



## **Disclosure Brochure**

(Part 2A of Form ADV)

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This brochure provides information about the qualifications and business practices of OPA. If you have any questions about the contents of this brochure, please contact us at: (207) 774-6552, or by email at: [info@oldportadvisors.com](mailto:info@oldportadvisors.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission, or by any state securities authority.

Additional information about OPA is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

Current as of: April 3, 2019

***Old Port Advisors, Inc.***

## Item 2 - Material Changes

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### **Annual Update**

This section provides a summary of material changes that were made to the Disclosure Brochure since our last annual update. OPA may make interim updates to the disclosure brochure throughout the year.

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### **Material Changes**

Since our last annual amendment filing on March 30, 2018 Erica Bly has taken over as Chief Compliance Officer.

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### **Full Brochure Available**

To request a complete copy of the most recent Disclosure Brochure, please contact us by telephone at: (207) 774-6552 or by email at: [info@oldportadvisors.com](mailto:info@oldportadvisors.com).

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## Item 4 - Advisory Business

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### Firm Description

Investment Management & Consulting Group, Inc. was founded in 1994. Effective October 22, 2014, Investment Management Consulting Group, Inc. changed its name to Old Port Advisors, Inc.

OPA provides personalized confidential investment management, financial planning, and fiduciary consulting to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, and small businesses. Our advisory services are provided through ongoing consultation with the client and may include: determination of financial objectives, identification of financial challenges, optimizing appropriate investment allocations, cash flow management, tax planning, insurance review, education funding analysis, retirement and estate planning as well as employer sponsored retirement plan review and analysis.

Investment advice is an integral part of our wealth management services and is tailored to meet our clients' unique needs based on our ongoing meetings and conversations with them.

OPA does not act as a custodian of client assets; our clients have their brokers/custodians hold their portfolio assets and provide the resulting monthly statements.

Old Port Advisory clients are provided with financial planning services if so engaged. Clients are asked to complete a detailed questionnaire that may include a general suitability assessment or risk tolerance assessment. The financial planning engagement may include retirement planning, insurance evaluations, education planning and/or estate planning. Clients receive periodic reviews to ensure portfolios remain aligned with planning goals and objectives. Major life events that could trigger changes to an existing investment strategy should be communicated to OPA immediately, including but not limited to the death or incapacity of an account holder, job changes including retirement, sale of a home or investment property, relocation, purchase or sale of a business, etc.

Other professionals (e.g., lawyers, accountants, insurance agents, etc.) are engaged directly by the client on an as-needed basis. Conflicts of interest will be disclosed to the client in the unlikely event they should occur.

The initial meeting, which may be by telephone, is free of charge and is considered an exploratory interview to determine the extent to which investment management and financial planning may be beneficial to the client.

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### Principal Owners

At this time, Fredric W. Williams is the Principal Owner and 100% stockholder. Over time other individuals at OPA may have the ability to become additional owners of the firm.

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## **Types of Advisory Services**

OPA provides investment supervisory services, also known as asset management services, manages investment advisory accounts not involving investment supervisory services, furnishes investment advice through consultations, provides wealth management planning, and fiduciary consulting advisory services.

On more than an occasional basis, OPA furnishes advice to clients on matters not involving securities, such as financial planning matters, taxation issues, and trust services that often include estate planning.

As of 12/31/2018, OPA manages six hundred and seventy eight clients (678) and \$640,480,410 in assets. \$570,234,422 of those assets are managed on a discretionary basis and \$70,245,988 are managed on a non-discretionary basis. \$308,376,664 of the assets are held in qualified accounts in which OPA manages the assets on a discretionary basis as a 3(38) fiduciary. The Adviser also manages \$68,009,904 in assets held in qualified accounts in which OPA manages on a non-discretionary basis.

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## **Tailored Relationships**

The goals and objectives for each client are documented in our client relationship management system. Clients may impose restrictions on investing in certain securities or types of securities.

Agreements may not be assigned without client consent.

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## **Types of Agreements**

The following agreements define the typical client relationships:

### ***Advisory Service Agreement***

Most clients choose to have OPA manage their assets in order to obtain ongoing in-depth advice and life planning. All aspects of the client's financial affairs are reviewed, including those of their children. Realistic and measurable goals are set and objectives to reach those goals are defined. As goals and objectives change over time, suggestions are made and implemented on an ongoing basis.

The scope of work and fee for an Advisory Service Agreement is provided to the client in writing prior to the start of the relationship. An Advisory Service Agreement includes: cash flow management; insurance review; investment management (including performance reporting); education planning; retirement planning; estate planning; and tax preparation, as well as the implementation of recommendations within each area.

### ***Fiduciary Consulting Agreement***

Many retirement plan sponsors choose to have OPA provide fiduciary advice on their plan investments in order to improve fund selection, reduce plan costs, and receive comprehensive participant education programs. All aspects of the sponsored plan are reviewed, most often including investment options, fees, participant education programs, investment policies, recent investment changes, committee records, and

plan structure and documentation. Quarterly review meetings are held with the trustees.

The scope of work and fee for a Fiduciary Consulting Agreement is provided to the client in writing prior to the start of the relationship. A Fiduciary Consulting Agreement includes very clearly defined responsibilities of OPA to the plan.

### ***Financial Planning Agreement***

OPA can be hired to work in a financial planning capacity for ad-hoc and project-based engagements with clients to develop a financial plan.

The financial plan may include, but is not limited to: a net worth statement; a cash flow statement; a review of investment accounts, including reviewing asset allocation and providing repositioning recommendations; strategic tax planning; a review of retirement accounts and plans including recommendations; a review of insurance policies and recommendations for changes, if necessary; one or more retirement scenarios; estate planning review and recommendations; and education planning with funding recommendations.

Detailed investment advice and specific recommendations are provided as part of a financial plan. Implementation of the recommendations is at the discretion of the client.

### ***Hourly Planning Engagements***

OPA provides hourly planning services for clients who need advice on a limited scope of work.

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## **Asset Management**

OPA's investment discipline includes, but may not be limited by, exposure to: equities (stocks), corporate debt securities (bonds), commercial paper, certificates of deposit, municipal securities, mutual funds, ETFs, closed end funds, as well as U. S. and other government's securities. OPA may also utilize alternative investments, managed futures, options, and other types of securities, as appropriate, to meet the needs of specific clients.

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## **Termination of Agreement**

The client or investment manager may terminate an Agreement at any time upon 30-days written notice to the other party. At termination, fees will be billed on a pro-rata basis for the portion of the quarter completed. The portfolio value at the completion of the prior full billing quarter is used as the basis for the fee computation, adjusted for the number of days during the billing quarter prior to termination.

## Item 5 – Fees and Compensation

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### Description

OPA bases its fees on a percentage of assets under management, hourly charges or fixed fees.

Some *Agreements* may be priced based on the complexity of work, especially when asset management is not the most significant part of the relationship.

Financial plans are priced according to the degree of complexity associated with the client's situation.

Fees are Negotiable. OPA, at its sole discretion, may waive its minimum fee and/or charge a lesser investment advisory fee based upon certain criteria (e.g., historical relationship, type of assets, anticipated future earning capacity, anticipated future additional assets, dollar amounts of assets to be managed, related accounts, account composition, negotiations with clients, etc.).

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### Fee Billing

Investment management fees are billed quarterly, in *arrears*, meaning that we are paid *after* the three-month billing period has *ended*. Fees are usually deducted from the designated client account at the client's custodian to facilitate billing. The client must consent in advance to direct debiting of their investment account.

The annual Advisory Service Agreement fee is based on a percentage of the investable assets according to the following schedule:

Amounts up to \$250,000	1.25%
\$250,001 to \$500,000	1.00%
\$500,001 to \$1,000,000	0.75 %
\$1,000,001 to \$5,000,000	0.625%
Amounts in excess of \$5,000,000	0.50%

Current client relationships may exist where the fees are higher or lower than the fee schedule above.

A 20% discount is accorded to qualified charitable organizations.

Fees are payable quarterly in arrears, based on the average daily balance of the portfolio on the last business day of the quarter. Fees are pro-rated for accounts opened or closed during the quarter.

Fees for financial plans are billed 50% in advance, with the balance due upon delivery of the financial plan. Any unused portion of fees collected in advance will be refunded within 90 days.



The fee for a financial plan is predicated upon the facts known at the start of the engagement. The minimum fee is \$500.00 and the maximum fee is \$5000.00. Since financial planning is a discovery process, situations occur wherein the client is unaware of certain financial exposures or predicaments.

In the event that the client's situation is substantially different than disclosed at the initial meeting, a revised fee will be provided for mutual agreement. The client must approve the change of scope in advance of the additional work being performed when a fee increase is necessary.

### **Max fee**

After delivery of a financial plan, future face-to-face meetings may be scheduled as necessary for up to one month. Follow-up implementation work is billed separately at the rate of \$175.00 per hour.

The hourly rate for limited scope engagements is \$175.00.

The fees for Fiduciary Consulting services for retirement plans are based on the following schedule and may be negotiable based upon the facts and circumstances:

0.25% - 0.50% of assets base fee, plus may charge an additional education component of 5 to 25 basis points if necessary. These fees are generally paid quarterly in arrears. However, there is the option to pay a flat fee which is negotiated at the time of entering into the advisory relationship.

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### **Other Fees**

The Firm's advisory and management fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses that will be incurred by the client. Clients' brokers and/or custodians may charge brokerage commissions and/or transaction fees on purchases or sales of securities. Clients may also be charged miscellaneous fees for other custodial services including but not limited to: wiring funds, account closing, check request processing, overnight delivery, and trade away fees. These other charges will vary according to the agreement each client has with the broker and/or custodian.

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### **Expense Ratios**

In certain cases mutual funds, ETF's, and closed end funds may be part of a clients' investment portfolio. These investments generally charge internal management fees for their services. The expense ratio is disclosed in each fund's prospectus. It represents the percentage of a fund's assets used to pay the fund's management fee, administrative costs, 12b-1 distribution fees, and other operating expenses. An expense ratio of 0.50 means that the fund company charges 0.5% for its services. These fees are in addition to the advisory fees paid by you to OPA. The Firm does not receive any portion of the expense ratio.

We have two (2) investment adviser representatives that are also registered representatives of Purshe Kaplan Sterling Inc. of Albany, NY (herein "PKS"). These two individuals may receive 12b-1 fees through their activities as registered representatives of PKS.

Performance figures quoted by mutual fund companies in various publications reflect net asset value (*after* the fund's fees and expenses have been deducted).

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### **Past Due Accounts and Termination of Agreement**

OPA reserves the right to stop work on any account that is more than 90 days overdue. In addition, OPA reserves the right to terminate any financial planning engagement where a client has willfully concealed or has refused to provide pertinent information about financial situations when necessary and appropriate, in OPA's judgment, to providing proper financial advice. Any unused portion of fees collected in advance will be refunded within 90 days.

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

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### **Sharing of Capital Gains**

Fees are *not* based on a share of the capital gains or capital appreciation of managed securities.

OPA does not use a performance-based fee structure because of the potential conflict of interest. Performance-based compensation may create an incentive for an adviser to recommend an investment that may carry a higher degree of risk to the client.

## **Item 7 -Types of Clients**

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### **Description**

OPA generally provides investment advice to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations, or business entities.

Client relationships vary in scope and length of service.

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### **Account Minimums**

Our minimum account opening balance is \$100,000.

OPA has the discretion to waive the account minimum. Accounts with less than \$100,000 may be set up when the client and the advisor anticipate the client will add additional funds to the accounts bringing the total to \$100,000 within a reasonable time. Other exceptions will apply to employees of OPA and their relatives or relatives of existing clients.

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

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### **Methods of Analysis**

We structure our investment policy around a macro analysis of world markets, politics, and economies. These factors are then filtered through our combination of technical and fundamental criteria to identify sectors and companies that can be used to meet the varied objectives of our clients. We believe that clients are best served by a management style that identifies all market and sector trends with investment selections, which produce superior risk adjusted returns (above average returns at appropriate risk levels).

**Development of Macro Themes** - The development of our macro themes involves an evaluation of global trends, the analysis of relative levels of economic growth, the direction of interest rates, and the potential impact of political developments. We also study a variety of other related issues that become increasingly more significant as global technology brings national and regional economies closer and makes them ever more interdependent. We then evaluate strategies to translate these themes into appropriate investment concepts within the various capital markets, both domestically and internationally.

**Market & Sector Analysis** – Within each theme, we analyze the anticipated impact this developing concept will have in the various markets and segments of economies. We strive to identify areas across global industry sectors which offer the most appropriate risk-reward ratio for our potential asset allocation deployment.

**Fundamental Analysis of Individual Companies** – Having identified those sectors which we anticipate will benefit most from the development of our macro themes, we screen those companies whose prospects are favorable based on current and projected fundamental valuations. We utilize reported and consensus financial research, as well as additional data to conduct more in depth fundamental analysis and further qualify a company for inclusion in our portfolio universe. Those companies meeting this final screening process become part of our universe of selected equities for purchase.

Whether for security selections within individualized client portfolio or in the analysis of mutual fund within the investment options of our fiduciary consulting clients, we combine this “top-down” macro-economic overview with “bottom-up” fundamental analysis to identify the relative value opportunities we believe offer the greatest risk-adjusted potential to meet our clients’ goals and objectives.

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### **Investment Strategies**

Although each portfolio strategy is designed to meet the articulated goals and objectives of individual clients, our predominant focus is on constructing global, balanced, and value oriented investment strategies. This means that most clients own a mix of generally income producing equities (stocks) and short and intermediate term

bonds, as well as selected closed end funds and ETFs, all of which will be based both domestically and overseas.

Through OPA's ongoing client reviews and consultations it may be determined that clients goals and objectives could have changed based on their evolving circumstances. This might result in a modification of their individual investment strategies.

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## **Risk of Loss**

All investment programs have certain risks that are borne by the investor. Our investment approach constantly keeps the risk of loss in mind. However, investing in securities involves risk of loss that clients should be prepared to bear.

The following risks could affect the value of a client's investment:

**Interest Rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.

**Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic, and social conditions may trigger market events.

**Inflation Risk:** When any type of inflation is present, a dollar next year will not buy as much as a dollar today because purchasing power is eroding at the rate of inflation.

**Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.

**Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.

**Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.

**Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid while real estate properties are not.

**Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability because the company must meet the terms of its obligations in good

times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

**Options Contracts:** Investments in options contracts have the risk of losing value in a relatively short period of time. Option contracts are leveraged instruments that allow the holder of a single contract to control many shares of an underlying stock. This leverage can compound gains or losses.

**Alternative Investments (Limited Partnerships):** The performance of alternative investments (limited partnerships) can be volatile and may have limited liquidity. Investors could lose all or a portion of their investment. Such investments often have concentrated positions and investments that may carry higher risks. Client should only have a portion of their assets in these investments.

**Short Sales:** A short sale involves the sale of a security that the Client does not own in the hope of purchasing the same security at a later date at a lower price. To make delivery to the buyer, the Client must borrow the security and is obligated to return the security to the lender, which is accomplished by a later purchase of the security. The Client realizes a profit or a loss as a result of a short sale if the price of the security decreases or increases respectively between the date of the short sale and the date on which the Client covers his short position, i.e., purchases the security to replace the borrowed security. A short sale involves the theoretically unlimited risk of an increase in the market price of the security that would result in a theoretically unlimited loss.

## **Item 9 - Disciplinary Information**

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### **Legal and Disciplinary**

The Firm and its employees have not been involved in legal or disciplinary events related to past or present investment clients.

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

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### **Financial Industry Activities**

#### **Broker-Dealer Affiliation**

As stated earlier, certain advisory persons of OPA are also registered representatives of PKS. PKS is a registered broker-dealer (CRD No. 35747), member FINRA, SIPC. In their separate capacity as registered representatives, these advisory persons will typically receive commissions for the implementation of recommendations for commissionable transactions such as variable insurance and sales of securities. Clients are not obligated to implement any recommendation provided by these advisory persons. Neither OPA nor its advisory persons will earn investment advisory fees in connection with any services implemented in the separate capacity of these advisory persons as registered representatives where commissions are also earned.

Generally, recommendations made by advisory persons are implemented in their role as Investment Advisor Representatives of OPA and not as Registered Representatives of PKS. In no circumstances will an advisory person earn an advisory fee and a commission on the same investment. In the event that an advisory person will earn a commission on an investment, the advisory fee will be waived for those assets.

### **Insurance Agency Affiliations**

Certain advisory persons of OPA are also licensed insurance professionals. Implementation of insurance recommendations are separate and apart from an advisory person's role with OPA. As an insurance professional, the advisory person may receive customary commissions and other related revenues from the various insurance companies whose products are sold. Commissions generated by insurance sales do not offset regular advisory fees. This may cause a conflict of interest in recommending certain products of the insurance companies. Clients are under no obligation to implement any recommendations made by the advisory person or the Firm.

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

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### **Code of Ethics**

OPA has adopted a Code of Ethics (the "Code") that is intended to comply with the provisions of Section 204A and Rule 204A-1 under the Investment Advisers Act of 1940. The Code requires all Supervised Persons to adhere to certain standards of conduct. Specifically, the Code requires that these persons: (i) comply with all applicable, laws, rules, and regulations, (ii) avoid any conflict of interest with regard to OPA and its clients, (iii) avoid serving personal interests ahead of the interests of clients, (iv) conduct all of their personal securities transactions in compliance with the Code, (v) report and violations of the Code, and (vi) maintain, as appropriate, the confidentiality of non-public information. OPA will provide a copy of the Code to any client or prospective client upon request.

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### **Participation or Interest in Client Transactions**

OPA and its supervised persons may not participate in or have a beneficial interest in any client accounts or transaction.

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### **Personal Trading**

OPA and its supervised persons may buy or sell securities that are also recommended to and/or held by clients. Supervised persons may not trade their own securities ahead of client trades. Compliance with the provisions of the OPA *Compliance Manual* is mandatory.

The Chief Compliance Officer of OPA is Erica Bly. She reviews all employee trades each quarter. In addition, Tracy Rogers' trades are reviewed by Erica Bly. These periodic reviews help ensure that personal transactions do not conflict with the interests

of clients or affect the markets. Certain personal securities transactions must be pre-approved according to the Code.

## **Item 12 - Brokerage Practices**

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### **Selecting Brokerage Firms**

OPA recommends that the client utilize the custodial services of Charles Schwab Institutional or TD Ameritrade Institutional for custodial and execution services or the administrator for defined contribution accounts. However, the client may select a different broker-dealer or custodian (herein the "custodian") to safeguard client assets and authorize OPA to direct trades to these custodians as agreed in the Investment Advisory Agreement. Further, OPA does have the discretionary authority to negotiate commissions on behalf of our clients on a trade-by-trade basis if they use the custodians OPA recommends. OPA does not have this same discretion if the clients elect to use a non-recommended custodian.

OPA participates in the institutional advisor program (the "Program") offered by TD Ameritrade Institutional. TD Ameritrade Institutional is a division of TD Ameritrade Inc., member FINRA/SIPC ("TD Ameritrade"), an unaffiliated SEC-registered broker-dealer and FINRA member. TD Ameritrade offers to independent investment advisors services which include custody of securities, trade execution, clearance and settlement of transactions. Advisor receives some benefits from TD Ameritrade through its participation in the Program.

Clients are not obligated to use the recommended custodians and will not incur any extra advisory fee or cost associated with using a custodian not recommended by OPA. However, since OPA does not have the ability to negotiate the fees charged by other custodians, the client may pay higher commissions from the custodian they selected than if they used an OPA recommended custodian.

OPA may recommend a custodian based on criteria such as, but not limited to, reasonableness of commissions charged to the clients, services made available to the client, and location of the custodian's offices. OPA does not receive research services, other products, or compensation as a result of recommending a particular broker that may result in the client paying higher commissions than those obtainable through other brokers. OPA recommends discount brokerage firms and trust companies (qualified custodians), such as Charles Schwab Institutional and TD Ameritrade Institutional.

OPA *does not* receive fees or commissions for effecting transactions through any of these custodians. As an advisor on these institutional platforms, OPA does receive economic benefits that would not be provided directly to a retail investor (See Item 14).

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### **Best Execution**

OPA reviews the execution of trades at each custodian each quarter. The review is documented as described in the OPA *Compliance Manual*. Trading fees charged by the custodians are also reviewed on a quarterly basis. OPA does *not* receive any portion of the trading fees.

OPA permits clients to direct brokerage. In these instances, depending on the circumstances, OPA may be unable to achieve the most favorable execution of client transactions. Directing brokerage may cost clients more money.

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### **Soft Dollars**

OPA has a soft dollar arrangement with Charles Schwab Institutional. Because soft dollar benefits could be considered to provide a benefit to the adviser that might cause the client to pay more than the lowest available commission without receiving the most benefit, they are considered a conflict of interest in recommending or directing custodial and third party managerial services. OPA mitigates these conflicts of interest through strong oversight of soft-dollar arrangements by the Chief Compliance Officer, in order to assure the soft dollar benefits serve the best interests of the client.

OPA does *not* have an official soft dollar arrangement with TD Ameritrade Institutional. However, they may provide us with certain brokerage and research products and services that qualify as "brokerage or research services" under Section 28(e) of the Securities Exchange Act of 1934 ("Exchange Act"). These research products and/or services may assist the Advisor in its investment decision making process. Such research generally will be used to service all of the Advisor's clients, but brokerage charges paid by the client may be used to pay for research that is not used in managing the client's account. The account may pay to a Broker-Dealer a charge greater than another qualified Broker-Dealer might charge to effect the same transaction where the Advisor determines in good faith that the charge is reasonable in relation to the value of the brokerage and research services received.

There may be other benefits from recommending Charles Schwab Institutional and TD Ameritrade Institutional such as software and other technology that (i) provide access to client account data (such as trade confirmations and account statements); (ii) facilitate trade execution and allocate aggregated trade orders for multiple client accounts; (iii) provide research, pricing, and other market data; (iv) facilitate payment of fees from its clients' accounts; and (v) assist with back-office functions, recordkeeping and client reporting.

Other services may include, but are not limited to, performance reporting; contact management systems; third party research and publications; access to educational conferences, roundtables, and webinars; practice management resources; and access to consultants and other third party service providers who provide a wide array of business-related services and technology with which OPA may contract directly.

Charles Schwab Institutional may also provide us with the following products/services:

- SchwabLink, a service that allows us to communicate electronically with Schwab. For example, it allows us to download account information, to place and allocate trades, and submit our advisory fees to Schwab for payment.

While we do not pay a fee for these products/services, all Client accounts may not be the direct or exclusive beneficiary of such products/services. Based upon the receipt



of such services and information, we may have an incentive to select a broker-dealer based upon our desire to receive these services rather than receiving best execution for you. We have an obligation to seek best execution for you. In seeking best execution, the determinative factor is not the lowest possible commission 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. Therefore, we will seek competitive commission rates, but we may not obtain the lowest possible commission rates for account transactions.

Please see Item 14 for a description of the services OPA receives for participating in Institutional Advisor Platforms.

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### **Order Aggregation**

In some cases, OPA may aggregate orders for multiple accounts, in which each client receives the same average price in a transaction. In other cases, when it is more appropriate for the situation and client, OPA may execute orders on an individual basis. Aggregating orders may help OPA conduct its portfolio management more efficiently and provide consistency in the price received by each client.

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

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### **Periodic Reviews**

Informal account reviews are performed periodically by Portfolio Managers or Associate Portfolio Managers. Portfolio reviews may be performed more frequently when market conditions dictate. Those performing account reviews are also members of the firm's Investment Committee. When reviewing accounts, they are instructed to consider the client's current holdings and the degree to which the performance of each security will contribute to the stated investment objectives of the client.

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### **Review Triggers**

Other conditions that may trigger a review are changes in the tax laws, new investment information, and changes in a client's own situation.

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### **Regular Reports**

OPA provides quarterly performance report to all clients. Advisory Service Agreement clients and Investment Management clients, may also receive other periodic updates from OPA. Clients also receive quarterly or monthly account statements from their chosen custodian.

## Item 14 - Client Referrals and Other Compensation

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### Incoming Referrals

OPA has been fortunate to receive many client referrals over the years. The referrals have come from current clients, estate planning attorneys, accountants, employees, personal friends of employees, and other similar sources. The firm does *not* compensate referring parties for these referrals.

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### Referrals Out

OPA does *not* accept referral fees or any form of remuneration from other professionals when a prospect or client is referred to them.

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### Participation in Institutional Advisor Platform

OPA has established institutional relationships with various custodians (i.e. Charles Schwab Institutional and TD Ameritrade Institutional) to assist the Firm in managing client accounts. Access to these institutional platforms is provided at no charge to the Firm. OPA receives access to software and related support without cost because the Firm renders investment management services to clients that maintain assets at these custodians. The software and related systems support may benefit the Firm, but not all clients directly. In fulfilling its duties to its clients, the Firm endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits from a custodian creates a potential conflict of interest since these benefits may influence OPA's recommendation of these custodians over others that do not furnish similar software, systems support, or services.

Additionally, OPA may receive the following benefits from these custodians: subsidies on technology costs, receipt of duplicate client confirmations, and bundled duplicate statements; access to a trading desk that exclusively services its institutional participants; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and access to an electronic communication network for client order entry and account information. OPA may also receive subsidies for technology licensing fees.

OPA's receipt of Additional Services raises potential conflicts of interest. In providing additional services to OPA, TD Ameritrade most likely considers the amount and profitability to TD Ameritrade of the assets in, and trades placed for, OPA's client accounts maintained with TD Ameritrade.

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### Additional Services

As disclosed above, Advisor participates in TD Ameritrade's institutional customer program and Advisor may recommend TD Ameritrade to Clients for custody and brokerage services. There is no direct link between Advisor's participation in the program and the investment advice it gives to its Clients, although Advisor receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate

Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving Advisor participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from Client accounts; access to an electronic communications network for Client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to Advisor by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by Advisor's related persons. Some of the products and services made available by TD Ameritrade through the program may benefit Advisor but may not benefit its Client accounts. These products or services may assist Advisor in managing and administering Client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help Advisor manage and further develop its business enterprise. The benefits received by Advisor or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to clients, Advisor endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by Advisor or its related persons in and of itself creates a potential conflict of interest and may indirectly influence the Advisor's choice of TD Ameritrade for custody and brokerage services.

## **Item 15 - Custody**

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### **General**

OPA does not accept or maintain physical custody of any client assets. All clients must place their assets with a qualified custodian. Clients select their own custodians for safekeeping of their assets and securities.

OPA is deemed to have custody of assets if the client authorizes us to instruct the custodian to deduct advisory fees directly from their account.

For more information about custodians and brokerage practices, see Item 12 - Brokerage Practices.

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### **Account Statements**

All assets are held at qualified custodians, which means the custodians provide account statements directly to clients at their address of record at least quarterly. OPA encourages clients to carefully review statements provided by account custodian promptly upon receipt.

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### **Performance Reports**

Clients are urged to compare the account statements received directly from their custodians to the performance report statements that may be provided by OPA through Orion software system.

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### **Net Worth Statements**

Clients are frequently provided net worth statements and net worth graphs that are generated from our client relationship management system. Net worth statements contain approximations of bank account balances provided by the client, as well as the value of land and hard-to-price real estate. The client should not consider this information to be an official valuation of assets or investments. The net worth statements are used for long-term financial planning where the exact values of assets are not material to the financial planning tasks.

## **Item 16 - Investment Discretion**

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### **Discretionary Authority for Trading**

OPA accepts discretionary authority to manage securities accounts on behalf of clients. OPA has the authority to determine, without obtaining specific client consent, the securities to be bought or sold, and the amount of the securities to be bought or sold. However, OPA consults with the client prior to each trade to obtain concurrence if a blanket trading authorization has not been given.

The client approves the custodian to be used and the commission rates paid to the custodian. OPA does *not* receive any portion of the transaction fees or commissions paid by the client to the custodian.

Discretionary trading authority facilitates placing trades in client accounts so that OPA may promptly implement the investment policy that clients have approved in writing.

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### **Limited Power of Attorney**

A limited power of attorney is the trading authorization for this purpose. Clients sign a limited power of attorney so that OPA can execute the trades needed to implement a previously approved investment policy.

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

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### **Proxy Voting**

OPA does not have the authority to vote securities proxies, therefore, Client accepts the ongoing responsibility for voting shares based on the materials received directly from custodian. As Client's agent and attorney-in-fact, OPA is granted full power and discretion to endorse, transfer, or deliver Portfolio securities and to provide expertise and counsel, when asked, on proxy issues. OPA does not engage in voting proxies for client accounts, however, Client may contact OPA about proxy-related and other corporate actions which can include proposed mergers, tender offers, consolidations, reorganizations, liquidations, stock splits, or spin-offs and OPA will act in a consultative role. If a direct or indirect conflict of interest exists, it will be disclosed to Client or Client's agent. OPA will always act in accordance with its fiduciary capacity by recommending what is best for Client's Portfolio.

Although OPA does not vote proxies, we engage the services of Institutional Shareholder Services (“ISS”) to provide class action litigation and claims filing services for our clients whose accounts are held in custody at T.D. Ameritrade and Charles Schwab & Co. ISS will address any and all potential claim situations. Additionally, they will ensure that every claim to which each of OPA’s clients are entitled will be addressed, submitted and funds collected and deposited into the client’s account. ISS will charge a contingency fee of 15% of each award for their services.

## **Item 18 - Financial Information**

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### **Financial Condition**

OPA does not require or solicit prepayment of fees of more than \$1,200 per client, six months or more in advance.

OPA does not have any financial impairment that will preclude the Firm from meeting contractual commitments to clients.