles while generally maintaining broad global diversification. This allocation offers a moderate level of growth potential with a commensurate level of year-to-year volatility.

Balanced - Seeks a balance of capital appreciation and stability over full market cycles while generally maintaining broad global diversification. This allocation offers lower growth potential and year-to-year volatility as compared to the overall equity market.

Balanced Income/ Balanced Equity Income - Seeks capital stability and moderate capital appreciation over full market cycles while generally maintaining broad global diversification. This allocation offers higher growth potential and year-to-year volatility as compared to the overall fixed income market.

Moderate Income - Seeks capital stability and modest capital appreciation over full market cycles while generally maintaining global diversification. This allocation offers a moderately high level of capital preservation potential with a moderately low level of year-to-year volatility.

Pure Income - Seeks capital stability over full market cycles while generally maintaining some global diversification. This allocation offers a high level of capital preservation potential with a low level of year-to-year volatility.

Select Program: The Select Program offers 8 portfolios, similar to the Premier Program, but does not include Location Optimization, and contains fewer Alternative investments.

Separate Account Managers are not available in the Select Program.

Moderate Growth - Seeks capital appreciation over full market cycles while generally maintaining broad global diversification. This allocation offers a high level of growth potential with a commensurate level of year-to-year volatility.

Conservative Growth - Seeks capital appreciation over full market cycles while generally maintaining broad global diversification. This allocation offers a moderately high level of growth potential with a commensurate level of year-to-year volatility.

Balanced Growth - Seeks capital appreciation over full market cycles while generally maintaining broad global diversification. This allocation offers a moderate level of growth potential with a commensurate level of year-to-year volatility.

Balanced - Seeks a balance of capital appreciation and stability over full market cycles while generally maintaining broad global diversification. This allocation offers lower growth potential and year-to-year volatility as compared to the overall equity market.

Balanced Income/ Balanced Equity Income - Seeks capital stability and moderate capital appreciation over full market cycles while generally maintaining broad global diversification. This allocation offers higher growth potential and year-to-year volatility as compared to the overall fixed income market.

Moderate Income - Seeks capital stability and modest capital appreciation over full market cycles while generally maintaining global diversification. This allocation offers a moderately high level of capital preservation potential with a moderately low level of year-to-year volatility.

Pure Income - Seeks capital stability over full market cycles while generally maintaining some global diversification. This allocation offers a high level of capital preservation potential with a low level of year-to-year volatility.

Clients are advised that they should only commit assets for management that can be invested for the long term, that volatility from investing can occur, and that all investing is subject to risk. OWM does not guarantee the future performance of a client's portfolio, as investing in securities involves the risk of loss that clients should be prepared to bear.

Past performance of a security or a fund is not necessarily indicative of future performance or risk of loss.

## **Item 9            Disciplinary Information**

Registered investment advisors are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's evaluation of the adviser and the integrity of the adviser's management. OWM has not been the subject of any disciplinary actions, and therefore has no information applicable to this item.

## **Item 10           Other Financial Industry Activities and Affiliations**

### **Recommendation of Independent Managers**

OWM may recommend that clients use Independent Managers based on clients' needs and suitability. OWM does not receive separate compensation, directly or indirectly, from such Independent Managers for recommending that clients use their services. OWM does not have any other business relationships with the recommended Independent Managers.

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

- A. OWM has a Code of Ethics (the "Code") which requires OWM's employees ("supervised persons") to comply with their legal obligations and fulfill the fiduciary duties owed to the Firm's clients. Among other things, the Code of Ethics sets forth policies and procedures related to conflicts of interest, outside business activities, gifts and entertainment, compliance with insider trading laws and policies and procedures governing personal securities trading by supervised persons

OWM will provide a copy of the Code of Ethics to any client or prospective client upon request.

- B. Neither OWM nor any related person of OWM recommends, buys, or sells for client accounts, securities in which OWM or any related person of OWM has a material financial interest.
- C. OWM and/or representatives of OWM will on occasion buy or sell securities that are also recommended to clients. This practice may create a situation where OWM and/or representatives of OWM are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest.

Personal securities transactions of supervised persons present potential conflicts of interest with the price obtained in client securities transactions or the investment opportunity available to clients. The Code addresses these potential conflicts by prohibiting securities trades that would breach a fiduciary duty to a client and requiring, with certain exceptions, supervised persons to report their personal securities holdings and transactions to OWM for review by the Firm's Chief Compliance Officer. The Code also requires supervised persons to obtain pre-approval of certain investments, including initial public offerings and limited offerings.

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

### **Item 12 Brokerage Practices**

- A. OWM generally recommends that its investment management clients utilize the custody and brokerage services of an unaffiliated broker-dealer/custodian (a "BD/Custodian")

with which OWM has an institutional relationship. Currently, this includes Charles Schwab (“Schwab”), which is a “qualified custodian” as that term is described in Rule 206(4)-2 of the Advisers Act, for investment management accounts. Each BD/Custodian provides custody of securities, trade execution, and clearance and settlement of transactions placed on behalf of clients by OWM. If your accounts are custodied at Schwab, Schwab will hold your assets in a brokerage account and buy and sell securities when we instruct them to. Clients will pay fees to Schwab for custody and the execution of securities transactions in their accounts. Prior to engaging OWM to provide investment management services, the client will be required to enter into a formal *Investment Advisory Agreement* with OWM setting forth the terms and conditions under which OWM shall manage the client’s assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Factors that OWM considers in recommending Schwab (or any other broker-dealer/custodian to clients) include historical relationship with OWM, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by OWM’s clients shall comply with OWM’s duty to obtain best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where OWM determines, in good faith, that the commission/transaction fee is reasonable. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer’s services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although OWM will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, OWM’s investment management fee. OWM’s best execution responsibility is qualified if securities that it purchases for client accounts are mutual funds that trade at net asset value as determined at the daily market close.

1. Research and Additional Benefits

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, OWM may receive from Schwab (or another broker-dealer/custodian investment platform, unaffiliated investment manager, and/or mutual fund sponsor) without cost (and/or at a discount) support services and/or products, certain of which assist OWM to better monitor and service client accounts maintained at such institutions. Included within the support services that may be obtained by OWM may be investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by OWM in furtherance of its investment advisory business operations.

As indicated above, certain of the support services and/or products that *may* be received may assist OWM in managing and administering client accounts. Others do not directly provide such assistance, but rather assist OWM to manage and further develop its business enterprise.

OWM's clients do not pay more for investment transactions effected and/or assets maintained at *Schwab* as a result of this arrangement. There is no corresponding commitment made by OWM to Schwab 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 a result of the above arrangement.

OWM's Chief Compliance Officer, Unesa Miguel, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest such arrangement may create.

### **Brokerage Practices Under Opes Access**

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

### **Schwab Advisor Services**

Schwab Advisor Services™ (formerly called Schwab Institutional) is Schwab's business serving independent investment advisory firms like us. They provide OWM and its clients with access to its institutional brokerage services –trading, custody, reporting and related services – many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer OWM's client accounts while others help OWM to manage and grow its business. Schwab also provides monetary assistance to OWM to defray certain costs related be towards technology, compliance, legal, business consulting and other related expenses. Schwab's support services are generally available on an unsolicited basis (OWM doesn't have to request them) and at no charge to OWM. Here is a more detailed description of Schwab's support services:

### **Services that Benefit the Client**

Schwab'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 OWM might not otherwise have access or that would require a significantly higher minimum initial investment by OWM' clients. Schwab's services described in this paragraph generally benefit the clients and the clients' accounts.

### **Services that May Not Directly Benefit the Client**

Schwab also makes available to OWM other products and services that benefit OWM but may not directly benefit clients or their accounts. These products and services assist OWM in managing and administering its clients' accounts. They include investment research (both Schwab's own and that of third parties). OWM may use this research to service all or some substantial number of OWM's client accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

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

#### Services that Generally Benefit Only OWM

Schwab also offers other services intended to help OWM manage and further develop its 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.

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

The availability of these services from Schwab benefits OWM because it does not have to produce or purchase them. OWM does not have to pay for Schwab's services and they are not contingent upon OWM committing any specific amount of business to Schwab in trading commissions or assets in custody.

2. OWM does not receive referrals from broker-dealers.
3. Generally, in the absence of specific instructions to the contrary, for brokerage accounts that clients engage OWM to manage on a discretionary basis, OWM has full discretion with respect to securities transactions placed in the accounts. This discretion includes the authority, without prior notice to the client, to buy and sell securities for the client's account and establish and affect securities transactions through the BD/Custodian of the client's accounts or other broker-dealers selected by OWM. In selecting a broker-dealer to execute a client's securities transactions, OWM seeks prompt execution of orders at favorable prices.

A client, however, may instruct OWM to take custody of his/her account at a specific broker-dealer and/or direct some or all of his/her brokerage transactions to a specific



broker-dealer. In directing brokerage transactions, a client should consider whether the commission expenses, execution, clearance, settlement capabilities, and custodian fees, if any, are comparable to those that would result if OWM exercised its discretion in selecting the broker-dealer to execute transactions. OWM does not generally accept directed brokerage arrangements because directing brokerage to a particular broker-dealer may involve the following disadvantages to a directed brokerage client:

- OWM's ability to negotiate commission rates and other terms on behalf of such clients could be impaired;
- such clients could be denied the benefit of OWM's experience in selecting broker-dealers that are able to efficiently execute difficult trades;
- opportunities to obtain lower transaction costs and better prices by aggregating (batching) the client's orders with orders for other clients could be limited; and
- the client could receive less favorable prices on securities transactions because OWM may place transaction orders for directed brokerage clients after placing batched transaction orders for other clients.

**Please Note:** In the event that the client directs OWM to effect 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 effect account transactions through alternative clearing arrangements that may be available through OWM. Higher transaction costs adversely impact account performance. Transactions for directed accounts will generally be executed following the execution of portfolio transactions for non-directed accounts.

OWM's Chief Compliance Officer, Unesa Miguel, remains available to address any questions that a client or prospective client may have regarding the above arrangement.

- B. To the extent that OWM provides investment management services to its clients, the transactions for each client account generally will be effected independently, unless OWM decides to purchase or sell the same securities for several clients at approximately the same time. OWM may (but is not obligated to) combine or "bunch" such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among OWM's clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been 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. OWM shall not receive any additional compensation or remuneration as a result of such aggregation. To the extent that the Firm determines to aggregate client orders for the purchase or sale of securities, including securities in which the Firm's supervised persons may invest, the Firm will generally do so in a fair equitable manner in accordance with applicable rules promulgated under the Advisers Act and guidance provided by the staff of the SEC and consistent with policies and procedures established by the Firm.

#### **Trade Errors**

OWM's goal is to execute trades seamlessly and in the best interests of the client. In the event a trade error occurs, OWM endeavors to identify the error in a timely manner, correct

the error so that the client's account is in the position it would have been had the error not occurred, and, after evaluating the error, assess what action(s) might be necessary to prevent a recurrence of similar errors in the future.

Trade errors generally are corrected through the use of a "trade error" account or similar account at Schwab, or another BD, as the case may be. In the event an error is made in a client account custodied elsewhere, OWM works directly with the broker in question to take corrective action. In all cases, OWM will take the appropriate measures to return the client's account to its intended position.

### **Item 13          Review of Accounts**

- A. For those clients to whom OWM provides investment advisory services, account reviews are conducted on an ongoing basis by OWM's Principals and/or its representatives. Accounts are reviewed for consistency with the investment strategy and other parameters set forth for the account and to determine if any adjustments need to be made. All clients are advised that it remains their responsibility to advise OWM of any changes in their investment objectives and/or financial situation. All clients (in person or telephonically) are encouraged to review financial planning issues to the extent applicable, investment objectives and account performance with OWM on an annual basis.
- B. In addition to the periodic reviews described above, OWM may conduct account reviews upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and client request. Other events that may trigger a review of an account are material changes in market conditions as well as macroeconomic and company- specific events. Clients are encouraged to notify OWM of any changes in his/her personal financial situation that might affect his/her investment needs, objectives, or time horizon.
- C. Written brokerage statements are generated no less than quarterly and are sent directly from the qualified custodian. These reports list account positions, activity in the account over the covered period, and other related information. Clients are also provided with transaction confirmation notices following each brokerage account transaction unless confirmations have been waived. Those clients to whom Registrant provides investment advisory services other than Opes Access will also receive a quarterly report from OWM summarizing account activity and performance. OWM also provides account reports during client meetings. Clients are urged to carefully review all custodial account statements and compare them to any statements and reports provided by OWM. OWM statements and reports may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

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

- A. As referenced in Item 12.A.1 above, OWM receives an economic benefit from Schwab because it may receive support services and/or products from Schwab without cost or at a discount.

OWM's clients do not pay more for investment transactions effected and/or assets maintained at Schwab as a result of this arrangement. There is no corresponding commitment made by OWM to Schwab 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 a result of the above arrangement.

OWM's Chief Compliance Officer, Unesa Miguel, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest any such arrangement may create.

- B. OWM is party to a client solicitation agreement with unaffiliated and affiliated persons ("Solicitors"). The applicable client solicitation agreement provides for compensation to the Solicitor for client referrals to OWM. If a client is introduced to OWM by either an unaffiliated or an affiliated solicitor, OWM pays that solicitor a referral fee in accordance with the Investment Advisers Act of 1940, and any corresponding state securities law requirements. Any such referral fee shall be paid solely from OWM's investment management fee, and shall not result in any additional charge to the client. Solicitation arrangements inherently give rise to potential conflicts of interest because solicitors receive an economic benefit for the recommendation of advisory services. OWM addresses these conflicts through this disclosure. If the client is introduced to OWM by an unaffiliated solicitor, the solicitor, at the time of the solicitation, shall disclose the nature of his/her/its solicitor relationship, and shall provide each prospective client with a copy of OWM's written Brochure with a copy of the written disclosure statement from the solicitor to the client disclosing the terms of the solicitation arrangement between OWM and the solicitor, including the compensation to be received by the solicitor from OWM.

In the course of normal business, OWM sometimes receives referrals from other service providers (CPAs, estate attorneys, private bankers, mortgage brokers, insurance brokers, etc.) when the need arises for a client. Prospective clients are under no obligation to engage OWM for services, but when they do, OWM does not compensate referring parties for these referrals, nor participate in other forms of fee-sharing or remuneration with these other professionals in connection with referring clients (or prospective clients). OWM has no referral arrangement in place with other professional service providers.

## **Item 15      Custody**

OWM does not maintain physical custody of client funds and/or securities. As described in Item 12, client assets are held at "qualified custodians" that provide account statements at least quarterly directly to clients at their address of record. Clients are required to engage the custodian to retain their funds and securities and direct OWM to utilize the custodian for the client's securities transactions. OWM's agreement with clients and/or the clients' separate agreements with the B/D Custodian may authorize OWM through such BD/Custodian to debit the clients' accounts for the amount of OWM's fee and to directly remit that fee to OWM in accordance with applicable custody rules.

The account custodian has physical custody of client assets, but the SEC deems OWM to have legal custody over client assets if: OWM is authorized to instruct the custodian to

deduct advisory fees directly from clients' custodial accounts; when OWM personnel serve as trustee for advisory clients, or serve as a general partner of a private investment fund; and when OWM has the authority to instruct the custodian to transfer assets to third parties pursuant to standing letters of authorization ("SLOA"). Pursuant to this SLOA authority, OWM reports having custody of client assets under Item 9 Part 1 of Form ADV.

OWM is further considered to have custody of client funds where a client usernames and passwords on kept on file and OWM reports having custody of these client assets under Item 9 Part 2 of Form ADV. OWM currently maintains a few accounts where an advisor maintains information in this capacity. In compliance with SEC regulations, OWM is required under Rule 206(4)-2 to obtain a custody audit to verify client assets over which it has certain authority and is subject to an annual surprise examination by an independent Certified Public Accountant, registered with the Public Company Account Oversight Board (PCAOB), who audits the accounts over which OWM is deemed to have custody as a result of having this information on file. For the remaining assets, the SEC has exempted advisers from the custody audit requirement by rule or no-action relief.

**Please Note:** To the extent that OWM provides clients with periodic account statements or reports, the client is urged to compare any statement or report provided by OWM with the account statements received from the account custodian. Clients will receive account statements directly from the custodian at least quarterly. They will be sent to the email or postal mailing address clients provide to the custodian. Clients should carefully review those statements promptly upon receipt, and to compare them with any reports they receive from us. Clients are encouraged to note that the account custodian does not verify the accuracy of OWM's advisory fee calculation. For more information about custodians and brokerage practices, see "Item 12 - Brokerage Practices."

## **Item 16 Investment Discretion**

The client can determine to engage OWM to provide investment advisory services on a discretionary basis. Prior to OWM assuming discretionary authority over a client's account, the client shall be required to execute an *Investment Advisory Agreement*, naming OWM as the client's attorney and agent in fact, granting OWM full authority to buy, sell, or otherwise effect investment transactions involving the assets in the client's name found in the discretionary account.

Clients who engage OWM on a discretionary basis may impose restrictions, in writing, on OWM'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 OWM's use of margin, etc.) with the consent and written acknowledgement of OWM, if OWM determines, in its sole discretion, that the conditions would not materially impact the performance of a management strategy or prove overly burdensome for the Firm.

## **Item 17 Voting Client Securities**

- A. Unless a client directs otherwise in writing, OWM, in conjunction with the proxy voting and

due diligence services provided by Broadridge Financial Solutions, Inc. (“Broadridge”), or its successors or assigns, shall be responsible for directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted. OWM and/or the client shall correspondingly instruct each custodian of the assets to forward to the Registrant copies of all proxies and shareholder communications relating to the assets. OWM, in conjunction with the services provided by Broadridge, shall monitor corporate actions of individual issuers and investment companies consistent with OWM’s fiduciary duty to vote proxies in the best interests of its clients. With respect to individual issuers, OWM may be solicited to vote on matters including corporate governance, adoption or amendments to compensation plans (including stock options), and matters involving social issues and corporate responsibility. With respect to investment companies (e.g., mutual funds), OWM may be solicited to vote on matters including the approval of advisory contracts, distribution plans, and mergers. OWM shall maintain records pertaining to proxy voting as required pursuant to Rule 204-2(c)(2) under the Advisers Act. The records are maintained through the Broadridge Proxy Edge System. Copies of Rules 206(4)-6 and 204-2(c)(2) are available upon written request. In addition, information pertaining to how OWM voted on any specific proxy issue is also available upon written request.

Alternatively, clients may, at their written election, choose to receive proxies related to their own accounts, in which case OWM may consult with clients as they may request. With respect to ERISA accounts, OWM will vote for proxies unless the plan documents specifically reserve the plan sponsor’s right to vote proxies. To direct OWM to vote for a proxy in a particular manner, clients should contact our Chief Compliance Officer, Unesa Miguel, by telephone, electronic mail, or in writing.

Registrant will retain all proxy voting books and records for the requisite period of time, including a copy of each proxy statement received, a record of each vote cast, a copy of any document created by OWM that was material to making a decision how to vote proxies, and a copy of each written client request for information on how the adviser voted proxies. If OWM has a conflict of interest in voting a particular action, it will notify the client of the conflict and retain an independent third-party to cast a vote.

Clients may obtain a copy of our complete proxy voting policies and procedures by contacting Unesa Miguel directly. Clients may request, in writing, information on how proxies for his or her shares were voted. If any client requests a copy of the Firm’s complete proxy policies and procedures or how it voted proxies for his or her accounts, the Registrant will promptly provide such information to the client.

Registrant will neither advise nor act on behalf of the client in legal proceedings involving companies whose securities are held in the client’s accounts, including, but not limited to, the filing of “Proofs of Claim” in class action settlements. If desired, clients may direct us to transmit copies of class action notices to the client or a third party. Upon such direction, OWM will make commercially reasonable efforts to forward such notices in a timely manner.

- B. OWM does not have authority to vote proxies for those clients enrolled in Opes Access with respect to assets managed through Schwab’s Separately Managed Account programs or the Schwab Online Program. In such cases, OWM has designated Schwab to vote proxies for the ETFs held in their accounts, and to process proxy votes and corporate actions

through and in accordance with the policies and recommendations of a third-party proxy voting service provider retained by Schwab for this purpose.

**Item 18 Financial Information**

- A. OWM does not solicit fees of more than \$1,200, per client, six months or more in advance.
- B. OWM 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. OWM has not been the subject of a bankruptcy petition.

OWM's Chief Compliance Officer, Unesa Miguel, remains available to address any questions that a client or prospective client may have regarding the above disclosures and arrangements.