

# Oregon Pacific Wealth Management, LLC

## DISCLOSURE BROCHURE

(Form ADV Part 2A)

Item 1: Cover Page

**Oregon Pacific Wealth Management, LLC**

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**(541) 902-7272 Business**

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**April 3, 2019**

This brochure provides information about the qualifications and business practices of Oregon Pacific Wealth Management, LLC. If you have any questions about the contents of this brochure, please contact us at (541) 902-7272. 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.

Oregon Pacific Wealth Management is a state registered investment advisor. Registration of an investment advisor does not imply any level of skill or training.

Additional information about Oregon Pacific Wealth Management is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) or by state securities authorities.

The SEC's website also provides information about persons affiliated with Oregon Pacific Wealth Management who are registered, or are required to be registered, as investment advisor representatives of Oregon Pacific Wealth Management.

## Item 2: Material Changes

This brochure, has been prepared by Oregon Pacific Wealth Management for our annual amendment filing with the State of Oregon. This section of the brochure will address only those “material changes” that have been incorporated since our last annual amendment on 01/19/2018 of this document on the SEC’s public disclosure website (IAPD) [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

- Item 4 – Advisory Business: Additional information about Schwab’s automated investment program (the “Program”), Institutional Intelligent Portfolios®.
- Item 4 – Financial Planning Services: updated to provide a more detailed description of Financial Planning services.
- Item 5 – Fees and Compensation: updated to disclose method of payment and refund/termination policy.
- Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading: updated to disclose more information regarding OPWM’s related bank Oregon Pacific Banking Co.’s (ORPB) publicly traded security.
- Item 12 – Brokerage Practices: Additional information about Schwab’s brokerage services related to the Program.
- Item 12 – Brokerage Practices: additional information has been added about soft dollar benefits.
- Item 14 – Client Referrals and Other Compensation: updated to provide more information regarding the relationship between OPWM and Oregon Pacific Banking Co.
- Item 15 – Custody: Include statement that Oregon Pacific Wealth Management is deemed to have custody if the client authorizes Oregon Pacific Wealth Management to instruct Schwab to deduct advisory fees directly from client accounts.

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#### Item 4 Advisory Business

- A. Oregon Pacific Wealth Management, LLC (“OPWM”) is a limited liability company formed in 2016 in the State of Oregon. OPWM is wholly owned by Oregon Pacific Banking Co.
- B. As discussed below, Oregon Pacific Wealth Management offers to its clients (individuals, high net worth individuals, pension and profit-sharing plans, business entities, trusts and estates), investment advisory services, and related consulting services.

#### INVESTMENT ADVISORY SERVICES

The client may engage OPWM to provide discretionary and/or non-discretionary investment advisory services on a wrap or non-wrap *fee* basis. (**See** discussion below). If a client engages OPWM on a wrap fee basis, the client will pay a single fee for bundled services (i.e. investment advisory, trade execution, custody). The services included in a wrap fee agreement will depend upon each client’s particular need. If the client engages OPWM on a non-wrap fee basis, the client will select individual services on an unbundled basis, paying for each service separately (i.e. investment advisory, trade execution, custody).

The client can agree to have OPWM provide discretionary and/or non-discretionary investment advisory services on a fee basis. Generally, OPWM’s annual investment advisory fee is based upon a percentage (%) of the market value of the assets placed under OPWM’s management.

**Please Note: Non-Discretionary Service Limitations.** Clients that determine to engage OPWM on a non-discretionary investment advisory basis **must be willing to accept** that OPWM cannot affect any account transactions without obtaining prior verbal or written consent to any such transaction(s) from the client. Thus, in the event of a market correction during which the client is unavailable, OPWM will be unable to affect any account transactions (as it would for its discretionary clients) without first obtaining the client’s verbal or written consent.

OPWM constructs globally diversified risk-based portfolios that provide proper diversification across asset classes, and risk metrics. The portfolios are designed to help clients achieve their long-term goals through a research-driven, risk managed process. The portfolios are tailored to the client’s risk tolerance, and long-term goals based on a detailed Investment Policy Questionnaire, and suitability review. Client portfolios can be further customized to their needs based on a comprehensive financial plan.

Depending on the circumstances, and suitability review, in some cases OPWM can manage client portfolios around restrictions. This is limited to equity only portfolios, where the restrictions can be implemented without diverging from the client’s risk profile, and long-term goals. The majority of OPWM’s portfolios are designed around ETFs and Mutual funds, which are managed funds and restrictions cannot be imposed on their holdings. OPWM does not limit its advice to any specific securities or investment strategies.

As part of its investment advisory service, OPWM may recommend certain managed model portfolios offered by a third-party investment manager to new and existing clients and may allocate current client assets to those managed models. At all times, OPWM will ensure that client assets are allocated in a manner that is consistent with their risk tolerance.

#### NON-WRAP FEE BASIS

The client can agree to have OPWM provide discretionary and/or non-discretionary investment advisory services on a *fee* basis. Generally, OPWM’s annual investment advisory fee is based upon a percentage (%) of the market value of the assets placed under OPWM’s management.

## **FINANCIAL PLANNING SERVICES**

Financial plans and financial planning may include but are not limited to: reviewing and prioritizing client goals and objectives; developing a summary of client's current financial situation; including a net worth statement cash flow summary; insurance analysis.

OPWM will review a client's current investment portfolio, develop an asset management and financial management strategy, including financial projections and analysis. OPWM will complete a retirement planning assessment, including financial projections of assets required at estimated retirement date, and assess estate net worth and liquidity. OPWM will identify tax planning strategies to optimize financial position.

OPWM will present a written financial plan that will be reviewed in detail with the client. The plan will contain recommendations designed to meet the client's stated goals and objectives, supported by relevant financial summaries. OPWM will develop an action plan to implement the agreed upon recommendations. Referral to other professionals, as required, to assist with implementation of the action plan. Assisting clients with the implementation of the financial plan. Determining necessity to revise the financial plan.

## **OREGON PACIFIC WEALTH MANAGEMENT, LLC WRAP PROGRAM**

OPWM sponsors a Wrap Fee Program which provides investment management services on a wrap fee basis in accordance with OPWM's investment management wrap fee program (the "Program"). The services offered under, and the corresponding terms and conditions pertaining to, the Program are discussed in the Wrap Fee Program Brochure, a copy of which is presented to all prospective Program participants. Under the Program, OPWM is able to offer participants discretionary investment management services, for a single specified annual Program fee, inclusive of trade execution, custody, reporting, and investment management fees. The terms and conditions for client participation in the Program are set forth in detail in the Wrap Fee Program Brochure. All prospective Program participants should read OPWM's Wrap Fee Brochure, and ask any corresponding questions that they may have, prior to participation in the Program. Schwab Advisor Services, a division of Charles Schwab & Co., Inc (Schwab), and LPL Financial (*LPL*) shall serve as custodians for Program accounts.

**Please Note:** As indicated in the Wrap Fee Program Brochure, participation in the Program may cost more or less than purchasing such services separately. As also indicated in the Wrap Fee Program Brochure, the Program fee charged by OPWM for participation in the Program may be higher or lower than those charged by other sponsors of comparable wrap fee programs.

## **ONLINE INVESTMENT ADVISORY SERVICES**

OPWM also offers an automated investment program (the "Program") through which clients are invested in a range of investment strategies we have constructed and manage, each consisting of a portfolio of exchange-traded funds ("ETFs") and a cash allocation. The client may instruct OPWM to exclude up to three ETFs from their portfolio. The client's portfolio is held in a brokerage account opened by the client at Charles Schwab & Co., Inc. ("CS&Co"). OPWM 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 the Program. OPWM is independent of and not owned by, affiliated with, or sponsored or supervised by SPT, CS&Co., or their affiliates (together, "Schwab"). OPWM, and not Schwab, are the client's investment advisor and primary point of contact with respect to the Program. OPWM is solely responsible, and Schwab is not responsible, for determining the appropriateness of the Program for the client, choosing a suitable investment strategy and portfolio for the client's investment needs and goals, and managing that

portfolio on an ongoing basis. OPWM has contracted with SPT to provide us with the Platform, which consists of technology and related trading and account management services for the Program. The Platform enables OPWM to make the Program available to clients online and includes a system that automates certain key parts of the investment process (the “System”). The System includes an online questionnaire that helps OPWM determine the client’s investment objectives and risk tolerance and select an appropriate investment strategy and portfolio. Clients should note that OPWM 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 OPWM then makes the final decision and selects a portfolio based on all the information about the client. The System also includes an automated investment engine through which OPWM manages the client’s portfolio on an ongoing basis through automatic rebalancing and tax-loss harvesting (if the client is eligible and elects). OPWM charges clients a fee for services as described below under Item 5 - Fees and Compensation. OPWMs’ fees are not set or supervised by Schwab. Clients do not pay brokerage commissions or any other fees to CS&Co. as part of the Program. Schwab does receive other revenues in connection with the Program. OPWM does not pay SPT fees for the Platform so long as OPWM maintains \$100 million in client assets in accounts at CS&Co. that are not enrolled in the Program. If OPWM does not meet this condition, then OPWM pays SPT an annual licensing fee of 0.10% (10 basis points) on the value of clients’ assets in the Program. This fee arrangement gives OPWM an incentive to recommend or require that clients with accounts not enrolled in the Program be maintained with CS&Co.

The terms and conditions for client participation in the Program are set forth in detail in the Wrap Fee Program Brochure.

#### **MISCELLANEOUS ADVISORY SERVICES DISCLOSURE**

If requested by the client, OPWM may recommend the services of other professionals for certain noninvestment implementation purposes (i.e. attorneys, accountants, insurance, etc.), including certain of OPWM’s investment adviser representatives in their separate registered/licensed capacities as discussed below. 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 OPWM. Clients have the option to purchase investment products that OPWM recommends through other brokers or agents that are not affiliated with OPWM.

**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.

**Please Also Note:** It remains the client’s responsibility to promptly notify OPWM if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising OPWM’s previous recommendations and/or services.

**Please Note: Fee Differentials.** As indicated in Item 5 below, OPWM shall price its services based upon various objective and subjective factors. As a result, OPWM’s clients could pay diverse fees based upon the market value of their assets, the complexity of the engagement, geographic differences, and the level and scope of the overall consulting services to be rendered. The services to be provided by OPWM to any particular client could be available from other advisers at lower fees. All clients and prospective clients should be guided accordingly.

**Sub-Advisory Agreement with Investment Adviser:** Under its *Investment Advisory Agreement*, OPWM

has discretionary authority to hire and fire Sub-Advisor(s), which can manage the investments in the client's designated account on a discretionary basis in accordance with the client's stated investment objectives.

**Independent Managers:** OPWM may allocate (and/or recommend that the client allocate) a portion of a client's investment assets among unaffiliated independent investment managers in accordance with the client's designated investment objective(s). In such situations, the Independent Manager[s] shall have day-to-day responsibility for the active discretionary management of the allocated assets. OPWM 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 OPWM shall consider in recommending Independent Manager[s] include the client's designated investment objective(s), management style, performance, reputation, financial strength and reporting.

**Trade Errors:** OPWM has implemented procedures designed to prevent trade errors; however, trade errors in client accounts cannot always be avoided. Consistent with our fiduciary duty, it is the policy of OPWM to correct trade errors in a manner that is fair to the client. In cases where the client causes the trade error, the client will be responsible for any loss resulting from the correction. Depending on the specific circumstances of the trade error, the client may not be able to receive any gains generated as a result of the error correction. In all situations where the client does not cause the trade error, the client will be made whole and any loss resulting from the trade error will be absorbed by OPWM if the error was caused by the firm. If the error is caused by the broker-dealer, the broker-dealer will be responsible for covering all trade error costs. The trade will be moved to an error account and will be dealt with at the discretion of the broker dealer.

**Client Obligations:** In performing its services OPWM 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 his/her/its responsibility to promptly notify OPWM if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising OPWM's previous recommendations and/or services.

**Disclosure Statement:** A copy of OPWM's written Brochure as set forth on Part 2A of Form ADV shall be provided to each client prior to, simultaneously with, the execution of the Investment Advisory Agreement.

C. OPWM 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, OPWM shall allocate and/or recommend that the client allocate investment assets consistent with the designated investment objective(s). The client may, at any time, impose reasonable restrictions, in writing, on OPWM's services.

D. There is no significant difference between how OPWM manages wrap fee accounts and non- wrap fee accounts. However, as stated above, if a client engages OPWM on a wrap fee basis, the client will pay a single fee for bundled services (i.e. investment advisory, trade execution, custody) (*See* Item 4.B). The services included in a wrap fee agreement will depend upon each client's particular need. If the client determines to engage OPWM on a non-wrap fee basis the client will select individual services on an unbundled basis, paying for each service separately (i.e. investment advisory, trade execution, custody).

- E. As of December 31, 2018, Oregon Pacific Wealth Management had \$42,000,000.00 in assets under management on a discretionary basis and \$0 in assets under management on a non- discretionary basis.

**Item 5 Fees and Compensation**

- A. The client can engage OPWM to provide discretionary and/or non-discretionary investment advisory services on an annual fee basis. The annual fee for investment management is based on the assets we manage. The fee includes both ongoing investment management and financial planning. Services include the selection and ongoing management of investments, preparation of a financial plan, annual meetings to review investments and financial plans, reporting of investment holdings and performance, year-end tax reporting for taxable (non-qualified) investment accounts and providing updated research to the client regarding OPWM’s views on the market. As needed, we also provide coordination between tax preparers, estate planning attorneys, and insurance providers.
- B. As described in *Item 4 - Advisory Business*, clients do not pay fees to SPT or brokerage commissions or other fees to CS&Co. as part of the Program. Schwab does receive other revenues in connection with the Program. Brokerage arrangements are further described below in *Item 12 - Brokerage Practices*.

**Fee Structure**

<b>Assets Under Management</b>	<b>Annual Percentage of Assets Charge</b>
\$0 to \$249,999.99	1.20%
\$250,000 to \$499,999.99	1.10%
\$500,000 to \$999,999.99	1.00%
1 Million to \$1,999,999.99	0.90%
2 Million to \$4,999,999.99	0.75%
5 Million to \$9,999,999.99	0.65%
Over 10 Million	0.55%

- B. We may also provide investment advice or financial planning to Clients on an hourly rate fee. Our maximum hourly rate is \$250.00 per hour. Notwithstanding the above, fees are generally negotiable. Financial planning fees are paid in advance, with the balance to be paid once the financial plan is completed. Fees are paid via check or debit from an existing managed brokerage account. Either party may terminate the agreement by notifying the other in writing at any time. Any fees incurred prior to date of termination will be payable in full. If the client terminates t h e i r relationship with OPWM before OPWM finishes the client’s written financial plan analysis, OPWM will deliver any completed portion of the plan to the client.

When an investment adviser charges an advisory fee, the investment adviser is required to provide advisory clients with written billing information, which must contain the fee(s), the formula used to calculate the fee(s), and the time period covered by the fee(s). This written billing information must be delivered to the client each time the investment adviser charges a fee.

- C. Clients may elect to have OPWM’s advisory fees deducted from their custodial account. Both OPWM’s *Investment Advisory Agreement* and the custodial/clearing agreement may authorize the custodian to debit the account for the amount of OPWM’s investment advisory fee and to

directly remit that management fee to OPWM in compliance with regulatory procedures.

Pursuant to WAC 460-24A-106(1)(b)(ii), each time a fee is directly deducted Client's account, OPWM will concurrently:

(i) Send the qualified custodian notice of the amount of the fee to be deducted from Client's account; and

(ii) Send Client an invoice itemizing the fee, including the formula used to calculate the fee, the amount of assets under management the fee is based on, and the time period covered by the fee.

In the limited event that OPWM bills the client directly, payment is due upon receipt of OPWM's invoice, via check or direct debit (ACH) from a checking account. The noted direct billing invoice will also include information Pursuant to WAC 460-24A-106(1)(b)(ii).

- D. As discussed below, unless the client directs otherwise, or an individual client's circumstances require, OPWM may recommend/require that clients establish brokerage accounts with Schwab Advisor Services division of Charles Schwab & Co., Inc. (Schwab), a registered broker-dealer, member SIPC, or LPL Financial (LPL) to maintain custody of clients' assets and to effect trades for their accounts. The final decision to custody assets with Schwab, or LPL is at the discretion of the Advisor's clients, including those accounts under ERISA or IRA rules and regulations, in which case the client is acting as either the plan sponsor or IRA accountholder. OPWM is independently owned and operated and not affiliated with Schwab or LPL. Schwab provides OPWM with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to advisors. Schwab's services include brokerage services that are related to the execution of securities transactions, custody, research, including that in the form of advice, analyses, and reports, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment. Broker-dealers such as Schwab, and LPL charge brokerage commissions and/or transaction fees for effecting certain securities transactions (i.e. transaction fees are charged for certain no-load mutual funds; commissions are charged for individual equity and fixed income securities transactions). However, in addition to OPWM's investment management fee, all 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), independent investment managers, the fees charged by each separate account manager who is engaged to manage the Assets; this fee is in addition to OPWM's disclosed fee schedule. When beneficial to the client, individual fixed-income and/or equity transactions may be affected through broker-dealers with whom OPWM and/or the client have entered into arrangements for prime brokerage clearing services, including effecting certain client transactions through other SEC registered and FINRA member broker-dealers. Clients are prohibited to go directly to the third-party for investment advisory services.
- E. OPWM's annual investment advisory fees are generally negotiable. Further, our firm's fees are prorated and paid quarterly, in advance, based upon the average daily balance of the assets of the previous quarter. For the initial billing period, the fee is pro-rated for the remainder of the quarter (if services commenced in the middle of the calendar quarter), this pro-rated fee is billed on the first business day of the quarter following the commencement of services. OPWM generally requires an aggregate account minimum of \$100,000 for investment advisory services. However, OPWM, in our sole discretion, may waive our account minimum or charge a lesser advisory fee based upon certain criteria (i.e., anticipated future earning capacity, anticipated

future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.)

- F. Clients may terminate the agreement without penalty and fee within five business days of signing the agreement. The Investment Advisory Agreement between OPWM 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. Any fees due to a client that have been paid in advance will be refunded immediately. Once OPWM receives a letter of request for termination, OPWM will submit the refund to the custodian. This may take several days for the client to receive the credit based on custodian processing.
- G. **Securities or Investment Product Commission Transactions.** In the event that the client desires, the client can engage Investment Advisor Representatives of OPWM, in their individual capacity, as registered representatives of LPL Financial, (“LPLF”), an SEC registered and FINRA member broker- dealer, or insurance agent to purchase investment-related products on a non-discretionary commission basis. In the event the client chooses to purchase or sell investment products through LPLF, or individual insurance agents employed by OPWM they will be charged brokerage or insurance commissions to effect securities transactions or insurance transactions, a portion of which shall be paid to its registered representatives, as applicable. The advisory business is paid based on OPWM’s stated fee schedule, and the brokerage or insurance business will be charged by LPLF or the independent insurance agent. The brokerage commissions charged by LPLF may be higher or lower than those charged by other broker-dealers. In addition, LPLF and their representatives may also receive additional ongoing 12b-1 trailing commission compensation directly from a mutual fund company during the period that the client maintains the mutual fund investment.
1. **Conflict of Interest:** The recommendation that a client purchase a commission product from LPLF or an independent insurance agent presents a **conflict of interest**, as the receipt of commissions may provide an incentive to recommend investment products based on commissions to be received, rather than on a particular client’s needs. No client is under any obligation to purchase any commission products from LPLF or an independent insurance agent employed by OPWM.
  2. OPWM does not receive any revenue from advisory clients as a result of commissions or other compensation for the sale of investment products by OPWM representatives in their individual capacity as registered representatives of a broker dealer or independent insurance agent.

When OPWM’s representatives, in their individual capacity of a broker dealer registered representative or independent insurance agent, sell an investment product on a commission basis, OPWM does not charge an advisory fee in addition to the commissions paid by the client for such product. When providing services on an advisory fee basis, OPWM’s representatives do not also receive commission compensation for such advisory services (except for any ongoing 12b-1 trailing commission compensation that may be received as previously discussed). **However**, a client may engage OPWM to provide investment management services on an advisory fee basis and, separate from such advisory services; purchase an investment product from OPWM’s representatives, in their individual capacity as a broker dealer registered representative or independent insurance agent, on a separate commission basis.

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

Neither Oregon Pacific Wealth Management nor any supervised person of OPWM accepts performance-based fees.

## **Item 7 Types of Clients**

OPWM's clients shall generally include individuals, high-net worth individuals, pension and profit sharing plans, business entities, trusts and estates.

Clients eligible to enroll in the Program include individuals, IRAs, and revocable living trusts. Clients that are organizations (such as corporations and partnerships) or clients that are subject to the Employee Retirement Income Security Act of 1974, are not eligible for the Program.

Oregon Pacific Wealth Management, in our sole discretion, may waive our account minimum for asset management or charge a lesser advisory fee based upon certain criteria (i.e., anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.).

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

The following are methods of analysis Oregon Pacific Wealth Management may utilize in providing investment advice.

**Tactical Asset Allocation-** OPWM's tactical asset allocation process is based on technical research using relative strength (momentum), which allows us to pursue the areas of the market that are showing the most strength, and potentially avoid the weakest areas. Through this process OPWM utilizes the investment principal of actively allocating capital to the most attractive asset classes, including cash, while avoiding the least attractive.

### **Technical Analysis**

We utilize technical analysis to evaluate potential investments. Unlike fundamental analysis, technical analysis does not analyze the company's value, but instead analyzes the stock's price movement in the market. Charting is a form of technical analysis in which the various technical factors are diagrammed in order to illustrate patterns. Technical analysis studies the supply and demand in the market in an attempt to determine what direction, or trend, will continue in the future. Cyclical analysis is another form of technical analysis which focuses on the regularity of movements in the stock market and times trading to coincide with anticipated market cycles. However, there are risks involved with this method, including the risk that the trends will change unpredictably, which is why we use a combination of methods and obtain information from a variety of sources.

**Fundamental Value** - A method of evaluating a security by attempting to measure the intrinsic value of a security by examining related economic, financial and other qualitative and quantitative factors. Fundamental Value analysts attempt to study everything that can affect the security's value, including macroeconomic factors (like the overall economy and industry conditions) and individually specific factors (like the financial condition and management of companies). The end goal of performing fundamental value analysis is to produce a value that an investor can compare with the security's current price in hopes of figuring out what sort of position to take with that security. If the security is undervalued compared to its market price, and in the absence of other negative information, OPWM may consider the security for selection. In our opinion, this evaluation method, when used in conjunction with additional research, may provide an element of protection against significant loss of

value. Fundamental analysis is about using real data to evaluate a security's value.

**Fundamental Growth** - A method of evaluating a security by attempting to measure the intrinsic growth potential of a security relative to the growth expectations already contained in the current price. The end goal of performing fundamental growth analysis is to produce a value that an investor can compare with the security's current price in hopes of figuring out what sort of position to take with that security. If, in our opinion, the security is undervalued compared to our expectation of growth, and in the absence of other negative information, we may consider the security for selection. In our opinion, this evaluation method, when used in conjunction with additional research, may provide an element of protection against significant loss of value.

**Asset Allocation** - OPWM believes that focusing on the sector, geographical region and asset class to which assets are allocated play a more significant role in the potential for portfolio performance than focusing on the merits of individual securities. Our relative strength analysis and our individual security analysis are the basis for our asset allocation decisions.

**Diversification** - OPWM attempts to create comprehensively diversified portfolios as a means to reduce the risks associated with concentrated portfolios. Moreover, a variety of funds, including Exchange Traded Funds, may be used to further diversify investment risk. It should be noted that while diversification seeks to reduce risk, a properly diversified portfolio will normally contain positions which will perform at variance to other positions.

**Active Management** - During times where the economic and geopolitical news and outlook has the potential for dramatic change, OPWM may actively manage portfolios in an attempt to benefit from, or protect against, those volatile movements. In general, these portfolios may not be suitable for investors who require a very low trading activity (buy-and-hold) through all market conditions.

#### **Risk of Loss**

Clients must understand that past performance is not indicative of future results. Therefore, current and prospective clients (including you) should never assume that future performance of any specific investment or investment strategy will be profitable. Investing in securities (including stocks, mutual funds, and bonds) involves risk of loss. Further, depending on the different types of investments there may be varying degrees of risk. Clients and prospective clients should be prepared to bear investment loss including loss of original principal.

Our portfolios are designed for investors who are able to hold the investment for one or more years. Investors should be able to accept price volatility during this period, the level of which should match the stated risk tolerance of the respective investor.

Our portfolios are designed to meet stated investment objectives based on your Investment Policy Questionnaire (IPQ). The portfolios are not designed to match equity market returns during strong rallies. Although the portfolios seek low volatility and principal protection, asset allocation decisions may not achieve these goals in all cases. There is no guarantee a portfolio will meet a target return or investment objective. Investments in bonds involve interest rate and credit risk. Bond values change according to changes in interest rates, inflation, and credit climate and issuer credit quality. Interest rate rises will reduce the value of a bond. Although longer term bonds may pay more income, their value is more susceptible to interest rate variation than shorter term, lower yield bonds. Stock markets and individual stocks may be subject to large price fluctuations.

Diversification cannot protect an investor from these fluctuations. The use of indexed funds is not fully guaranteed to track an intended market and may carry additional 'product' risks.

Because of the inherent risk of loss associated with investing, our firm is unable to represent, guarantee, or even imply that our services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or declines. There are certain additional risks associated when investing in securities through our investment management program.

Technical analysis attempts to predict a future stock price or direction based on market trends. The assumption is that the market follows discernible patterns and if these patterns can be identified then a prediction can be made. The risk is that markets do not always follow patterns and relying solely on this method may not work long term.

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

Market Risk - Either the stock market as a whole, or the value of an individual company, goes down resulting in a decrease in the value of client investments. This is also referred to as systemic risk.

Equity (stock) market risk - Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. If you held common stock, or common stock equivalents, of any given issuer, you would generally be exposed to greater risk than if you held preferred stocks and debt obligations of the issuer.

Company Risk - When investing in stock positions, there is always a certain level of company or industry specific risk that is inherent in each investment. This is also referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. For example, if a company's employees go on strike or the company receives unfavorable media attention for its actions, the value of the company may be reduced.

Fixed Income Risk - When investing in bonds, there is the risk that issuer will default on the bond and be unable to make payments. Further, individuals who depend on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed income investors receive set, regular payments that face the same inflation risk.

ETF and Mutual Fund Risk - When investing in an ETF or mutual fund, it will bear additional expenses based on its pro rata share of the ETFs or mutual fund's operating expenses, including the potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities the ETF or mutual fund holds. You will also incur brokerage costs when purchasing ETFs. OPWM may, at its discretion, invest in leveraged ETFs which provide two times the exposure to a stated index or asset class. These ETFs may be held for periods longer than one week.

**Please Note: Inverse/Enhanced Market Strategies:** OPWM may utilize long and short mutual funds and/or exchange traded funds that are designed to perform in either an: (1) inverse relationship to certain market indices (at a rate of 1 or more times the inverse [opposite] result of the corresponding index) as an investment strategy and/or for the purpose of hedging against downside market risk; and (2) enhanced relationship to certain market indices (at a rate of 1 or

more times the actual result of the corresponding index) as an investment strategy and/or for the purpose of increasing gains in an advancing market. There can be **no assurance** that any such strategy will prove profitable or successful. In light of these enhanced risks/rewards, a client may direct OPWM, in writing, not to employ any or all such strategies for his/her/their/its accounts.

Management Risk - Your investment with our firm varies with the success and failure of our investment strategies, research, analysis and determination of portfolio securities. If our investment strategies do not produce the expected returns, the value of the investment will decrease.

Emerging Markets - Where justified by the investment analysis outlined above, investment either indirectly or directly in emerging markets may be included in a portfolio. Emerging markets can experience high volatility and risk in the short term.

OPWM may allocate client investment assets among various Sub-Advisors that may utilize individual equity (stocks), debt (bonds), and fixed income securities, mutual funds and/or ETFs (including inverse ETFs and/or mutual funds that are designed to perform in an inverse relationship to certain market indices), on a discretionary and non-discretionary basis in accordance with the client's designated investment objective(s).

#### **Item 9 Disciplinary Information**

OPWM has not been the subject of any disciplinary actions.

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

OPWM is a wholly owned subsidiary of Oregon Pacific Banking Co. (a public company trading on the OTC market under the symbol: ORPB). Oregon Pacific Banking Co. is a wholly owned subsidiary of Oregon Pacific Bancorp, a bank holding company. Oregon Pacific Banking Co. and OPWM may share revenue in certain instances. We do not believe this creates a material conflict of interest with clients.

**Registered Representatives of OPWM:** As disclosed above in Item 5.F, certain of OPWM's representatives are registered representatives of LPL Financial ("LPLF"), a FINRA member broker-dealer. Clients may choose to engage certain of OPWM's representatives, in their individual capacities as registered representatives of LPLF, to effect securities brokerage transactions on a commission basis. These registered representatives of OPWM may also be required to use LPL Financial as custodian for advisory business.

**Licensed Insurance Agents:** OPWM does not engage in the sale of insurance products to advisory clients. Certain of OPWM's supervised persons, in their individual capacities, are also licensed insurance agents of LPL Financial Insurance Associates, Inc. As a result, such supervised persons may recommend, on a fully-disclosed commission basis, the purchase of certain insurance products. A conflict of interest exists to the extent that OPWM recommends the purchase of insurance products where OPWM's supervised persons receive insurance commissions or other additional compensation. As referenced in Item 5.F above, clients can engage certain of OPWM's representatives to purchase insurance products on a commission basis. Any activity by your investment adviser representative as an insurance agent is separate from and outside of his or her role on behalf OPWM. You should understand the following:

- OPWM **does not** serve as an insurance agency for your investment adviser representative to offer fixed insurance, fixed annuities or fixed indexed annuities;
- OPWM **does not** conduct due diligence of the fixed insurance, fixed annuities or fixed indexed

annuities offered by your investment adviser representative in his or her separate capacity as an insurance agent; and

- OPWM **does not** review, approve nor supervise your investment adviser representative's recommendations as an insurance agent to hold, purchase or sell/surrender fixed insurance, fixed annuities or fixed indexed annuities.

**Conflict of Interest:** The recommendation by OPWM's representatives that a client purchase a securities or insurance commission product presents a **conflict of interest**, as the receipt of commissions may provide an incentive to recommend investment products based on commissions to be received, rather than on a particular client's need. Additionally, in their individual capacities as insurance licensed agents OPWM's representatives may receive compensation in addition to commissions from certain insurance wholesalers. No client is under any obligation to purchase any commission products from OPWM's representatives. All material conflicts of interest have been disclosed herein.

**Outside Money Managers:** When OPWM refers you to an outside money manager, OPWM will provide proper disclosure of the arrangement to you. Disclosure will be made at the time of solicitation and will include a description of OPWM's arrangement with the outside money manager and a description of the compensation arrangement. OPWM will also provide to you a copy of the outside money manager's disclosure brochure. Money managers selected by OPWM, are thoroughly reviewed to make sure they are properly licensed and registered as an investment advisor prior to acceptance.

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

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

OPWM has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at OPWM must acknowledge the terms of the Code of Ethics annually, or as amended.

Neither OPWM nor any related person of OPWM recommends, buys, or sells for client accounts, securities in which OPWM or any related person of OPWM has a material financial interest. Regarding, OPWM's related bank Oregon Pacific Banking Co.'s (ORPB) publicly traded security, OPWM's Policies and Procedures restricts all OPWM personnel from purchasing ORPB stock.

OPWM and/or employees of OPWM may buy or sell securities that are also recommended to clients. Accordingly, it uses the same processes and procedures in developing investment strategies (and other financial services) for clients as for its employees. This may provide an opportunity for representatives of OPWM to buy or sell the same securities before or after recommending the same securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest in that OPWM or its related persons may receive more compensation from investment in a security in which OPWM or a related person has a material financial interest than from other investments. Client approval will be sought for client investment in such recommendations and, if granted, such approval will be binding. OPWM will always document any transactions that could be construed as conflicts of interest and will never engage in trading that operates to the client's disadvantage when similar securities are being bought or sold. OPWM always acts in the best interest

of the client consistent with its fiduciary duties and clients are not required to invest in such investments if they do not wish to do so.

OPWM anticipates that, in appropriate circumstances, consistent with clients' investment objectives, it will cause accounts over which OPWM has management authority to effect and will recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which OPWM, its affiliates and/or clients, directly or indirectly, have a position of interest. OPWM's employees and persons associated with OPWM are required to follow OPWM's Code of Ethics; which is to conduct client trades prior to employee trades or to allow employees to participate in block transactions alongside clients. Subject to satisfying this policy and applicable laws, officers, directors and employees of OPWM and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for OPWM's clients.

### **Item 12 Brokerage Practices**

In the event that the client requests that OPWM recommend a broker-dealer/custodian for execution and/or custodial services (exclusive of those clients that may direct OPWM to use a specific broker dealer/custodian), OPWM recommends that investment management accounts be maintained at Charles Schwab & Co., Inc. (Schwab) broker-dealer registered with the Securities and Exchange Commission and a member of FINRA and SIPC., or LPL Financial. Prior to engaging OPWM to provide investment management services, the client will be required to enter into a formal Investment Advisory Agreement with OPWM setting forth the terms and conditions under which OPWM shall manage the client's assets, and a separate agreement with the designated custodian.

Factors that OPWM considers in recommending Schwab, or LPL Financial (or any other broker-dealer/custodian to clients) include historical relationship with OPWM, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by OPWM's clients shall comply with OPWM'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 OPWM determines, in good faith, that the commission/transaction fee is reasonable in relation to the value of the brokerage and research services received. 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 OPWM 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, OPWM's investment management fee. OPWM'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.

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

support services:

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

CS&Co. also makes available to OPWM other products and services that may not directly benefit clients. These products and services assist OPWM in managing and administering clients' accounts. They include investment research, both Schwab's own and that of third parties. OPWM may use this research to service all or some substantial number of clients' accounts, including accounts not maintained at CS&Co. In addition to investment research, CS&Co. also makes available software and other technology that CS&Co. also offers other services intended to help OPWM manage and further develop its business enterprise. These services may include: (i) educational conferences and events; (ii) technology, compliance, legal and business consulting; (iii) publications and conferences on practice management and business succession; and (iv) access to employee benefits providers, human capital consultants and insurance providers.

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

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

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, OPWM may receive from Schwab, LPL Financial (or another broker-dealer/custodian) without cost (and/or at a discount) support services and/or products, certain of which assist OPWM to better monitor and service client accounts maintained at such institutions. Included within the support services that may be obtained by OPWM 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 OPWM in furtherance of its investment advisory business operations. The receipt of benefits may give OPWM an incentive to recommend or select Schwab, LPL Financial (or another broker-dealer/custodian) based on OPWM's interest in receiving the research or other products or services, rather than on the clients' interest in receiving most favorable execution.

OPWM may enter into soft dollar arrangements through which it may receive research, products, or other services from its broker/dealer or another third-party in connection with client securities transactions (“soft dollar benefits”) within (but not outside of) the safe harbor contained in Section 28(e) of the Securities Exchange Act of 1934, as amended. There can be no assurance that any particular client will benefit from soft dollar research, whether or not the client’s transactions paid for it, and OPWM does not seek to allocate benefits to client accounts proportionate to any soft dollar credits generated by the accounts. OPWM benefits by not having to produce or pay for the research, products or services, and OPWM will have an incentive to recommend a broker dealer based on receiving research or services. Clients should be aware that OPWM’s acceptance of soft dollar benefits may result in higher commissions charged to the client.

Schwab also makes available to OPWM other products and services that benefit OPWM but may not benefit its clients’ accounts. These benefits may include national, regional or OPWM specific educational events organized and/or sponsored by Schwab Advisor Services. Other potential benefits may include occasional business entertainment of personnel of OPWM by Schwab Advisor Services personnel, including meals, invitations to sporting events, including golf tournaments, and other forms of entertainment, some of which may accompany educational opportunities. Many of these products and services assist OPWM in managing and administering clients’ accounts. These include software and other technology (and related technological training) that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of OPWM’s fees from its clients’ accounts, and assist with back-office training and support functions, recordkeeping and client reporting. Many of these services generally may be used to service all or some substantial number of OPWM’s accounts, including accounts not maintained at Schwab Advisor Services. Schwab Advisor Services also makes available to OPWM other services intended to help OPWM manage and further develop its business enterprise. These services may include professional compliance, legal and business consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, employee benefits providers, human capital consultants, insurance and marketing. In addition, Schwab may make available, arrange and/or pay vendors for these types of services rendered to OPWM by independent third parties. Schwab Advisor Services may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to OPWM. While, as a fiduciary, OPWM endeavors to act in its clients’ best interests, OPWM’s recommendation/requirement that clients maintain their assets in accounts at Schwab may be based in part on the benefit to OPWM of the availability of some of the foregoing products and services and other arrangements and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest.

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

OPWM’s clients do not pay more for investment transactions effected and/or assets maintained at Schwab, or LPL Financial as a result of this arrangement. This may, however, cause clients to pay commissions higher than those charged by other broker-dealers who do not offer such benefits. There is no corresponding commitment made by OPWM to Schwab, or LPL Financial 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.

To the extent that services of value are received by OPWM, OPWM may avoid expenses which it might otherwise incur. The receipt of research in connection with brokerage transactions executed on behalf of its clients benefits OPWM by allowing OPWM, at no cost to it, to supplement its own research and analysis activities.

Research obtained may be utilized by OPWM for the benefit of clients not related to the broker-dealer providing the research.

OPWM does not receive referrals from broker-dealers, nor have we received any Transition Assistance.

**Directed Brokerage:** The client may direct OPWM to use a particular broker-dealer (subject to OPWM's right to decline and/or terminate the engagement, and if approved by LPL for those advisors that are registered representatives with LPLF) to execute some or all transactions for the client's account. In such event, the client will negotiate terms and arrangements for the account with that broker-dealer, and OPWM will not seek better execution services or prices from other broker-dealers or be able to "batch" the client's transactions for execution through other broker dealers with orders for other accounts managed by OPWM. As a result, client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case. In the event that the client directs OPWM 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 OPWM.

OPWM will aggregate orders in a manner that it considers to be the most equitable to all accounts. The allocation ratio used for those trades excludes the capital, from the denominator, of the accounts not participating in the trades.

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

For those clients to whom OPWM provides investment supervisory services, account reviews are conducted on an ongoing basis by the client's investment advisor representative or qualified designee. All investment supervisory clients are advised that it remains their responsibility to advise their investment adviser representative and OPWM of any changes in their investment objectives and/or financial situation. OPWM encourages you to request a review with your investment adviser representative to discuss such things as account performance, changes in the client's investment objectives, goals, and financial situation, tax planning, estate planning, retirement planning and any other questions the client may have concerning their investment portfolio. If you only receive financial planning services from OPWM, you may be charged a separate fee for meetings with your investment adviser representative. You should read carefully the agreement with OPWM to determine the amount of such separate fees, if any on an annual basis.

OPWM **may** conduct account reviews on an other-than-periodic basis upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and client request.

Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. OPWM may also provide a written periodic report summarizing account activity and performance.

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

OPWM is affiliated with Oregon Pacific Banking Co. as both entities are subsidiaries of Oregon Pacific Bancorp, a publicly traded company trading on the OTC market under stock symbol ORPB. OPWM pays Oregon Pacific Banking Co. a portion of its fees for certain financial services, including but not limited to: technical services, IT services, payroll and accounting services, human resource services, and executive and committed support and oversight. Extra fees are not charged to OPWM's customers nor are fees increased to cover the costs of OPWM's fees paid to Oregon Pacific Bank. Fees are paid to Oregon Pacific Banking Co. for administrative services only.

With the above affiliation in mind, it is important to understand that OPWM is not a bank. The securities, managed investments and insurance products offered by OPWM are: **NOT FDIC INSURED, NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY, NOT BANK GUARANTEED, NOT A DEPOSIT OF THE BANK, and MAY GO DOWN IN VALUE.**

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

**Outside Money Managers:** OPWM and our supervised persons may refer clients to outside money managers for advisory services not provided by OPWM. OPWM and these outside money managers are not affiliated.

#### **Item 15 Custody**

OPWM does not take custody of customer funds or securities, customer funds or securities are held at an independent custodian, currently Schwab, or LPL Financial. These custodians provide clearing, custodial, execution and settlement services for our client's brokerage/advisor accounts. They also provide OPWM's advisor's and Portfolio Manager's workstation technology systems, and many of our investment products. Although we facilitate, accept, enter, and advise on orders, all transactions are sent to Schwab, or LPL, which executes, clears, and settles our trades. Schwab, and LPL also maintain our customers' accounts, issues monthly statements, and delivers funds and securities.

Under government regulations, OPWM is deemed to have custody of a client's assets if the client authorizes OPWM to instruct CS&Co. to deduct our advisory fees directly from the client's account. CS&Co. maintains actual custody of clients' assets. Clients receive account statements directly from CS&Co. at least quarterly. They will be sent to the email or postal mailing address the client provides to CS&Co. Clients should carefully review those statements promptly when received. We also urge clients to compare CS&Co.'s account statements to any additional reports of account balances clients receive from OPWM.

OPWM shall have the ability to have its advisory fee for each client debited by the custodian on a quarterly basis. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. OPWM urges you to carefully review such statements and compare such official custodial records to the account statements that OPWM provides you.

**Please Note:** The account custodian does not verify the accuracy of OPWM's advisory fee calculation.

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

The client can determine to engage OPWM to provide investment advisory services on a discretionary or

non-discretionary basis. Prior to OPWM assuming discretionary authority over a client's account, the client shall be required to execute an *Investment Advisory Agreement*, naming OPWM as the client's attorney and agent in fact, granting OPWM 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 OPWM on a discretionary basis may, at any time, impose restrictions, **in writing**, on OPWM'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 OPWM's use of margin, etc.).

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

Unless the client directs otherwise in writing, OPWM is responsible for voting client proxies (**However**, the client shall maintain exclusive responsibility for all legal proceedings or other type events pertaining to the account assets, including, but not limited to, class action lawsuits.). OPWM shall vote proxies in accordance with its Proxy Voting Policy, a copy of which is available upon request. OPWM shall monitor corporate actions of individual issuers and investment companies consistent with the OPWM's fiduciary duty to vote proxies in the best interests of its clients. Although the factors which OPWM will consider when determining how it will vote differ on a case by case basis, they may, but are not limited to include: a review of recommendations from issuer management, shareholder proposals, cost effects of such proposals, or the effect on employee, executive, or director compensation. With respect to individual issuers, OPWM 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), OPWM may be solicited to vote on matters including the approval of advisory contracts, distribution plans, and mergers. OPWM shall maintain records pertaining to proxy voting as required pursuant to Rule 204-2(c)(2) under the Advisers Act. Copies of Rules 206(4)-6 and 204-2(c)(2) are available upon written request. In addition, information pertaining to how OPWM voted on any specific proxy issue is also available upon written request. Requests should be made by contacting OPWM's Compliance Officer, Audrey Creak

### **Item 18 Financial Information**

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

Registered investment advisors are required in this item to provide you with certain financial information or disclosures about OPWM's financial condition. OPWM has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has not been the subject of a bankruptcy proceeding.

### **Item 19 Requirements For State Registered Advisers**

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

The education and business background of OPWM's current management persons/executive officers, Andrew B. Corradetti CRD#2897487 and Audrey R. Creak, can be found on the individual's Form ADV Part 2B brochure supplement.

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

Other business activities for each relevant individual can be found on the individual's Form ADV Part 2B brochure supplement.

**C. How Performance-based Fees are Calculated and Degree of Risk to Clients**

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

**D. Material Disciplinary Disclosures for Management Persons of this Firm**

No management person at OPWM or OPWM has been found liable in an arbitration claim or been found liable in a civil, self-regulatory organization, or administrative proceeding that is material to the client's evaluation of the firm or its management.

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

See Item 10.C and 11.B.