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**DISCLOSURE BROCHURE**

This brochure provides information about the qualifications and business practices of OakStreet Wealth Management, Inc. ("OakStreet"). If you have any questions about the contents of this brochure, please contact us at (937) 294-4200, toll free at (888) 755-9286 or by e-mail at [advisors@oakstreetwealth.com](mailto:advisors@oakstreetwealth.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

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

March, 2012

## **Item 2**

### **Summary of Material Changes**

This summary of material changes discusses only changes from OakStreet's last annual update in March, 2011. This annual update of OakStreet's disclosure brochure, dated March, 2012, contains the following material change:

OakStreet amended its Investment Management Agreement to reflect the fact that OakStreet will no longer accept authority, or assume responsibility, to vote proxies for clients with respect to any securities held in client accounts, whether or not OakStreet has been vested with discretionary trading authority in such accounts; including, individual accounts and plans subject to ERISA. This change in policy is reflected in Item 17 of this disclosure brochure.

### Item 3

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## **Item 4**

### **Advisory Business**

OakStreet Wealth Management, Inc. (“OakStreet”) is an investment adviser located in Dayton, Ohio. OakStreet, which was formed in 2010, is owned by Edwin L. Katz. Prior to starting OakStreet, Mr. Katz was an owner, and president, of First Alliance Asset Management, Inc., an investment advisory firm founded in 1998.

OakStreet believes that a successful advisory relationship is built on a commitment to a long-term financial strategy designed to attain lifetime financial goals. OakStreet believes that wealth management is a long-term endeavor. Short-term fluctuations in the markets are to be expected and we do not believe such fluctuations provide sufficient reason to alter a well-planned investment program.

OakStreet strives to create an environment where clients are comfortable asking questions and providing input into the development of their long-term financial strategy. We also listen carefully to our clients' personal and family lifestyle goals, not just to their financial goals, and we keep our clients well informed about the status of their portfolios.

We review and monitor the progress made toward achieving our clients' goals and maintain personal contact with them, because we believe that client participation is an important part of achieving the goals of a successful financial plan. As part of the process of developing financial strategies for clients, OakStreet also seeks input from clients regarding any restrictions they want us to follow in managing their accounts.

### **Services**

#### **Investment Supervisory Services**

OakStreet provides investment supervisory services that involve giving continuous advice to clients regarding the investment of funds on the basis of each client's individual needs. These services include: (i) reviewing a client's net worth, financial goals and risk tolerance levels; (ii) making investment recommendations and developing investment strategies designed to enhance a client's investment portfolio; (iii) periodically monitoring client portfolios; and (iv) maintaining direct contact with clients.

#### **Managed Accounts Not Involving Investment Supervisory Services**

OakStreet also provides investment services to clients that are not performed on a continuous basis, including some services set out in A above, and as described below:

#### **Asset Allocation**

This service provides periodic reviews of investments held in an individual 401(k) plan, or similar employer sponsored plans, insurance products (life and annuities), IRAs and non-qualified accounts to determine appropriate asset allocations and re-balancing as determined by each client's individual investment objectives.

### Advisory Consulting Services

OakStreet also provides advisory consulting services consisting of, among other things, assisting clients in the preparation of investment objectives based on their financial goals; recommending asset allocation strategies; assisting clients in the selection of third-party portfolio money managers; recommending investment style allocations; identifying tax strategies; reviewing portfolio manager performance with clients; and recommending reallocations of client assets among portfolio managers or among available styles.

OakStreet's advisory consulting services are performed primarily in connection with the JP Morgan Clearing Corp Managed Account EDGEsm Program, including the recommendation of portfolio managers participating in that program. However, these services are also available to clients in connection with other programs and in connection with financial planning matters.

#### *The JP Morgan Clearing Corp Managed Account EDGEsm Program ("MAE")*

Through the JP Morgan Clearing Corp ("JPMCC") MAE Program, clients are offered access to independent money managers, brokerage and custodial services for a single program fee charged by JPMCC. Clients also pay OakStreet a separate advisory consulting services fee in connection with the program.

OakStreet reviews each client's investment objectives, financial circumstances and risk tolerance levels and assists the client in the selection of one or more independent money managers available to them through the MAE program. Clients' accounts are thereafter managed on a discretionary basis by the individual money managers, while OakStreet provides advisory consulting services to the client as described below.

OakStreet will periodically review each client's MAE account and may recommend a particular portfolio manager, or the replacement of one portfolio manager with another, based upon such factors as the performance of a portfolio manager and the progress achieved toward meeting a client's stated investment objectives. Changes in a client's investment objectives, risk tolerance levels or investment philosophy may also serve as the basis for a change of portfolio managers.

OakStreet also provides consulting services regarding the reallocation of client assets among portfolio managers or among available styles within the MAE program and will assist the client in identifying tax strategies to be followed by a respective portfolio manager. However, OakStreet can make no assurance that such tax strategies will in fact be followed.

OakStreet provides clients who participate in the MAE Program with JPMCC's *Managed Account EDGEsm Program Wrap Fee Program Brochure* and also provides clients with the disclosure brochure for the individual portfolio managers who manage a client's program assets.

#### Selection of MAE Money Managers

OakStreet is responsible for reviewing the money managers available to clients in the MAE program who are listed on the "Managed Account EDGEsm Program Money Manager List". OakStreet identifies money managers to present to clients based on such factors as manager styles and asset classes and the ability to diversify a portfolio consistent with, among other things, a particular client's financial circumstances, investment objectives, risk tolerance levels and investment philosophy.

### Performance / Replacement of MAE Money Managers

OakStreet utilizes empirical criteria as a major factor in measuring manager performance in meeting a client's performance expectations and whether manager replacement is needed based a consideration of those factors. When assessing whether to recommend replacing a manager based on performance considerations, empirical factors are considered with other factors, including the tax effects of liquidating positions in connection with manager replacement, and the judgment of OakStreet's principal in assessing the overall financial impact to a client on a case-by-case basis.

### Other Matters / Conflicts of Interest

Neither JPMCC nor any portfolio manager will give clients advice or recommendations about whether the MAE Program itself, an asset allocation, or a portfolio manager is suitable for a client. Additionally, certain portfolio managers in the MAE Program may be affiliated with JPMCC. As such, JPMCC may have a conflict of interest when including these managers in the program because JPMCC and/or its affiliates will receive compensation if a client selects one of these managers. (The list of managers is set out in the MAE Program Agreement).

OakStreet is not affiliated with JPMCC or with any of the portfolio managers included in the MAE Program.

### Financial Planning

OakStreet also provides consulting services, on a very limited basis, regarding estate planning, retirement planning, tax planning and insurance products, including consulting services involving non-securities.

### **Types of Investments**

OakStreet offers advice on what it considers traditional investment vehicles and does not specialize in any particular type of advisory service. OakStreet offers advice on equity securities, including options contracts on securities; investment company securities, such as mutual fund shares, variable annuities and variable insurance products; fixed income securities, including municipal bonds, US government bonds and corporate bonds; and, to a lesser extent, investments in commercial paper and certificates of deposit. OakStreet also provides investment advice to a limited number of clients in connection with interests in limited partnership investments.

### **Assets under Management**

As of December 31, 2010, OakStreet has \$240,500,000 in assets under management related to its advisory services. Of that amount, \$200,500,000 is managed on a discretionary basis and \$40,000,000 is managed on a non-discretionary basis.

## Item 5

### Fees and Compensation

Advisory fees, account set-up fees, and ticket charge costs are negotiable between the client and OakStreet's principal, Edwin L. Katz. The basic fee structure is set out below.

#### Fee Schedule

(fees are reflected as a percentage of assets under management)

| <i>Householded Assets Under Management</i> | <i>Investment Management/ Supervisory Services<br/>Balanced / Equity</i> | <i>Investment Management / Supervisory Services<br/>Mutual funds</i> | <i>Investment Management / Supervisory Services<br/>Bonds</i> | <i>Managed Advisory Account Services<br/>Annuities and 401(k)</i> | <i>Advisory Consulting Services<br/>(JP Morgan) (MAE)</i> |
|--|--|--|---|---|---|
| Up to \$100,000                            | 1.75% - 2.00%  | 1.75% - 2.00%  | .50% - .75%   | 1.00% - 1.50%   |   |
| \$100,000 - \$350,000                      | 1.00% - 1.75%  | 1.25% - 1.75%  | .375% - .50%  | .50% - 1.00%  |   |
| Over \$350,000                             | .25% - 1.00%   | .50% - 1.25%   | .125% - .375%   | .25% -.50%  |   |
| Up to \$6,000,000                          |  |  |   |   | .40% - 1.00%  |
| Over \$6,000,000                           |  |  |   |   | .20% - .40%   |

#### **Asset-Based Advisory Fees**

Investment management supervisory services, managed advisory account services and advisory consulting services are provided on the basis of a percentage of assets under management. The annual fee percentages set out above represent the range within which annual advisory fees will generally be charged. The actual fee charged to a client will be based upon the judgment of the firm's principal taking into consideration factors such as: (i) the type and composition of assets in the account; (ii) anticipated account activity, and (iii) the level of services reasonably anticipated to be provided to a particular client based upon past levels of service or reasonably foreseen levels of services to be provided with respect to a client's unique needs. OakStreet may also determine to set a client's annual advisory fee lower than the ranges set out above.

Fees are charged as a percentage of assets under management and are payable quarterly, in advance, based on the market value of all managed assets in client accounts as of the last trading day of the previous calendar quarter. For any given calendar quarter, the market value of assets under management are multiplied by the applicable fee percent related to the account under management. That calculated number is then divided by four to come up with the fees payable for that quarter.

Clients may choose to have their advisory fees deducted from their accounts maintained at a qualified custodian or they may choose to be billed directly.<sup>1</sup>

Clients may open an account at any time during a calendar quarter. A client's initial fee payment will be based on the market value of all assets in the client's account at the end of the month in which assets are first deposited into the account. Clients are billed for the remaining full months during the quarter, if any, that services are provided. OakStreet does not pro-rate billing for partial months upon opening an account. Hourly fees are payable, upon invoicing, at the end of the calendar quarter in which such services were provided.

### **Hourly Fees**

Edwin L. Katz: \$400.00/hr., charged in quarter-hour increments.

Managed advisory account services may be charged on the basis of hourly fees rather than a percentage of assets under management. Services involving the furnishing of advice to clients on financial planning matters will be charged only on an hourly fee basis. Hourly fees are also negotiable between the client and Edwin L. Katz and are charged in quarter-hour increments.

A maximum, non-refundable account set-up fee of five-hundred dollars (\$500.00) will be charged for each account for which investment advisory services are to be provided. This fee is not charged where OakStreet provides only advisory consulting services.

Broker-dealer ticket charges, imposed in connection with effecting securities transactions for a client's account, will be passed-through to the client at no more than the actual ticket charge transaction cost.

### **Mutual Fund Fees**

Advisory fees paid to OakStreet are for investment advisory services and are separate from the fees and expenses charged by mutual funds to the holders of mutual fund shares. Mutual fund fees and expenses are described in each fund's prospectus and are costs that are ultimately borne by the holder of mutual fund shares. Certain types of mutual fund shares also pay distribution fees (12b-1 fees) and point-of-sale fees (similar to a commission) to brokers in connection with the purchase of mutual fund shares for their clients. Should OakStreet's principal receive such fees in connection with his activity as broker of record for a client's mutual fund advisory account, those fees are credited against the client's annual advisory fees.

### **Custodial Fees**

Clients are subject to an annual custodial fee in connection with individual retirement accounts maintained at JPMCC. This fee is paid directly to JPMCC.

### **Brokerage / Transaction Costs**

See Item 12.

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<sup>1</sup> OakStreet does not itself directly deduct advisory fees from a client account. OakStreet instructs a qualified custodian to deduct fees from a client's account according to the advisory agreement.



### **Advisory Consulting Services Fees**

#### *JP Morgan Managed Account EDGEsm Program*

OakStreet's advisory consulting fee charged to clients who participate in JPMCC's MAE program is determined by OakStreet's principal and is a separate advisory fee for consulting services provided to clients in connection with the MAE Program.

The fees for other services provided in the MAE Program are disclosed in JPMCC's *Managed Account EDGEsm Program Wrap Fee Program Brochure* and in each individual money manager's disclosure brochure. Both disclosure brochures are provided to clients by OakStreet prior to, or simultaneous with, the opening of an MAE account. Information concerning termination and fee refund policies for the MAE program can be found in the respective disclosure documents.

### **Administrative / Research Fees**

OakStreet's minimum administrative/research fee is \$150.00, which is payable in advance.

Administrative and research services requiring more than 30 minutes of OakStreet's staff time will thereafter be charged at a rate of \$150.00/hr., charged in quarter-hour increments.<sup>2</sup>

By way of example: If staff personnel were to provide administrative and research services requiring 40 minutes of staff time, the total fee for those services would be \$187.50. A \$150.00 minimum fee for the first 30 minutes of staff time, plus \$37.50 for the incremental time expended within the next quarter-hour, charged at a rate of \$37.50 per-quarter hour.

In addition to the hourly fees set out above, incidental costs and expenses associated with providing such administrative and research services are also passed through to clients at the actual cost incurred by OakStreet. Such costs may consist of, among other things, postage and express delivery costs; travel related expenses; and actual costs charged to OakStreet by third-parties that provide requested information or documents.

### **Termination of Advisory Agreements**

Advisory agreements may be terminated by clients at any time by providing written notice to OakStreet of their intention to terminate.

### **Refunds upon Termination of Advisory Agreements**

After receiving a written notice of termination from a client, OakStreet will refund all pre-paid and un-earned advisory fees upon the closing of all accounts in connection with the termination of an advisory agreement. The refund is pro-rated from the date the account, or the last account, handled under the agreement was closed through the end of the calendar quarter. Refunds will be provided promptly, but in no event later than sixty (60) days after termination of an agreement. A refund for an account closing

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<sup>2</sup> These fees are charged in connection with providing services that are outside the scope of reasonably foreseen levels of service provided to existing advisory clients in connection with the handling of their advisory accounts. As such, it is extremely unusual for such fees to be charged to existing advisory clients. However, former clients who request historical information or other assistance from OakStreet staff, and existing clients who request assistance in connection with accounts that are not managed by OakStreet, are subject to the hourly fees set out above.

shall be made only where there is a complete closing or complete transfer of all assets handled under an agreement, without reinvestment of such assets under another OakStreet advisory agreement.

## **Item 6**

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

Not applicable.

## **Item 7**

### **Types of Clients**

OakStreet provides investment advice generally to individuals, corporations, pension and profit sharing plans and Taft-Hartley plans.

#### **Requirements for Opening / Maintaining an Account**

As a condition for starting or maintaining an investment management supervisory services account, OakStreet requires clients and prospective clients to select Access Financial Group, Inc. ("Access Financial") as their broker-dealer and JPMCC as their custodian. This condition applies except with relation to (i) executing certain fixed-income transactions where OakStreet's principal will generally contact brokers and dealers who are not associated with Access Financial/JPMCC, but where such transactions clear through, and settle in, a JPMCC account, and (ii) certain mutual fund shares held in custody at a mutual fund complex.

## **Item 8**

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

#### **Methods of Analysis**

OakStreet employs fundamental methods of securities analysis. Its primary sources of information used for analysis are research materials, asset allocation models and other information provided by others, financial newspapers and periodicals, company annual reports and corporate rating services.

#### **Investment Strategies**

OakStreet employs an investment strategy consistent with what was described in Item 4 above. Specifically, OakStreet's primary investment consideration for clients is a commitment to a long-term financial strategy designed to attain lifetime financial goals.

However, OakStreet will engage in short-term purchases of securities and employ option writing when requested by a client for his/her own particular purposes. These types of individual trading strategies are not part of OakStreet's core investment philosophy. As such, they will only be employed upon a client's request and engaged in after a client is apprised of the increased risk associated with speculative investments and after the client provides written affirmation to OakStreet that he/she is aware of such risks and is able to bear the financial consequences of such investments.

OakStreet will provide investment advice only on securities, cash and other investments held in a client's account handled under an OakStreet advisory agreement, including mutual fund shares held at a mutual fund custodian. However, in making investment decisions for a client's account, OakStreet will consider a client's other assets or financial obligations if they are disclosed to OakStreet.

### **Risks**

OakStreet does not guarantee the future performance of client accounts, any specific level of performance, the success of any investment decision or strategy that OakStreet may use or the success of OakStreet's overall management of client accounts.

Clients should understand that investment decisions and recommendations made for client accounts are subject to various market, currency, economic and business risks, that investment decisions will not always be profitable and that the value of a client's account will fluctuate due to market conditions and other factors. Clients should also understand that investing in securities involves risk of loss and clients should be prepared to bear those risks.

## **Item 9**

### **Disciplinary Information**

Not applicable.

## **Item 10**

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

OakStreet's principal, and certain other related persons of OakStreet, are associated persons, and licensed as registered representatives, of Access Financial. Access Financial is a fully disclosed, introducing broker-dealer that clears and settles its securities transactions through JPMCC. There is no ownership between or among Access Financial, JPMCC or OakStreet.

In his capacity as a registered representative of Access Financial, OakStreet's principal and, from time to time, certain other related persons of OakStreet, will act in their brokerage capacity when effecting securities transactions in a client's Access Financial/JPMCC account. When acting in their capacity as registered representatives of Access Financial, these individuals will not charge brokerage commissions in connection with effecting securities transactions for a client's advisory account. However, Access

Financial/JPMCC ticket charges imposed in connection with effecting securities transactions for a client's advisory account will be passed-through to the client.

## **Item 11**

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

#### **Summary of OakStreet's Code of Ethics**

OakStreet has adopted a Code of Ethics that governs the manner in which OakStreet, its officers, directors, employees and other supervised persons are to conduct themselves in all matters affecting OakStreet and their dealings with OakStreet's clients. As an investment adviser, OakStreet understands that it has a fiduciary obligation to its clients. This fiduciary relationship is premised on the special trust and confidence that OakStreet's clients place in OakStreet and its related persons; OakStreet's acceptance of that trust and confidence; and OakStreet's agreement to act for its clients by exercising its own discretion and expertise. The essence of the fiduciary relationship requires OakStreet, through its related persons, to use its best efforts on behalf of all clients by exercising its highest level of skill, care and diligence when acting on their behalf and to always place its clients' interests above its own interests and the interests of its related persons.

OakStreet's Code of Ethics contains specific policies and procedures designed to guide OakStreet and its related persons to act in accordance with their fiduciary obligations. However, more importantly, OakStreet's Code of Ethics is meant to convey to its related persons a code of ethical conduct that flows from the spirit underlying the fiduciary principles on which OakStreet's Code of Ethics is based. In particular, OakStreet's related persons understand that ethical conduct goes beyond following a set of discrete rules and embraces a spirit comprising such higher principles as integrity, honesty and truthfulness. OakStreet, and its officers and directors, value these higher principles. As such, all of OakStreet's related persons are encouraged to follow not only the specific requirements set out in the Code but also its spirit.

OakStreet has adopted within its Code of Ethics standards of business conduct that summarize its business philosophy and recognize its fiduciary obligation as an investment adviser. OakStreet's Code also contains provisions that address: the protection of its clients' nonpublic information; personal securities trading by OakStreet's related persons; limitations on gifts and gratuities able to be given or received by OakStreet and its related persons; education and training of OakStreet's related persons regarding the requirements of the Code; internal reporting of violations of the Code; enforcement of the Code; and record-keeping requirements for documents required to be made, and kept, under the Code pursuant to the Investment Advisers Act of 1940.

OakStreet will provide a copy of its Code of Ethics to clients or prospective clients upon request.

### **Participation or Interest in Client Transactions and Personal Trading**

When OakStreet is considering the purchase or sale of a security for a client account, its policies prohibit OakStreet's officers, directors and employees from purchasing or selling such security for their own accounts prior to the completion of the purchase or sale transaction for the client.

OakStreet's officers, directors and employees may purchase or sell securities for their own accounts, identical to those recommended to clients, subsequent to the completion of such purchase or sale effected for a client account. If an order for the purchase or sale of securities for an account of an OakStreet officer, director or employee is part of a "bunched" transaction with client orders, then such officer, director or employee may receive the same price as, but not a better price than, client orders included in the "bunched" order.

The ability of related persons of OakStreet to buy or sell securities for their own accounts, identical to those recommended to clients, presents a potential conflict of interest. OakStreet has addressed this potential conflict and has adopted the following policy: All purchases and sales for accounts of related persons of OakStreet must be reported to OakStreet's Chief Compliance Officer on the day such purchases or sales occur. The prices received in connection with such purchases or sales are reviewed to ensure that clients receive the best price for such transactions.

## **Item 12**

### **Brokerage Practices**

OakStreet has the authority to determine, without obtaining specific client consent, both the type, and amount, of securities to be bought or sold. However, clients may place restrictions on both of those discretionary aspects of managing an account and are given the opportunity to do so when initially completing, or later amending, their OakStreet *Client Investment Profile*.

OakStreet does not select broker-dealers for clients and has no discretionary authority to do so. OakStreet requires clients, and prospective clients, seeking OakStreet's investment management supervisory services, to select Access Financial as their broker-dealer.<sup>3</sup> Access Financial is located in Chicago, IL, and is the broker-dealer with whom OakStreet's principal is associated as a registered representative.

Clients seeking OakStreet's managed advisory account services are not required to select Access Financial as their broker-dealer. These services consist primarily of asset allocation services where advisory clients direct and authorize OakStreet to invest solely in funds available through a particular mutual fund company, under the client's personal user access for the account. Additionally, OakStreet's principal, in his capacity as a registered representative of Access Financial, will contact various brokers and dealers who are not associated with Access Financial, when effecting fixed-income securities transaction for client accounts. Fixed-income transactions nevertheless clear through, and settle in, a JPMCC account.

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<sup>3</sup> Access Financial is a fully disclosed broker-dealer that effects securities transactions through JPMCC. JPMCC also clears and settles securities transactions effected through Access Financial and is the custodian of assets maintained in JPMCC accounts.

OakStreet's principal, in his capacity as a registered representative of Access Financial, does not charge commissions on securities transactions effected in advisory accounts in which OakStreet charges an asset-based advisory fee. OakStreet's principal will, however, pass through to clients the actual ticket charge imposed by broker-dealers in connection with executing securities transactions (including ticket charges imposed by a mutual fund company where mutual fund shares are purchased directly from the mutual fund company) for their advisory accounts. Although ticket charges are negotiable between the client and OakStreet's principal, OakStreet does not allow its principal, or any other registered person related to OakStreet, to charge clients more than the actual ticket charge imposed by a broker-dealer for executing a securities transaction.

OakStreet, through its principal, executes securities transactions on behalf of advisory clients through a single broker-dealer, Access Financial. As such, execution prices may not be as favorable as execution prices received by clients who do not execute their transactions through Access Financial, nor as favorable as they otherwise may be if OakStreet's principal was to seek best price executions from other broker-dealers. Because OakStreet's principal will not seek best price execution through other broker-dealers, it can make no assurances that best price execution will be achieved for every transaction.

However, factors other than best price are evaluated in determining best execution for OakStreet's advisory clients, including (i) adhering to its policies and procedures that seek to maximize the value of a client's portfolio consistent with a client's investment objectives, risk tolerance and financial goals, (ii) evaluating execution quality, (iii) evaluating the amount of brokerage commissions charged on securities transactions, (iv) evaluating the broker-dealer's order-entry systems and timeliness of execution reports, and (v) evaluating the broker-dealer's clearance and settlement processes.

OakStreet's principal, as a registered representatives of Access Financial, will charge commissions in connection with effecting securities transactions in brokerage customers' non-discretionary, non-managed brokerage accounts.

### **Item 13**

#### **Review of Accounts**

Investment management supervisory accounts are reviewed periodically, generally on a monthly basis, and are reviewed by OakStreet's principal. Managed advisory accounts are also reviewed periodically, generally on a quarterly to semi-annual basis, and are reviewed by OakStreet's senior analyst according to review parameters determined by OakStreet's principal.

Apart from the periodic review cycle above, accounts are also triggered for review by the following: material changes in a client's individual circumstances, a client's personal needs, market fluctuations involving client holdings and infusion of assets into a client's account.

OakStreet does not prepare regular reports for clients regarding their accounts. OakStreet's principal maintains frequent personal contact with clients to discuss their portfolios and also provides investment management supervisory account clients with a monthly summary statement of their accounts. The purpose of this statement is simply to reflect the current value of a client's accounts against the

previous month's balance and against the value of the account at its inception or the beginning of the year, whichever is later. The monthly statement provided by OakStreet is not a performance report.<sup>4</sup>

## **Item 14**

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

#### **Compensation from Non-Clients Relating to Advisory Services**

##### **Interest Sharing on Margin Accounts**

OakStreet's principal, in his capacity as a registered representative, receives from Access Financial a portion of the interest paid by clients on their margin debt balances. Under this arrangement, Access Financial, through its clearing firm, JPMCC, deducts the cost of lending money to clients from the total interest paid by clients in connection with financing securities transactions in their margin accounts. In turn, Access Financial pays OakStreet's principal thirty-five percent of this remainder amount.

Because OakStreet offers discretionary management to its advisory clients, it is in a position to determine when to use margin in a client's account, for those clients that have margin accounts. As such, a potential conflict of interest exists by virtue of this arrangement because OakStreet's principal will receive a portion of the margin interest paid by clients when OakStreet determines to make discretionary investment decisions in margin accounts.

##### **Interest Sharing on Money Market Balances**

OakStreet's principal, in his capacity as a registered representative, receives from Access Financial a portion of the interest paid on clients' money market balances ("interest sharing"). Under this arrangement, Access Financial receives from its clearing firm, JPMCC, a portion of the interest sharing earned by JPMCC in its money market fund, on accounts in which JPMCC functions as custodian. In turn, Access Financial pays OakStreet's principal a pro-rata share of the interest it receives from JPMCC based on customer accounts whose cash balances are automatically swept to the JPMCC money market fund.

Because OakStreet offers discretionary management to its advisory clients, it is in a position to determine if clients' cash balances are swept into money market funds selected by the clearing firm, rather than placed in other investment vehicles. As such, a potential conflict of interest exists by virtue of this arrangement because OakStreet's principal receives a portion of the interest sharing paid to Access Financial based on the amount of their clients' assets held in the JPMCC money market fund.

##### **Re-allowance on Mutual Fund Balances**

OakStreet's principal, in connection with his client accounts in the FundCircuit and non-FundCircuit programs, receives a share of re-allowance fees paid to JPMCC by mutual funds in those programs. The total re-allowance is capped at \$50,000 annually. The re-allowance is calculated based on 10 basis points (.001) of account balances in the respective funds each quarter (2.5 basis points per quarter). There is a

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<sup>4</sup> These monthly statements are not a substitute for statements provided by qualified custodians and clients are encouraged to compare the monthly summary statement prepared by OakStreet with the statement of account provided by client's custodian.

\$25,000 annual cap on the re-allowance related to non-FundCircuit funds with a combined re-allowance share not to exceed \$50,000 annually.

#### Service Fee Revenue

OakStreet does not permit its principal to charge clients more than the actual ticket charge it incurs by Access Financial for effecting securities transactions in clients' advisory accounts. However, in addition to ticket charges, clients pay the broker-dealer a transaction service fee of \$4.00 for each securities transaction effected for their accounts. OakStreet's principal receives \$1.50 of that service fee from Access Financial.

#### Trade Errors

Trade errors are the responsibility of OakStreet's principal, in his capacity as a registered representative of Access Financial. OakStreet's principal corrects trade errors, when they occur, by taking the affected client out of the erroneous trade and placing the client into the trade as it should have been in the first instance. As such, OakStreet's principal assumes the risk, including the market risk, associated with an erroneous trade position. Access Financial nets OakStreet's principal's trade errors on a monthly basis and either charges or credits him for net losses or net gains related to erroneous trading activity. OakStreet's principal is liable for all net trading losses associated with trade errors and retains all net gains associated with trade errors.

#### Payments Made to Money Management Firms for Investment Research

OakStreet pays for investment research and asset allocation models that it uses in connection with providing investment advisory services to its clients. OakStreet purchases the research and allocation models at a negotiated variable rate price from Companion Capital Management ("CCM") according to the arrangement set out below.

OakStreet's principal receives commissions from CCM in connection with effecting securities transactions for customers of CCM money managers.<sup>5</sup> OakStreet, in turn, purchases research/models from CCM at a negotiated price, which is based on the amount of commissions earned by OakStreet's principal.

A potential conflict of interest exists by virtue of OakStreet's arrangement with CCM because CCM is affiliated with portfolio money managers in the JPMCC MAE program. OakStreet may have an incentive to recommend CCM money managers, over other money managers in the JPMCC program, because of the arrangement relating to the purchase of research/models. However, OakStreet believes it has taken mitigating steps against this potential conflict because neither OakStreet nor OakStreet's principal solicit CCM for orders and the costs of research/models are based solely on commission revenue and not on the selection or retention of CCM money managers.

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<sup>5</sup> Orders from CCM are not for any OakStreet advisory accounts.



## **Item 15**

### **Custody**

OakStreet does not maintain custody of Client's securities, funds or other assets. Custody of Client's securities, funds and other assets are maintained through the client's designated broker-dealer(s) or its clearing broker(s) or other qualified custodian(s) designated by Client.

Clients will receive account statements from their broker-dealer or other qualified custodian at least quarterly, and more frequently if transactions occur in the account. Clients should carefully review those statements when received.

OakStreet also sends out monthly statements to clients based on information in client accounts gathered from their custodian. However, these statements are meant for informational purposes only, so that clients get monthly information.

OakStreet urges clients to compare the statements received from OakStreet with the statements received from their broker-dealer or other qualified custodian.

## **Item 16**

### **Investment Discretion**

OakStreet has discretionary authority when buying and selling securities for client accounts, including discretion regarding quantity and price, in connection with its investment management services. OakStreet will not assume discretionary authority until a client authorizes it by entering into a written advisory agreement that specifically provides for such authority.

Clients have the ability place certain limitations on this authority. When entering into an advisory agreement, clients complete the OakStreet *Client Investment Profile*, which specifically allows for special instructions, limits and restrictions in connection with managing a client account.

## **Item 17**

### **Voting Client Securities**

OakStreet will not accept authority, or assume responsibility, to vote proxies for clients with respect to any securities held in client accounts whether or not OakStreet has been vested with discretionary trading authority in such accounts; including, individual accounts and plans subject to ERISA.

## **Item 18**

### **Financial Information**

OakStreet has no financial commitments or financial exposure that could impair its ability to meet its contractual commitments to clients.