

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

ANNUAL AUDITED REPORT
FORM X-17A-5
PART III

OMB APPROVAL
OMB Number: 3235-0123
Expires: October 31, 2023
Estimated average burden hours per response..... 12.00

SEC FILE NUMBER
8-66176

FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING 01/01/20 AND ENDING 12/31/20
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: OCM Investments, LLC

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

333 South Grand Avenue, 28th floor

(No. and Street)

Los Angeles

CA

90071

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

John B. Edwards

(213) 830-6229

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Ernst & Young LLP

(Name - if individual, state last, first, middle name)

725 South Figueroa Street

Los Angeles

CA

90017

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:



Certified Public Accountant



Public Accountant



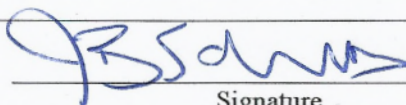
Accountant not resident in United States or any of its possessions.

FOR OFFICIAL USE ONLY

*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

OATH OR AFFIRMATION

I, John B. Edwards, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of OCM Investments, LLC, as of December 31, 2020, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:



Signature

Chief Financial Officer, FINOP

Title

See attachment for California Notary.

Notary Public

DC 04/27/2021,

This report ** contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss) or, if there is other comprehensive income in the period(s) presented, a Statement of Comprehensive Income (as defined in §210.1-02 of Regulation S-X).
- ☒ (d) Statement of Changes in Financial Condition.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital.
- ☒ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☒ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☐ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

**For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

JURAT

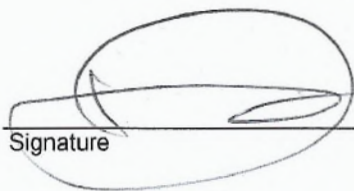
A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California

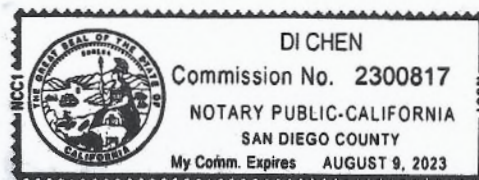
County of Los Angeles

Subscribed and sworn to (or affirmed) before me on this 27 day of March,
20 21 by John B. Edwards

proved to me on the basis of satisfactory evidence to be the person(s) who appeared before me.


Signature

(Seal)



OPTIONAL INFORMATION

DESCRIPTION OF THE ATTACHED DOCUMENT

Oath or Affirmation for Annual
(Title or description of attached document)

Audited Report Form X-17A-5 part IV
(Title or description of attached document continued)

Number of Pages 2 Document Date 03/27/2021

Additional information

INSTRUCTIONS

The wording of all Jurats completed in California after January 1, 2015 must be in the form as set forth within this Jurat. There are no exceptions. If a Jurat to be completed does not follow this form, the notary must correct the verbiage by using a jurat stamp containing the correct wording or attaching a separate jurat form such as this one with does contain the proper wording. In addition, the notary must require an oath or affirmation from the document signer regarding the truthfulness of the contents of the document. The document must be signed AFTER the oath or affirmation. If the document was previously signed, it must be re-signed in front of the notary public during the jurat process.

- State and county information must be the state and county where the document signer(s) personally appeared before the notary public.
- Date of notarization must be the date the signer(s) personally appeared which must also be the same date the jurat process is completed.
- Print the name(s) of the document signer(s) who personally appear at the time of notarization.
- Signature of the notary public must match the signature on file with the office of the county clerk.
- The notary seal impression must be clear and photographically reproducible. Impression must not cover text or lines. If seal impression smudges, re-seal if a sufficient area permits, otherwise complete a different jurat form.
 - ❖ Additional information is not required but could help to ensure this jurat is not misused or attached to a different document.
 - ❖ Indicate title or type of attached document, number of pages and date.
- Securely attach this document to the signed document with a staple.

OCM INVESTMENTS, LLC
(SEC FILE NUMBER 8-66176)

FINANCIAL STATEMENTS
AND
REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

DECEMBER 31, 2020

PURSUANT TO RULE 17a-5 OF THE
SECURITIES AND EXCHANGE COMMISSION

OCM INVESTMENTS, LLC

CONTENTS

Report of Independent Registered Public Accounting Firm	2
 Financial Statements	
Statement of Financial Condition	3
Statement of Income	4
Statement of Changes in Member's Equity	5
Statement of Cash Flows	6
Notes to Financial Statements	7-9
 Supplemental Information	
Schedule 1. Computation of Net Capital Under Rule 15c3-1 of the Securities and Exchange Commission	10
Schedule 2. Computation for Determination of Reserve Requirements and Information Relating to Possession and Control Requirements Under Rule 15c3-3 of the Securities and Exchange Commission	11



Ernst & Young LLP
Suite 500
725 South Figueroa Street
Los Angeles, CA 90017-5418

Tel: +1 213 977 3200
Fax: +1 213 977 3729
ey.com

Report of Independent Registered Public Accounting Firm

The Member and Management
OCM Investments, LLC

Opinion on the Financial Statements

We have audited the accompanying statement of financial condition of OCM Investments, LLC (the Company) as of December 31, 2020, the related statements of income, changes in member's equity and cash flows for the year then ended, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2020, and the results of its operations and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

Supplemental Information

The accompanying information contained in Schedules 1 and 2 has been subjected to audit procedures performed in conjunction with the audit of the Company's financial statements. Such information is the responsibility of the Company's management. Our audit procedures included determining whether the information reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information. In forming our opinion on the information, we evaluated whether such information, including its form and content, is presented in conformity with Rule 17a-5 under the Securities Exchange Act of 1934. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

We have served as the Company's auditor since 2014.

March 25, 2021

OCM INVESTMENTS, LLC

STATEMENT OF FINANCIAL CONDITION

December 31, 2020

ASSETS

Cash	\$	341,138
Prepaid expenses		167,648
Deposits		<u>409</u>
Total assets	\$	<u>509,195</u>

LIABILITIES AND MEMBER'S EQUITY

Liabilities

Accounts payable and accrued expenses	\$	67,290
Payable to related party		<u>12,072</u>
Total liabilities		79,362

Member's equity		<u>429,833</u>
Total liabilities and member's equity	\$	<u>509,195</u>

See accompanying notes to financial statements.

OCM INVESTMENTS, LLC

STATEMENT OF INCOME

Year Ended December 31, 2020

Revenues

Servicing fees from related party	\$ 416,346
-----------------------------------	------------

Expenses

FINRA fees and other licensing charges	193,249
--	---------

Professional fees	165,878
-------------------	---------

Taxes and other assessments	16,900
-----------------------------	--------

Insurance and other	2,470
---------------------	-------

Total expenses	378,497
----------------	---------

Net income	\$ 37,849
-------------------	------------------

See accompanying notes to financial statements.

OCM INVESTMENTS, LLC

STATEMENT OF CHANGES IN MEMBER'S EQUITY

Year Ended December 31, 2020	
Member's equity, beginning of year	\$ 391,984
Net income	<u>37,849</u>
Member's equity, end of year	<u>\$ 429,833</u>

See accompanying notes to financial statements.

OCM INVESTMENTS, LLC

STATEMENT OF CASH FLOWS

Year Ended December 31, 2020

Cash flows from operating activities

Net income	\$ 37,849
Adjustments to reconcile net income to net cash provided by operating activities:	
Changes in operating assets and liabilities:	
Prepaid expenses	(20,903)
Deposits	10,662
Accounts payable and accrued expenses	(3,003)
Payable to related party	48,001

Net cash provided by operating activities

72,606

Net increase in cash

72,606

Cash, beginning of year

268,532

Cash, end of year

\$ 341,138

See accompanying notes to financial statements.

OCM INVESTMENTS, LLC

NOTES TO FINANCIAL STATEMENTS

1. Nature of operations and summary of significant accounting policies

Nature of Operations

OCM Investments, LLC (the “Company”) is a securities broker-dealer whose business consists of (i) acting as placement agent for the private placement of interests in limited partnerships and other pooled vehicles managed by an affiliated investment adviser, Oaktree Capital Management, L.P. (“Oaktree”), and (ii) the offer, sale and promotion of mutual fund shares issued by funds managed by Oaktree. The Company, a wholly-owned subsidiary of Oaktree, is organized under the laws of the state of Delaware pursuant to the Delaware Limited Liability Company Act and is a registered broker-dealer under the Securities Exchange Act of 1934 and a member of the Financial Industry Regulatory Authority (“FINRA”).

Basis of Presentation

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”).

Revenue Recognition

The Company acts as a placement agent for the private placement of interests in limited partnerships and other pooled vehicles managed by Oaktree, and engages in the offer, sale and promotion of mutual fund shares issued by funds managed by Oaktree (collectively “the Services”). In connection with the Services, the Company earns a quarterly fee equivalent to the total of all costs and expenses incurred directly by the Company in connection with the performance of the Services plus ten percent of the amount of such costs and expenses. The performance obligation for providing the Services is satisfied over time as the customer is receiving and consuming benefits as they are provided by the Company. The fees are considered variable consideration, since there is uncertainty in the amount of revenue depending on the cost and expenses incurred, which is susceptible to factors outside the Company’s influence. Revenue is recognized evenly over the contract period once it is probable that a significant reversal will not occur. The ratable recognition over the service period is the appropriate approach for recognizing revenue because the Services are substantially the same each day and have the same pattern of transfer. Services fees recognized in the current year are related to performance obligations that have been satisfied this year.

Income Taxes and Other Assessments

The Company is a limited liability company and is not subject to Federal income taxes. Taxable income of the Company is reported on the member’s tax returns. The Company is subject to a state annual minimum franchise tax and limited liability company fee. The Company, as a licensed broker-dealer, is also subject to a state occupation tax.

At December 31, 2020, management has determined that the Company had no uncertain tax positions that would require financial statement recognition. This determination will always be subject to ongoing reevaluation as facts and circumstances may require. The Company remains subject to U.S. federal and state income tax audits for all periods subsequent to 2017.

The Company recognizes interest and penalties, if any, related to unrecognized tax benefits as an income tax expense in the Statement of Operations. For the period from January 1, 2020 to December 31, 2020, the Company did not have a liability for any unrecognized tax benefits nor did it recognize any interest and penalties related to unrecognized tax benefits.

OCM INVESTMENTS, LLC

NOTES TO FINANCIAL STATEMENTS

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. Related party transactions

In accordance with the Company's limited liability agreement, Oaktree pays the Company a fee for services provided equivalent to 110 percent of costs incurred by the Company in its operations. For the year ended December 31, 2020, fees received by the Company totaled \$416,346. Oaktree is the managing member of the Company.

The Company has a payable to Oaktree of \$12,072 at December 31, 2020.

Pursuant to the Company's expense sharing agreement, Oaktree pays all shared overhead expenses of the Company, such as compensation, benefits, rent and other expenses incurred in maintaining the Company's place of business. The Company has no obligation to repay Oaktree for such costs.

Pursuant to a placement agent agreement with a pooled vehicle managed by Oaktree, the Company may receive distribution fees from the pooled vehicle which are payable to a sub-placement agent. For the year ended December 31, 2020, no such transactions occurred through the Company.

3. Net capital requirements

The Company, as a member of FINRA, is subject to the Securities and Exchange Commission ("SEC") Uniform Net Capital Rule 15c3-1. This rule requires the maintenance of minimum net capital, and that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1, and that equity capital may not be withdrawn or cash dividends paid if the resulting net capital ratio would exceed 10 to 1. At December 31, 2020, the Company's net capital was \$261,776, which was \$256,485 in excess of its minimum net capital requirement of \$5,291.

4. Exemption from Rule 15c3-3

The Company does not claim an exemption under Rule 15c3-3 and relies on Footnote 74 of the SEC Release No. 34-70073 adopting amendments to 17 C.F.R. § 240.17a-5 because of its limited business activities and because the Company (1) does not directly or indirectly receive, hold, or otherwise owe funds or securities for or to customers; (2) does not carry accounts of or for customers; and (3) does not carry PAB accounts (as defined in Rule 15c3-3).

OCM INVESTMENTS, LLC

NOTES TO FINANCIAL STATEMENTS

5. Concentration of credit risk

The Company maintains its cash balances at a financial institution, which at times may exceed federally insured limits. The Company is subject to credit risk to the extent any financial institution with which it conducts business is unable to fulfill contractual obligations on its behalf. Management monitors the financial condition of such financial institution and does not anticipate any losses from this counterparty.

6. Commitments and contingencies

In the normal course of business, the Company enters into contracts that contain a variety of representations and warranties and which provide general indemnifications. The Company's maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Company that have not yet occurred. However, based on experience, the Company expects the risk of loss to be remote.

7. Subsequent events

These financial statements were approved by management and available for issuance on March 25, 2021. Subsequent events have been evaluated through this date.

OCM INVESTMENTS, LLC

SUPPLEMENTAL INFORMATION

SCHEDULE 1. COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1 OF THE SECURITIES AND EXCHANGE COMMISSION

December 31, 2020

Member's equity	\$	429,833	
Less nonallowable assets:			
Prepaid expenses		167,648	
Deposits		409	
		<u>168,057</u>	
Net capital	\$	261,776	
Aggregate indebtedness	\$	79,362	
Minimum net capital required (under SEC Rule 15c3-1)	\$	5,000	
Computed minimum net capital required (6.67% of aggregate indebtedness)	\$	5,291	
Excess net capital (\$261,776 - \$5,291)	\$	256,485	
Percentage of aggregate indebtedness to net capital	\$	79,362	
	\$	261,776	30%

There are no material differences between the computation of net capital presented above and the computation of net capital in the Company's unaudited Form X-17A-5, Part II-A filing as of December 31, 2020.

OCM INVESTMENTS, LLC

SUPPLEMENTAL INFORMATION

SCHEDULE 2. COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENTS AND INFORMATION RELATING TO POSSESSION AND CONTROL REQUIREMENTS UNDER RULE 15c3-3 OF THE SECURITIES AND EXCHANGE COMMISSION

December 31, 2020

The Company does not claim an exemption under Rule 15c3-3 and relies on Footnote 74 of the SEC Release No. 34-70073 adopting amendments to 17 C.F.R. § 240.17a-5 because of its limited business activities and because the Company (1) does not directly or indirectly receive, hold, or otherwise owe funds or securities for or to customers; (2) does not carry accounts of or for customers; and (3) does not carry PAB accounts (as defined in Rule 15c3-3).



Ernst & Young LLP
725 South Figueroa Street
Los Angeles, CA 90017

Tel: +1 213 977 3200
Fax: +1 213 977 3729
ey.com

Report of Independent Registered Public Accounting Firm

The Member and Management of
OCM Investments, LLC

We have reviewed management's statements, included in the accompanying OCM Investments, LLC's Exemption Report, in which OCM Investments, LLC (the Company) stated that:

- (1) The Company does not claim an exemption under paragraph (k) of 17 C.F.R. § 240.15c3-3.
- (2) The Company is relying on Footnote 74 of the SEC Release No. 34-70073 adopting amendments to 17 C.F.R. § 240.17a-5 because, the Company limits its business activities exclusively to: (1) broker selling limited partnerships in primary distributions on a best efforts basis only; (2) private placement of securities as agent on a best efforts basis only; and (3) acting as mutual fund retailer; and the Company (1) did not directly or indirectly receive, hold, or otherwise owe funds or securities for or to customers; (2) did not carry accounts of or for customers; and (3) did not carry PAB accounts (as defined in Rule 15c3-3), throughout the most recent fiscal year ended December 31, 2020 without exception.

Management is responsible for compliance with 17 C.F.R. § 240.15c3-3 and its statements.

Our review was conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States) and, accordingly, included inquiries and other required procedures to obtain evidence about the Company's compliance with 17 C.F.R. § 240.15c3-3. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on management's statements. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to management's statements referred to above for them to be fairly stated, in all material respects, pursuant to footnote 74 of SEC Release No. 34-70073 adopting amendments to 17 C.F.R. § 240.17a-5.

This report is intended solely for the information and use of the Member, management, the SEC, FINRA, other regulatory agencies that rely on Rule 17a-5 under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and other recipients specified by Rule 17a-5(d)(6) and is not intended to be and should not be used by anyone other than these specified parties.

Ernst & Young LLP

March 25, 2021

OCM Investments, LLC's Exemption Report

OCM Investments, LLC ("the Company") is a registered broker-dealer subject to Rule 17a-5 promulgated by the Securities and Exchange Commission (17 C.F.R. §240.17a-5, "Reports to be made by certain brokers and dealers"). This Exemption Report was prepared as required by 17 C.F.R. §240.17a-5(d)(1) and (4). To the best of its knowledge and belief, the Company states the following:

- (1) The Company does not claim an exemption under paragraph (k) of 17 C.F.R. § 240.15c3-3, and
- (2) The Company is filing this Exemption Report in reliance on Footnote 74 of the SEC Release No. 34-70073 adopting amendments to 17 C.F.R. § 240.17a-5 because the Company limits its business activities exclusively to: (1) broker selling limited partnerships in primary distributions on a best efforts basis only; (2) private placement of securities as agent on a best efforts basis only; and (3) acting as mutual fund retailer, and the Company (1) did not directly or indirectly receive, hold, or otherwise owe funds or securities for or to customers; (2) did not carry accounts of or for customers; and (3) did not carry PAB accounts (as defined in Rule 15c3-3) throughout the most recent fiscal year without exception.

OCM Investments, LLC

I, John Edwards, affirm that, to my best knowledge and belief, this Exemption Report is true and correct.

By: 

Title: Chief Financial Officer, FINOP

March 25, 2021