

**Form ADV Part 2A  
Disclosure Brochure**

**O'Connor Capital Advisory, LLC**

6424 E. Exeter Blvd.  
Scottsdale, Arizona 85251

**Phone** (480) 947-1409  
**Fax** (480) 941-3787

**Contact Person:** James H. O'Connor

**Updated:** March 23, 2012

This brochure provides information about the qualifications and business practices of O'Connor Capital Advisory, LLC (O'Connor Capital). If you have any questions about the contents of this brochure please call us at (480) 947-1409 or email us at [joc@occapadvisory.com](mailto:joc@occapadvisory.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

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

Registration or licensing as an investment advisor does not imply a certain level of skill or training.

## **Item 2. Material Changes**

This Form ADV Part 2A Disclosure Brochure was updated on March 23, 2012 to reflect the following changes to O'Connor Capital Advisory's business:

- Items 5 and 12 were modified to remove disclosures relating to Jim O'Connor's affiliation as a registered representative with United Planners Financial Services of America.
- O'Connor Capital has implemented the following Fee Schedule:

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### Fee Schedule

<i>Investment Management Services</i>		<i>Annual Fees (Billed monthly in arrears)</i>
First	\$500,000	1.25%
Next	\$2,500,000	1.00%
Next	\$2,000,000	.75%
Next	\$2,000,000	.50%
Above	\$7,000,000	.30%

- Item 4 was updated to reflect that, as of March 7, 2012, O'Connor Capital had \$35.5 million in assets under discretionary management.
- Item 19 was added in preparation for O'Connor Capital's transition from SEC to state registration pursuant to new regulatory requirements.

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## **Item 4. Advisory Business**

### **O'Connor Capital Advisory, LLC**

This brochure provides information about the services and business practices of O'Connor Capital Advisory, LLC ("O'Connor Capital" or "Advisor"). O'Connor Capital is located in Phoenix, Arizona and provides investment advisory services to its clients. O'Connor Capital has been in the business of providing investment advisory services since March, 2010.

James H. O'Connor is the sole owner, Managing Member and Chief Compliance Officer of O'Connor Capital.

### **Portfolio Management Services**

O'Connor Capital offers personalized investment advisory services to clients based on the individual needs of the client. Factors that O'Connor Capital considers in managing client accounts or making recommendations include the client's financial situation, investment objectives, risk tolerance levels, goals and objectives.

O'Connor Capital's investment management services involve the ongoing active management of the client's portfolio and making investments for the client. Through this service, O'Connor Capital offers a highly customized and individualized investment program for clients. We work with each client to develop a specific investment strategy and investment approach that focuses on the client's goals and objectives. As of March 7, 2012, O'Connor Capital managed \$32.5 million in discretionary accounts and no asset in non-discretionary accounts.

O'Connor Capital and its Investment Advisor Representatives (IARs) provides its portfolio management services through accounts maintained at the custodian of the client's account (please see Item 12 of this brochure for more information regarding custodian selection). Under the client's Portfolio Management Services agreement, the client's IAR will be granted trading authorization over the client's account on a discretionary basis.

### **Changes to Financial Status**

Clients may consult with O'Connor Capital at any time concerning their account. Every client is urged to notify O'Connor Capital as soon as is practicable of changes in financial status or goals, as these types of changes may affect our recommendations to or the investments made for the client.

## **Item 5. Fees and Compensation**

### **Portfolio Management Services Fees**

O'Connor Capital is compensated in accordance with the following fee schedule. One twelfth of the annual fee is charged each month in arrears based on the market value of the client's account at the end of the previous month. The initial fee billed to the client is pro-rated based on the actual time under management.

#### **Fee Schedule**

<i>Investment Management Services</i>	<i>Annual Fees (Billed monthly in arrears)</i>
First \$500,000	1.25%
Next \$2,500,000	1.00%
Next \$2,000,000	.75%
Next \$2,000,000	.50%
Above \$7,000,000	.30%

Clients account will be directly debited, as authorized by the client in writing, for investment management fees due.

Clients or O'Connor Capital may terminate an individually managed account at any time upon 30 days written notice to other party. The pro-rata portion of the monthly fee through the date of termination will be

charged to the client. The client has the right to terminate an agreement without penalty within five business days after entering into the agreement.

In certain circumstances, all fees may be negotiable. In addition, certain affiliated persons of O'Connor Capital and family members and personal acquaintances of O'Connor Capital's affiliated persons may receive advisory services at a discounted rate which is not available to advisory clients generally.

Clients shall be provided statements from their selected custodian that reflect all account activity, including management fee billing, and are responsible for verifying the accuracy of the fees and charges by the custodian and/or O'Connor Capital.

### ***Commissionable Insurance Products***

Mr. O'Connor is an independent licensed insurance agent appointed with a number of insurance companies and may occasionally offer clients insurance products. When a client purchases insurance products from Mr. O'Connor through these affiliations, he will receive compensation in the form of commissions and insurance trail fees. This is a conflict of interest, as this receipt of additional compensation can conflict with the fiduciary duties owed to clients by an investment advisor. Investment advisory clients are under no obligation to purchase from Mr. O'Connor any commissionable insurance products that he recommends and may purchase such securities from the insurance company of their choice.

While O'Connor Capital has procedures in place that endeavors to at all time to put the interest of the clients first as a part of the O'Connor Capital's fiduciary duty, clients should be aware that the receipt of commissions and additional compensation itself creates a conflict of interest, and may affect the judgment of Mr. O'Connor when making recommendations.

### **Additional Fees and Expenses**

#### ***Mutual Fund and Other Internal Investment Charges***

When recommending mutual funds in the Portfolio Management Service, O'Connor Capital generally recommends only no-load or load-waived mutual funds. However, all mutual funds, exchange traded funds and other investment company securities (Funds) incur certain types of charges and expenses, which are paid from the value of the mutual funds' shares. These charges and expenses include investment management, transaction, administrative, distribution, transfer agent, custodial, legal, audit and other customary fees. If your account holds any such Fund shares, you will be indirectly paying these expenses, which are in addition to your Portfolio Management Services management fee. You are encouraged to read the prospectuses of any Funds which are purchased in your account for a more complete explanation of these fees and expenses.

#### ***Investments Available without O'Connor Capital's Services***

With certain exceptions, you can purchase shares of Funds and other investments outside of your Portfolio Management account without paying for and receiving the benefit of O'Connor Capital's management services which are designed, among other things, to assist the client in determining which fund or funds are most appropriate to the client's financial condition and objectives. Certain Funds are offered generally to the public without a sales charge and, for those Funds that are offered with a sales charge, the sales charge described in the Fund's Prospectus may be more or less than O'Connor Capital's management fee charged over time. Accordingly, the client should review both the fees charged by the funds and the fees charged by O'Connor Capital to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided. While O'Connor Capital believes its fees are competitive with fees charges by other investment advisors for comparable services, comparable services may be available from other sources for lower fees than those charged by O'Connor Capital.

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### ***Tax Consequences of Transactions***

Clients are advised that any redemptions and exchanges between Funds and other securities transactions in the client's Portfolio Management account might have tax consequences, which clients should discuss with their independent tax advisor.

### ***Brokerage and Custodial Charges***

In addition to O'Connor Capital's Portfolio Management fee, you will also pay any brokerage or custodial costs associated with your account. For more information about O'Connor Capital's brokerage recommendations and arrangements, please refer to Item 12 of this brochure.

## **Item 6. Performance-Based Fees and Side-By-Side Management**

O'Connor Capital does not charge fees based on a share of capital gains up or capital appreciation of the assets in a client's account.

## **Item 7. Types of Clients**

While O'Connor Capital primarily provides investment advisory services to high net worth individuals, families and institutional clients, it may also provide advice to other types of clients on a case by case basis.

O'Connor Capital generally has a \$100,000 account minimum. O'Connor Capital, in its sole discretion, may reduce its account minimum or charge a lesser investment management fee based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.).

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

### **Methods of Analysis, Investment Strategies**

O'Connor Capital's methods of analysis include charting analysis, fundamental analysis, technical analysis and cyclical analysis. The main sources of information O'Connor Capital uses include financial newspapers and magazines, inspections of corporate activities, research materials prepared by others, corporate ratings services, timing services, annual reports, prospectuses and other filings with the Securities and Exchange Commission, as well as company press releases.

### **Investment Strategies**

In the management of client accounts, O'Connor Capital primarily uses long-term and short-term purchases.

### **Risk of Loss**

All investments and investment programs have certain risks that are associated with them and which the investor must bear. Following are the types of risk that may arise to clients due to the types of securities that are recommended to or purchased for clients:

Business Risk – the risk that the price of an investment will change due to factors unique to that company, investment or market segment and not the market in general.

Liquidity Risk – the risk associated with the ease of being able to quickly convert the value of a security into an equivalent amount of cash. For example, money market funds are readily convertible (liquid) while certain limited partnership units or real estate are not.

Financial Risk – the risk to specific companies' future earnings due to their use of debt. Companies that borrow money must pay it back at some future date, plus the interest charges. This increases the uncertainty about the company because it must have enough income to pay back this amount at some time in the future.

Exchange Rate (Currency) Risk – the risk that investors in foreign investments may be subject to different exchange rates at the time they wish to convert investment proceeds back to their home

currency. If exchange rate risk is high, even though substantial profits may have been made in the foreign markets, a less favorable exchange rate may reduce or eliminate these profits.

Country (Political) Risk – the risk that a major change in the political or economic environment of a foreign country may devalue investments made in that country. This risk is usually restricted to emerging or developing countries that do not have stable economic or political environments.

Market Risk – the risk that the price of a particular investment will change as a result of overall market conditions that are not specific to that particular company or investment.

Interest Rate Risk – the risk that interest rate changes will affect the price of a particular investment. For example, when interest rates rise, the price of bonds generally fall.

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

O'Connor Capital and its management personnel have not been involved in any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of management.

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

#### **Insurance Company Affiliations**

James O'Connor is also a licensed insurance agent appointed with various insurance companies and may occasionally offer clients fixed insurance and annuity products from these companies. Please see Item 5 above for more information about this activity, including conflicts of interest.

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

#### **Code of Ethics**

O'Connor Capital has adopted a Code of Ethics (Code) that sets forth standards of business conduct, including compliance with applicable state and federal securities laws, that it requires of its officers, management and employees (associated persons). The Code is based on the principle that O'Connor Capital and its associated persons have an overarching fiduciary duty to, at all times, place the interests of its clients first. The Code establishes that no associated person of O'Connor Capital shall prefer their own interests to those of advisory clients and, among other things, prohibits the use of material non-public information. A copy of O'Connor Capital's Code is available upon written request.

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

Employees of O'Connor Capital may invest in securities for their personal accounts that are also recommended to clients of the firm. Each employee is required to provide O'Connor Capital with quarterly statements that show all trading activity and current holdings. Additionally, employee transactions are subject to limitations regarding the type and timing of transactions, including certain trading prohibitions and pre-approval and monitoring by a compliance officer of O'Connor Capital. Subject to restrictions listed above, O'Connor Capital and its employees may at any time, buy, increase, decrease or sell positions in investments for their own account in which a client may have an interest.

### **Item 12. Brokerage Practices**

#### **Recommendation of Broker/Dealers for Portfolio Management Services**

O'Connor Capital requires that clients who wish to engage O'Connor Capital for its Portfolio Management Services direct us to use Fidelity Institutional Wealth Services (FIWS), a leading provider of trading, custody and brokerage services to independent investment advisors, such as O'Connor Capital. FIWS may use the trading and custodial services of its affiliates, Fidelity Brokerage Services, LLC ("FBS"), member NYSE/SIPC or National Financial Services ("National Financial"), LLC, which are affiliates of each other and FIWS and independent FINRA member broker dealers. FIWS, FBS and National Financial (collectively "Fidelity") are affiliates of each other. Fidelity is not affiliated with O'Connor Capital.

Clients should be aware of the following important facts regarding O'Connor Capital's exclusive use of Fidelity:

- This limitation on the use of broker-dealers may affect O'Connor Capital's ability to achieve most favorable execution of client transactions, and therefore may cost clients more money; and
- Not all investment advisers require clients to use specified broker-dealers.

O'Connor Capital participates in Fidelity's institutional customer program. There is no direct link between O'Connor Capital's participation in the program and the investment advice it gives to its clients, although the firm does receive some economic benefits through its participation in the program that are typically not available to Fidelity retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving Advisor participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to O'Connor Capital by third party vendors.

Some of the products and services made available by Fidelity through the program may benefit O'Connor Capital but may not benefit its client accounts. These products or services may assist O'Connor Capital in managing and administering client accounts, including accounts not maintained at Fidelity. Other services made available by Fidelity are intended to help O'Connor Capital manage and further develop its business enterprise. The benefits received by O'Connor Capital or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to Fidelity. As part of its fiduciary duties to clients, the firm endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by O'Connor Capital or its related persons in and of itself creates a potential conflict of interest and may indirectly influence the O'Connor Capital's recommendation of Fidelity for custody and brokerage services.

When O'Connor Capital is placing transactions for your account at about the same time and for the same security as for other client accounts, it may aggregate your transaction with the transactions of other clients. This provides each client with average pricing for the transaction, so that no client is disadvantaged by when their account is traded versus when another client's account is traded. If an aggregated order is only partially filled, O'Connor Capital has procedures in place to ensure that no client is systematically disadvantaged through the allocation process. In instances when O'Connor Capital is placing multiple client trades in the same security at approximately the same time, and the security is priced intra-day rather than end-of-day, O'Connor Capital has procedures in place to ensure that no single client is systematically disadvantaged by where their transaction is placed in the trading queue. Even so, because each transaction is placed separately, not all clients will pay or receive the same price for the security and the price a particular client pays or receives may be higher or lower than that of other clients.

Clients are advised there is an incentive for O'Connor Capital and its IARs to recommend a broker/dealer over another based on the products and services that will be received rather than the client's best interest.

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

Client accounts are reviewed by the assigned IAR on an as needed basis, but at least quarterly, to ensure that it is being invested according to the stated goals and investment policies set forth by the client and the firm. Additionally a comprehensive annual review will be conducted by the firm and the client.

Clients will receive statements at least quarterly from the custodian at which their accounts are maintained. Clients should review these statements carefully for accuracy.



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

O'Connor Capital does directly or indirectly compensate others for referring clients to the firm.

O'Connor Capital has no arrangements in which it receives economic benefits from others for providing investment advice to clients.

#### **Item 15. Custody**

Except for the direct billing of account fees (as authorized by clients in writing), O'Connor Capital does not have any arrangements by which it accepts or undertakes custody of client funds or securities. Client funds and securities are always held with a qualified custodian, such as Fidelity, who will provide the client with an account statement at least each calendar quarter. The account statement, which you should review carefully, shows the amount of O'Connor Capital's management fees that are deducted from your account during the period covered by the statement.

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

Accounts are managed on a discretionary basis upon receiving written authorization from the client. When discretionary authority is granted, O'Connor Capital will have the authority to determine the type of securities and the amount of securities that can be bought or sold for the client portfolio without obtaining the client's consent for each transaction.

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

As a matter of firm policy and practice, O'Connor Capital and its IARs do not perform proxy-voting services on a client's behalf. Clients are instructed to read through the information provided with the proxy voting documents and to make a determination based on the information provided. In some instances, upon request from the client, O'Connor Capital may give limited clarification based on their understanding of issues presented in the proxy-voting materials. However, the client will have the ultimate responsibility for making all proxy-voting decisions.

O'Connor Capital will neither advise nor act on behalf of the client in legal proceedings involving companies whose securities are held in the client's account(s), including, but not limited to, the filing of "Proofs of Claim" in class action settlements. If desired, clients may direct Advisor to transmit copies of class action notices to the client or a third party. Upon such direction, Advisor will make commercially reasonable efforts to forward such notices in a timely manner.

#### **Item 18. Financial Information**

O'Connor Capital does not require or solicit the prepayment of any fees more than six months in advance of services rendered. Additionally, O'Connor Capital does not have any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients.

#### **Item 19. Requirements for State-Registered Advisors**

Following is the formal education and business background of each of O'Connor Capital's principal executive officers and management personnel:

##### **James H. O'Connor**

##### *Education*

MIM,MBA Thunderbird, American Graduate School of International Management  
BA San Diego State University

##### *Experience*

O'Connor Capital Advisory, LLC, Managing Member, 01/10 to Present  
United Planners Financial Services of America, Registered Representative and Principal, 01/11 - 11/11  
Contango Capital Advisors Sr. Wealth Advisor, Arizona 05/06-11/08  
BG Associates, Inc.- Wealth Advisory, President, 8/98- 05/06  
BG Associates, Inc.- Wealth Advisory, Associate, 01/90-8/98