

**One Capital Management, LLC**

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**FORM ADV PART 2  
BROCHURE**

**This brochure provides information about the qualifications and business practices of One Capital Management, LLC. If you have any questions about the contents of this brochure, please contact us at 818-348-0045. 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 One Capital Management, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The IARD/CRD number for One Capital Management, LLC is 114861.**

**One Capital Management, LLC is a Registered Investment Advisor. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.**

## **New Brochure Replaces One Capital Management, LLC Form ADV Part II and Schedule F**

The One Capital Management, LLC brochure is substantially modified from its prior version, and contains new information for the benefit of our clients.

In this “Summary of Material Changes” we discuss only the material changes since the last annual update of this brochure in January 2010:

(1) **Redesign.** The Securities and Exchange Commission (“SEC”) recently published amendments to the rules for firm brochures. This brochure is redesigned in narrative format and is materially different in its structure. This brochure also contains new information now required by the SEC’s new rules.

(2) **Financial Advisor Biography.** Also included is the new Form ADV, Part 2B (each individual’s “Financial Advisor Biography”) for each investment advisory representative who directly provide advice to clients. Please refer to the Form ADV, Part 2B Financial Advisor Biography, included as a separate document accompanying this brochure.

(3) **Delivery of Amendments to this Brochure.** In the past One Capital Management, LLC has offered or delivered information about OCM’s qualifications and business practices to clients on at least an annual basis. The brochure is updated at least annually, in order to ensure that it remains current.

Pursuant to new SEC rules, One Capital Management, LLC will provide each of its clients with a summary of any material changes for subsequent annual updates to brochures by April 30th of each year. You will be provided with a new Brochure as necessary based on changes or new information, at any time, without charge.

Due to the changes to this brochure, it is suggested that clients review this document, in its entirety, upon receipt. Clients are also encouraged to review this brochure, and contact One Capital Management, LLC if you have any questions.

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## **Advisory Services and Fees**

### **One Capital Management Private Client Service and One Capital Management Wrap Account Service**

One Capital Management, LLC ("OCM") Private Client Service and the One Capital Wrap Account Service offers clients an investment supervisory service in which OCM and their advisory associates direct and manage specific assets of the client's on a discretionary basis.

OCM will manage the account based on the client's needs, objectives and investment goals. Together, OCM and the client may develop an investment policy statement that will define the investment objectives and guidelines. If an investment policy statement is utilized, it will determine the allocation of securities in the account.

When appropriate, OCM will recommend individual securities, government and municipal securities, corporate securities, and investment company securities. Investments will be selected on the basis of the client's profile and investment policy statement (if applicable), and the extent to which each particular security or fund conforms to this profile, using techniques developed by OCM and its associates.

Clients are advised that transactions in the account, account reallocations and rebalancing may trigger a taxable event for the client, with the exception of IRA accounts, 403(b) accounts and other qualified retirement accounts.

OCM may aggregate transactions in the same security on behalf of more than one client in an effort to strive for best execution and to possibly reduce the price per share and/or other costs to clients. However, aggregated orders will not reduce the transaction costs to participating clients. OCM conducts aggregated transactions in a manner designed to ensure that no participating client is favored over another client. Participating clients will obtain the average share price per share for the security executed that day. To the extent the aggregated order is not filled in its entirety and when possible, securities purchased or sold in an aggregated transaction will be allocated pro-rata to the participating client accounts in proportion to the size of the orders placed for each account. Under certain circumstances, the amount of securities maybe increased or decreased to avoid holding odd-lot or a small number of shares for particular clients.

### **Investment Policy Statements**

One Capital Management, LLC uses Investment Policy Statements (IPS) is to assist the Advisor and the Client in effectively supervising, monitoring and evaluating the investment of the Client's assets. The Client's investment program is defined in the various sections of the IPS by:

- Stating in the written document the Client's attitudes, expectations, objectives, and guidelines in the investment of his or her assets.
- Setting forth the investment structure for managing the Client's assets. This structure includes various asset classes, investment management styles, asset allocation and acceptable ranges that, in total, are expected to produce a sufficient level of overall diversification and total return over the investment horizon.
- Providing the guidelines for each investment portfolio that controls the level of risk and liquidity assumed in that portfolio so that the Client's aggregate assets are managed in accordance with the stated objectives.
- Encouraging effective communication between the Client and the Advisor.
- Establishing formal criteria to monitor, evaluate and compare the performance results achieved by selected outside managers and/or constructed portfolios of such are being used.

- Complying with all fiduciary, prudence and due diligence requirements that experienced investment professionals would utilize, and with all applicable laws, rules and regulations from various local, state, federal and international political entities that may impact the Client's assets and investments.
- Investment Policy Statements will only be updated at the Client's request in response to a material change in their circumstances.

### **Warrantees/Representations**

OCM does not represent, warrantee or imply that the services or methods of analysis used by OCM can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to major market corrections or crashes.

No guarantees can be offered that client's goals or objectives will be achieved. Further, no promises or assumptions can be made that the advisory services offered by OCM will provide a better return than other investment strategies.

Varied fluctuations in the price of investments are a normal characteristic of securities markets due to a variety of influences. Managed account programs should be considered a long-term investment and thus long-term performance and performance consistency are the major goals.

Lower fees for comparable services may be available from other sources. Material conflicts of interest have been disclosed to the client in writing via the Form ADV, Part II that could cause OCM or Investment Advisory Representatives to not render unbiased and objective advice. OCM does not maintain custody of client funds or securities.

Client is advised that the investment recommendations and advice offered by OCM are not legal advice or accounting advice. Client should coordinate and discuss the impact of financial advice with their attorney and/or accountant. Client is advised that it is necessary to inform OCM promptly with respect to any changes in the client's financial situation and investment goals and objectives. Failure to notify OCM of any such changes could result in investment recommendations not meeting the needs of the client.

### **One Capital's Private Client Service Fees**

OCM's Private Client Service clients pay an annualized fee based on the following fee schedule:

Market Value	Maximum Annual Fee
\$0 to \$2,000,000	2.5%
\$2,000,001 to \$5,000,000	1.85%
\$5,000,000 to \$10,000,000	1.50%
Over \$10,000,000	1.00%

Fees are negotiable and determined for each individual client. Therefore, clients with similar account sizes and similar objectives may pay more or less compared to other clients for advisory services through OCM. The specific fee for each client is determined by OCM, and is enumerated in the client account agreement. Accounts are billed on a calendar quarterly basis in advance, and are based on the account's value as of the previous quarter end. Fee adjustments will be made for additional deposits to the account or partial withdrawals from the account. However, fee adjustments may be negotiable. The initial advisory fee will be based on the value of the client's account upon execution of the advisory agreement and pro-rated based on the number of days remaining in the quarter.

Clients may terminate investment advisory services obtained from OCM, without penalty, upon written notice within five (5) business days after entering into the advisory agreement with OCM. Client will be responsible for any fees and charges incurred by client from third parties as a result of maintaining the Account such as transaction fees for any securities transactions executed and Account maintenance or custodial fees. Thereafter, client may terminate upon written notice containing client's expressed request to terminate services sent and delivered to OCM by certified mail, overnight delivery or other traceable and documented delivery method. Upon OCM's receipt of client's written notice to terminate OCM will have no further management obligations and OCM's services will cease. Fees for partial periods (i.e. accounts established during a quarter or closed during a quarter) will be prorated. Should a client terminate during a calendar quarter, client will be issued a prorated refund of pre-paid fees based on the date of termination to the end of the quarter.

- Fees will not be based upon a share of capital gains or capital appreciation of the funds or any portion of the funds of an advisory client. All fees paid to OCM for advisory services are separate from the fees and expenses charged to shareholders of mutual funds, or any brokerage firm or other entity responsible for providing supplementary investment advice, trading and custody. Clients may pay their proportionate share of the fund's management and administrative fees and sales charges as well as the mutual fund advisor's fee of any mutual fund they purchase. Such fees are not shared with OCM and are compensation to the fund-manager. A complete explanation of these expenses charged by the mutual funds is contained in each mutual fund's prospectus. Clients are encouraged to read the fund prospectus.
- In addition to the advisory fees above, client may pay fees for custodial services, account maintenance fees, transaction fees, and other fees associated with maintaining the Account. Such fees are charged by the account custodian, broker/dealer or security. OCM does not share in any portion of such fees.
- If the account is terminated within 5 days of opening, there is no penalty or fee due to OCM. In all instances, OCM will provide the client with appropriate documentation and information to explain other account charges and fees.

#### **One Capital Management Wrap Account Service Fees**

Clients participating in the OCM Wrap Account Service will pay one single all inclusive fee which includes OCM's advisory fee, any sub-advisor's fee and transaction fees. Clients may pay fees for account maintenance, custodial fees or trustee fees assessed by the account custodian. Such fees are in addition to any fees paid to OCM and are between the client and the account custodian. Clients may contact OCM to discuss the client's account or OCM's management methodology at any time.

Clients are advised that wrap fee services may be more costly to the client than if the client obtained execution and investment advisory services separately and paid for execution services separate from investment advice. Additionally, client is advised a wrap fee account as compared with a traditional commission based account or a fee based account where client pays transaction charges may be more costly to the client, particularly during periods when trading activity is lower. Therefore, client may find the account results in a higher annual cost than if transactional costs and investment advice were segregated. During periods when trading activity is heavier, such as when the account is first opened, wrap fee accounts may result in lower costs.

Clients referred to the One Capital Wrap Account Service by their financial services representative are advised the financial services representative may be paid a portion of the wrap fee ranging from 0.50% to 1.25% of which client pays to OCM and further disclosed below. OCM has factored into the wrap fee payment being made to financial service representatives and payment of brokerage or transactional costs. Such compensation may be more than the compensation the financial services representative would receive if clients were referred to the OCM Managed Account or if the client paid separately for investment advice, brokerage, and other services. Therefore, the client's financial service representative may have a financial incentive to recommend the OCM Wrap Program over other programs or services.

Clients participating in OCM's Wrap Account Service will pay OCM a fee in accordance with the fee schedule below.

Account Size	OCM's Fee	Sub-Advisor Fee	Client's Total Fee
First \$2,000,000	1.00%	1.25%	2.25%
\$2,000,000 - \$5,000,000	0.85%	1.00%	1.85%
\$5,000,000 - \$10,000,000	0.75%	0.75%	1.50%
Over \$10,000,000	0.75%	0.50%	1.25%

Fees are negotiable and determined for each individual client. Therefore, another client with similar account size may pay more or less for advisory services through OCM. The specific fee for each client is determined by OCM, and is enumerated in the client account agreement. Accounts are billed on a calendar quarterly basis in advance, and are based on the account's value as of the previous quarter end. Fee adjustments will be made for additional deposits to the account or partial withdrawals from the account. However, fee adjustments may be negotiable. The initial advisory fee will be based on the value of the client's account upon execution of the advisory agreement and pro-rated based on the number of days remaining in the quarter.

Clients may terminate investment advisory services obtained from OCM, without penalty, upon written notice within five (5) business days after entering into the advisory agreement with OCM. Client will be responsible for any fees and charges incurred by client from third parties as a result of maintaining the Account such as transaction fees for any securities transactions executed and Account maintenance or custodial fees. Thereafter, client may terminate upon written notice containing client's expressed request to terminate services sent and delivered to OCM by certified mail, overnight delivery or other traceable and documented delivery method. Upon OCM's receipt of client's written notice to terminate OCM will have no further management obligations and OCM's services will cease. Should a client terminate during a calendar quarter, client will be issued a prorated refund of pre-paid fees based on the date of termination to the end of the quarter.

Fees will not be based upon a share of capital gains or capital appreciation of the funds or any portion of the funds of an advisory client. All fees paid to OCM for advisory services are separate from the fees and expenses charged to shareholders of mutual funds, or any brokerage firm or other entity responsible for providing supplementary investment advice, trading and custody. Clients may pay their proportionate share of the fund's management and administrative fees and sales charges as well as the mutual fund advisor's fee of any mutual fund they purchase. Such fees are not shared with OCM and are compensation to the fund-manager. A complete explanation of these expenses charged by the mutual funds is contained in each mutual fund's prospectus. Clients are encouraged to read the fund prospectus.

In addition to the advisory fees above, client may pay fees for custodial services and account maintenance fees assessed by the custodian selected by the client. OCM does not share in any portion of such fees.

If the account is terminated within 5 days of opening, there is no penalty or fee due to OCM. Upon request OCM will provide the client with appropriate documentation and information to explain other account charges and fees.

### **TD Ameritrade Institutional Program**

OCM participates in the TD Ameritrade Institutional program for advisors. TD Ameritrade Institutional is a division of TD Ameritrade, Inc. ("TD Ameritrade") member FINRA/SIPC/NFA. TD Ameritrade is an independent and unaffiliated SEC-registered broker-dealer.

TD Ameritrade offers to independently registered investment advisors services which include custody of securities, trade execution, and clearance and settlement of transactions. Advisor receives some benefits from TD Ameritrade through its participation in the program.

OCM may recommend TD Ameritrade to clients for custody and brokerage services.

OCM receives economic benefits through its participation in the program which may include any one or more of the following:

- OCM, through its participation in the program, may receive discounts on compliance, marketing, technology, and practice management products or services provided to OCM by third party vendors.
- These benefits received by OCM, or its associated persons, do not depend on the amount of brokerage transactions directed to TD Ameritrade.
- OCM participates in AdvisorDirect, a referral program established by TD Ameritrade, an independent broker-dealer;
- TD Ameritrade and OCM are separate and unaffiliated;
- OCM pays fees, not to exceed 25% of the advisory fee that the client pays to OCM, to TD Ameritrade in connection with successful referrals made through AdvisorDirect;
- OCM will also pay TD Ameritrade the Solicitation Fee on any advisory fees received by OCM from any of a referred client's family members, including a spouse, child or any other family member who resides with the referred client and hired OCM on the recommendation of such referred client;

Conflicts of interest may arise from OCM's participation in this referral program;

- OCM will not charge any fees or costs higher than OCM's standard fee schedule offered to other advisory clients or otherwise pass referral fees paid to TD Ameritrade to its clients;
- OCM's duty of "best execution" is not eliminated by its participation in the program;
- OCM and TD Ameritrade are independent of one another and have neither an agency nor employment relationship;
- In addition to meeting the minimum eligibility criteria for participation in AdvisorDirect, OCM may have been selected based on the amount and profitability to TD Ameritrade of the assets in, and trades placed for, OCM's client accounts maintained at TD Ameritrade; and
- OCM has agreed not to solicit clients referred through AdvisorDirect to transfer their brokerage accounts from TD Ameritrade or establish brokerage or custody accounts at other custodians other than when its fiduciary duties require it to recommend other broker-dealers or custodians.



### **Consultation Services**

From time to time, OCM may elect to provide a special consultation, outside the customary managed account investment supervisory services. This consultation may involve components of business planning, investment and consultation and/or estate planning.

Consultation Services are based on the client's financial situation at the time and are based on financial information disclosed by the client to OCM. Clients are advised that certain assumptions may be made with respect to interest and inflation rates and use of past trends and performance of the market and economy. However, past performance is in no way an indication of future performance. OCM cannot offer any guarantees or promises that client's financial goals and objectives will be met. Further, client must continue to review any plan and update the plan based upon changes in the client's financial situation, goals, or objectives or changes in the economy. Should client's financial situation or investment goals or objectives change, clients must notify OCM promptly of the changes.

### **Consultation Service Fees**

Consultation services are offered at an hourly rate of \$300 - \$1,000 per hour. Fees are negotiable. Generally, hourly fees will be charged to the client on a monthly basis, as services are rendered or as negotiated with the client. The amount of the fee is determined by numerous factors, including the complexity and duration of the service, among other factors. The determination of the fee is made by OCM and is enumerated in the client agreement for such services.

Clients may terminate investment advisory services obtained from OCM, without penalty, upon written notice within five (5) business days after entering into the advisory agreement with OCM. Thereafter, client may terminate services upon written request delivered to OCM. Client will be responsible for any time OCM has spent on the client's case.

Client is advised that fees for consultation services are strictly for consultation services. Therefore, client may pay fees and/or commissions for additional services obtained such as asset management or products purchased such as securities or insurance.

### **Miscellaneous Fees**

In addition to the fees charged by OCM, each mutual fund company in which a client's funds may be invested utilizes fees paid by the investors that are deducted from the mutual fund's assets. ETFs utilized by One Capital Management also charge fees that are deducted from the net asset value of the shares.

### **Performance Based Fees and Side by Side Management**

OCM does not charge performance based fees. OCM does not engage in side by side management.

### **Types of Clients**

OCM provides investment advisory services to individuals, pension and profit sharing plans, trusts, corporations and other business entities. Generally, OCM requires a minimum investment of \$2,000,000 for clients in Private Client Service and a minimum investment of \$500,000 for OCM Wrap Account Service. However, OCM reserves the right at its sole discretion to make exceptions to this minimum. Clients with accounts smaller than the minimum account size are advised performance of these smaller accounts may vary from the performance of larger accounts due to investment selection constraints due to the size of the accounts. Also, the transaction charges the client realizes will be proportionally higher which will impact account performance.

### **Assets Under Management**

As of February 28, 2011, OCM manages a total of \$417,269,729.00 on a discretionary basis and \$50,241.00 on a non-discretionary basis.

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

Beginning with a belief that portfolio structure is the single most important element to creating a successful investment portfolio and experience on an after-tax basis, we build customized globally balanced portfolios. Our philosophy is that in order to achieve our clients' objectives, capital must be deployed around the globe to reach assets with high real return.

We blend active management of global large cap equities with exchange traded funds (ETFs) and fixed income to construct our multi-asset class portfolios. We utilize ETFs as a means to access capital markets and asset classes that enhance the return of portfolios and reduce risk (expressed in terms of return volatility). It is our use of low correlation asset classes and the structure of building portfolios and systematically rebalancing that generates enhanced returns while reducing risk.

The asset classes included in most of our Global Balanced mandate include

- Cash & Cash Equivalents
- Canada Government Bonds
- Canada Provincial Bonds
- US Government Bonds
- Global Investment Grade Bonds
- High Yield Bonds
- Preferred Stocks
- Canada Large Cap Equity
- US Large Cap Equity
- Canada Mid Cap Equity
- US Mid Cap Equity
- Canada Small Cap Equity
- US Small Cap Equity
- Canada Small Cap Equity
- US Micro Cap Equity
- Non-North American Large Cap Equity
- Non-North American Mid Cap Equity
- Non-North American Small Cap Equity
- Emerging Markets Equity
- Canada Real Estate Investment Trusts (REITs)
- US REITs
- Europe and Asia REITs (Developed Markets)

It's important to note as well, that we hold both growth and value style equity in our portfolios at a 50/50 mix between the two to further diversify the portfolio.

In our efforts, we tailor each account to the particular client's financial goals, risk-tolerance levels, tax status, and special situations. Our global investment strategies position us to meet client preferences that vary along the risk return spectrum. Combining asset classes in a single optimized portfolio offers distinctly superior performance potential.

The equity allocation is structured to maximize returns while controlling risk. We do this by diversifying the portfolio with assets that have low correlations to one another. As such, we can reduce volatility and enhance returns. The majority of equity assets are allocated in large company stocks and this is enhanced with exchange traded funds to access stocks of smaller companies (including micro-cap companies) and an allocation to emerging markets stocks.

For the fixed income portion of the account: Foremost is safety of principal, while generating a reliable stream of income. History has shown that in times of equity market volatility, bonds prove to be the best stabilizer of return, in fact producing real (net of inflation) return during those times.

The low correlation from each asset class drives down volatility, and through rebalancing, actually increases return potential. Tax management along the way assures that our clients keep most of what they earned. Clients must be aware that investing involves risk of loss that clients should be prepared to bear.

### **Disciplinary Information**

A. Neither OCM or its Investment Advisory Representatives have been or are currently involved in a criminal or civil action in a domestic, foreign or military court of competent jurisdiction in which OCM or Investment advisory representatives:

1. have been convicted of, or pled guilty or nolo contendere ("no contest") to (a) any felony; (b) a misdemeanor that involved investments or an investment-related business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, or extortion; or (c) a conspiracy to commit any of these offenses;
2. have been the named subject of a pending criminal proceeding that involves an investment-related business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, extortion, or a conspiracy to commit any of these offenses;
3. have been found to have been involved in a violation of an investment-related statute or regulation; or
4. were the subject of any order, judgment, or decree permanently or temporarily enjoining, or otherwise limiting, your firm or a management person from engaging in any investment-related activity, or from violating any investment-related statute, rule, or order.

B. Neither OCM or its Investment Advisory Representatives have been or are currently involved in an administrative proceeding before the SEC, any other federal regulatory agency, any state regulatory agency, or any foreign financial regulatory authority in which OCM or Investment Advisory Representatives:

1. were found to have caused an investment-related business to lose its authorization to do business; or
2. were found to have been involved in a violation of an investment-related statute or regulation and was the subject of an order by the agency or authority
  - (a) denying, suspending, or revoking the authorization of OCM or Investment Advisory Representatives to act in an investment-related business;
  - (b) barring or suspending OCM or investment advisory representative's association with an investment-related business;
  - (c) otherwise significantly limiting OCM or investment advisory representative's investment-related activities; or
  - (d) imposing a civil money penalty of more than \$2,500 on OCM or Investment Advisory Representatives.

C. Neither OCM or its Investment Advisory Representatives have been or are currently involved in a self-regulatory organization (SRO) proceeding in which OCM or Investment Advisory Representatives:

1. were found to have caused an investment-related business to lose its authorization to do business; or
2. were found to have been involved in a violation of the SRO's rules and was: (i) barred or suspended from membership or from association with other members, or was expelled from membership;
  - (ii) otherwise significantly limited from investment-related activities; or
  - (iii) fined more than \$2,500.

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

- A. Investment Advisory Representatives may be independently registered as insurance agents. OCM clients will be under no obligation to purchase insurance products.

One OCM advisory representative is a registered representative with a broker-dealer. In his capacity as a registered representative, he may sell securities products and receive commissions in addition to receiving investment advisory fees. OCM clients will be under no obligation to purchase securities products through the broker-dealer or registered representative. OCM does not receive securities commissions.

OCM also receives fees from other Registered Investment Advisory firms for consulting and administrative services. These services and the fees affiliated with these services do not have any impact on OCM clients.

- B. OCM is not registered as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

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

A. Advisor has a fiduciary duty to clients to act in the best interest of the client and always place the client's interests first and foremost. Advisor takes seriously its compliance and regulatory obligations and requires all staff to comply with such rules and regulations as well as OCM's policies and procedures. Further, OCM strives to handle clients' non-public information in such a way to protect information from falling into hands that have no business reason to know such information and provides clients with OCM's Privacy Policy. As such, OCM maintains a code of ethics for its Advisory Representatives, supervised persons and staff. The Code of Ethics contains provisions for standards of business conduct in order to comply with federal securities laws, personal securities reporting requirements, pre-approval procedures for certain transactions, code violations reporting requirements, and safeguarding of material non-public information about client transactions. Further, OCM's Code of Ethics establishes OCM's expectation for business conduct. A copy of our Code of Ethics will be provided to any client or prospective client upon request.

B. OCM does not generally recommend to clients, or buys or sells for client accounts, securities in which OCM or a related person has a material financial interest, including acting as a general partner in a partnership in which OCM solicits client investments; or OCM or a related person acts as an investment OCM to an investment company that OCM recommend to clients.

C. Personnel of OCM may trade in the same securities traded for advisory clients. However, it is the policy of OCM not to give preference to orders for personnel associated with OCM regarding such trading. OCM and its employees (collectively "OCM") may personally invest in the same securities that are purchased for clients and may own securities that are subsequently purchased for clients. If a security is purchased or sold for clients and OCM on the same day, either the clients and OCM will pay or receive the same price, or the clients will receive the more favorable price. OCM may also buy or sell a specific security for their own account based on personal investment considerations, which OCM does not deem appropriate to buy or sell for clients. OCM and its related persons will not trade on inside information.

OCM may engage in agency cross transactions whereby OCM may purchase or sell a security from another client who is selling or buying the same security.

### **Brokerage Practices**

Clients may specify which broker-dealer to use or OCM may make recommendations. Generally, these recommendations are based on OCM's perception of the breadth of services offered, and quality of execution. However, the client may pay commissions or fees that are higher or lower than those that may be obtained from other broker-dealers for similar services.

OCM 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/NFA ("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

OCM may recommend that clients establish brokerage with the Schwab Institutional division of Charles Schwab and Co, Inc. (Schwab), a registered broker-dealer, member SIPC, to maintain custody of clients' assets and to affect trades for their accounts. OCM is independently owned and operated and not affiliated with Schwab. Schwab provides OCM 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 them so long as a total of at least \$10,000,000 of the advisor's clients' assets is maintained in accounts at Schwab Institutional and is not otherwise contingent upon advisor committing to Schwab any specific amount of business (assets in custody or trading). Schwab services include brokerage, custody, research and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum investment. For OCM's clients' accounts maintained in its custody, Schwab generally does not charge separately for custody but is compensated by account holders through commissions or other transaction related fees for securities trades that are executed through Schwab or that settle into Schwab accounts. While OCM recommends that clients maintain their accounts at Schwab Institutional, ultimately it is the client's decision to select their custodial broker dealer.



**Research and Other Soft Dollar Benefits:** OCM does not engage in soft dollar benefits. OCM does not use client brokerage commissions (or markups or markdowns) to obtain research or other products or services.

**Block Trading:** OCM may combine orders into block trades when more than one account is participating in the trade. This blocking or bunching technique must be equitable and potentially advantageous for each such account (e.g. For the purposes of reducing brokerage commissions or obtaining a more favorable execution price). Block trading is performed when it is consistent with the duty to seek best execution and is consistent with the terms of OCM's investment advisory agreements. Equity trades are blocked based upon fairness to client, both in the participation of their account, and in the allocation of orders for the accounts of more than one client. Allocations of all orders are performed in a timely and efficient manner. All managed accounts participating in a block execution receive the same execution price (average share price) for the securities purchased or sold in a trading day. Any portion of an order that remains unfilled at the end of a given day will be rewritten on the following day as a new order with a new daily average price to be determined at the end of the following day. Due to the low liquidity of certain securities, broker availability may be limited. Open orders are worked until they are completely filled, which may span the course of several days. If an order is filled in its entirety, securities purchased in the aggregated transaction will be allocated among the accounts participating in the trade in accordance with the allocation statement. If an order is partially filled, the securities will be allocated pro rata based on the allocation statement. OCM may allocate trades in a different manner than indicated on the allocation statement (non-pro rata) only if all managed accounts receive fair and equitable treatment.

### **Review of Accounts**

OCM may prepare individualized reports, the nature and frequency are determined by client need and the services offered. However, as clients may request, OCM may provide quarterly or semi-annual reports.

Private client accounts are internally reviewed at minimum once every quarter, by the investment management team. Any material changes to a client's investment objectives, risk, liquidity needs or strategy may trigger an account review with the client. Account reviews are conducted by Investment Advisory Representatives.

### **Client Referrals and Other Compensation**

OCM participates in TD Ameritrade's institutional customer program and OCM may recommend TD Ameritrade to Clients for custody and brokerage services. There is no direct link between OCM's participation in the program and the investment advice it gives to its Clients, although OCM 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 OCM 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 OCM by third party vendors.

TD Ameritrade may also have paid for business consulting and professional services received by OCM's related persons. Some of the products and services made available by TD Ameritrade through the program may benefit OCM but may not benefit its Client accounts. These products or services may assist OCM in managing and administering Client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help OCM manage and further develop its business enterprise. The benefits received by OCM 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, OCM endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by OCM or its related persons in and of itself creates a potential conflict of interest and may indirectly influence the OCM's choice of TD Ameritrade for custody and brokerage services. OCM may receive client referrals from TD Ameritrade through its participation in TD Ameritrade AdvisorDirect.

In addition to meeting the minimum eligibility criteria for participation in AdvisorDirect, OCM may have been selected to participate in AdvisorDirect based on the amount and profitability to TD Ameritrade of the assets in, and trades placed for, client accounts maintained with TD Ameritrade. TD Ameritrade is a discount broker-dealer independent of and unaffiliated with OCM and there is no employee or agency relationship between them. TD Ameritrade has established AdvisorDirect as a means of referring its brokerage customers and other investors seeking fee-based personal investment management services or financial planning services to independent investment advisors. TD Ameritrade does not supervise OCM and has no responsibility for OCM's management of client portfolios or OCM's other advice or services. OCM pays TD Ameritrade an on-going fee for each successful client referral. This fee is usually a percentage (not to exceed 25%) of the advisory fee that the client pays to OCM ("Solicitation Fee").

OCM will also pay TD Ameritrade the Solicitation Fee on any advisory fees received by OCM from any of a referred client's family members, including a spouse, child or any other immediate family member who resides with the referred client and hired OCM on the recommendation of such referred client. OCM will not charge clients referred through AdvisorDirect any fees or costs higher than its standard fee schedule offered to its clients or otherwise pass Solicitation Fees paid to TD Ameritrade to its clients. For information regarding additional or other fees paid directly or indirectly to TD Ameritrade, please refer to the TD Ameritrade AdvisorDirect Disclosure and Acknowledgement Form. OCM's participation in AdvisorDirect raises potential conflicts of interest. TD Ameritrade will most likely refer clients through AdvisorDirect to investment advisors that encourage their clients to custody their assets at TD Ameritrade and whose client accounts are profitable to TD Ameritrade. Consequently, in order to obtain client referrals from TD Ameritrade, OCM may have an incentive to recommend to clients that the assets under management by OCM be held in custody with TD Ameritrade and to place transactions for client accounts with TD Ameritrade. In addition, OCM has agreed not to solicit clients referred to it through AdvisorDirect to transfer their accounts from TD Ameritrade or to establish brokerage or

custody accounts at other custodians, except when its fiduciary duties require doing so. OCM's participation in AdvisorDirect does not diminish its duty to seek best execution of trades for client accounts.

OCM may recommend that clients establish brokerage accounts with the Schwab Institutional division of Charles Schwab & Co., Inc. (Schwab), a registered broker-dealer, member Financial Industry Regulatory Authority, Inc. (FINRA) and SIPC, to maintain custody of clients' assets and provide other brokerage services. Fees Schwab charges OCM are reduced as the assets OCM custodies at Schwab increases.

Schwab also makes available to OCM other products and services that benefit OCM but may not benefit its clients' accounts. Some of these other products and services assist OCM in managing and administering clients' accounts. These include software and other technology, allocation of aggregated trade orders for multiple client accounts, research, pricing information and other market data, facilitate payment of Advisor's fees from its clients' accounts, and assist with back-office functions, recordkeeping, and client reporting.

Schwab Institutional also makes available to OCM other services intended to help Advisor manage and further develop its business enterprise. These services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, and marketing. Schwab may also make available, arrange, and/or pay for these types of services rendered to OCM by independent third parties. Schwab Institutional 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 OCM. While as a fiduciary, OCM endeavors to act on its clients best interests, and OCM's recommendation that clients maintain their assets at accounts at Schwab may be based in part on the benefit to OCM of the availability of some of the foregoing products and services 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.

It is likely that OCM from time to time will affect securities transactions and pay a commission that exceeds the commission another broker-dealer would have charged. Generally OCM will determine in good faith that such commissions are reasonable in relation to the value of the services provided by Schwab, viewed in terms of either the particular transaction or the overall relationship.

OCM may enter into an agreement with Charles Schwab & Co., Inc., a broker-dealer, mutual fund retailer and member of various exchanges in order to participate in the Schwab Advisor Source, an advisor referral and listing service. Under the agreement OCM would pay a fee to participate in Schwab's referral and listing service, in exchange for referrals to potential investors through the service. No portion of the fees paid to Schwab will be recoup through any fees to the clients.

OCM may also employ/engage solicitors to whom it will pay cash or a portion of the fees paid by investors referred to it by those solicitors. In such cases, OCM will comply with Rule 206(4)-3 promulgated under the Investment Advisors Act of 1940, as amended. All solicitors who refer clients will comply with the requirements of the jurisdiction where they operate. When applicable the solicitor will be licensed as investment advisors or notice filed in the applicable jurisdiction.

OCM may also pay non-affiliated advisors for investment advisory services that are supplemental to those provided by OCM, and when it is deemed by OCM to be beneficial to the client to engage a specialist in a particular area of investment expertise. Such services may result in a higher overall fee paid by the client for the particular account.

### **Custody**

OCM does not maintain custody of client funds or securities.

### **Investment Discretion**

OCM will have complete discretion over the selection and amount of securities to be bought or sold without obtaining specific client consent. Client is advised that:

- 1) Client may, i.e. by making definitions in the Investment Policy Statement, set trading restrictions or limitations;
- 2) Advisory Representative must obtain written client consent to establish any brokerage account and will use the custodian selected by the client and/or the client's representative;
- 3) OCM will have the ability to negotiate commission and transaction charges for or on behalf of clients;
- 4) Generally, clients direct brokerage to their specified custodians, however OCM reserves the right to select a different broker at its discretion.

## **Voting Client Securities**

### **Proxy Voting**

Clients are advised that OCM will vote proxies on clients' behalf unless a client expressly requests OCM not to vote the client's proxies.

Proxy Voting Procedures – OCM takes its fiduciary obligation seriously. OCM will vote all client securities in the best interest of the client. Any conflicts of interest OCM may have with respect to voting clients' securities will be fully disclosed to clients. One Capital Management, LLC has engaged a third party to vote proxies on its behalf.

ProxyEdge will maintain records of the proxies received and note the deadlines for when votes must be cast. We will advise clients that they may request a copy of OCM's proxy voting policies and procedures at any time. Further, clients will be advised that they may request copies of how their securities were voted at any time upon OCM's receipt of client's request.

One Capital Management Proxy Voting Guidelines – OCM uses the following guidelines when voting client securities:

1. Neutral issues such as the retention or appointment of accounting or audit services are typically voted yes. OCM has no relationship with any particular accounting or audit firm used by the companies of whom clients may hold securities.
2. OCM will typically vote with the Board's recommendations unless voting according to the Board's recommendations could adversely affect clients.
3. OCM will vote against any matters that may affect substantially the rights or privileges of the holders of securities to be voted.
4. Issues related to executive compensation, incentive stock options, executive recruiting or any matter giving the company latitude in compensation matters or similar matters that could potentially be used to act in the company's best interest rather than clients' best interest will typically be voted against.

Conflicts of Interest – OCM does not have any conflicts of interest that would cause us to not act in the best interest of its clients. One Capital Management, LLC is not affiliated nor is it controlling or controlled by or under the same control of any of the companies for which clients own securities.

OCM provides consulting and administrative services, including proxy voting, to other Investment Advisory firms. These services and the fees affiliated with these services do not have any impact on OCM clients.

### **Financial Information**

OCM may require a portion of the investment advisory fees in advance but does not require or solicit prepayment of fees per client, six months or more in advance and therefore is not required to file financial information with the Securities & Exchange Commission or state of California.

### **Requirements for State-Registered Advisors**

(OCM is registered with the Securities & Exchange Commission and Notice Filed with the California Department of Corporations)

#### **OCM Principal Executive Officers:**

OCM and Investment Advisory Representatives have not been involved in the following:

- I. An award or otherwise being found liable in an arbitration claim alleging damages in excess of \$2,500, involving any of the following:
  - (a) an investment or an investment-related business or activity;
  - (b) fraud, false statement(s), or omissions;
  - (c) theft, embezzlement, or other wrongful taking of property;
  - (d) bribery, forgery, counterfeiting, or extortion; or
  - (e) dishonest, unfair, or unethical practices.
2. An award or otherwise being found liable in a civil, self-regulatory organization, or administrative proceeding involving any of the following:
  - (a) an investment or an investment-related business or activity;
  - (b) fraud, false statement(s), or omissions;
  - (c) theft, embezzlement, or other wrongful taking of property;
  - (d) bribery, forgery, counterfeiting, or extortion; or
  - (e) dishonest, unfair, or unethical practices.



### **Additional Information**

Investment Advisory Representatives will be required to meet the examination and qualification requirements of the states where they conduct business.