

# Disclosure Brochure

December 2, 2013

## **OceanIQ Capital, LLC**

*A Registered Investment Adviser*

This brochure provides information about the qualifications and business practices of OceanIQ Capital, LLC (hereinafter "OceanIQ Capital"). If you have any questions about the contents of this brochure, please contact Kai Chen at (415) 229-9000. 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 OceanIQ Capital, LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

OceanIQ Capital, LLC is an SEC registered investment adviser. Registration does not imply any level of skill or training.

100 Pine Street, Suite 2700, San Francisco, CA, 94111 | (415) 229-9000

## **Item 2. Material Changes**

In this Item, OceanIQ Capital is required to discuss any material changes that have been made to the brochure since the last annual amendment filed. As this brochure has been prepared in connection with the firm's initial launch, there are no material changes to disclose.

## Item 3. Table of Contents

### Firm Disclosure Brochure

Item 1.	Cover Page .....	i
Item 2.	Material Changes .....	ii
Item 3.	Table of Contents .....	iii
Item 4.	Advisory Business .....	4
Item 5.	Fees and Compensation .....	6
Item 6.	Performance-Based Fees and Side-by-Side Management .....	8
Item 7.	Types of Clients.....	8
Item 8.	Methods of Analysis, Investment Strategies and Risk of Loss .....	9
Item 9.	Disciplinary Information .....	10
Item 10.	Other Financial Industry Activities and Affiliations .....	11
Item 11.	Code of Ethics .....	11
Item 12.	Brokerage Practices .....	12
Item 13.	Review of Accounts.....	15
Item 14.	Client Referrals and Other Compensation .....	15
Item 15.	Custody .....	16
Item 16.	Investment Discretion.....	16
Item 17.	Voting Client Securities .....	16
Item 18.	Financial Information .....	17

## Item 4. Advisory Business

OceanIQ Capital offers various advisory services, which include financial planning and wealth management services. The firm is focused on understanding clients' goals, concerns and risk tolerance, and to then propose and implement a customized investment and wealth management strategy to address them. Prior to rendering any of the foregoing advisory services, clients are required to enter into one or more written agreements with OceanIQ Capital setting forth the relevant terms and conditions of the advisory relationship (the "*Agreement*").

The firm has been conducting business as an investment adviser since October 2013, and is owned by its Managing Member, Kai Chen. As this is part of OceanIQ Capital's initial launch, it does not have any assets under management to report at this time.

While this brochure generally describes the business of OceanIQ Capital, certain sections also discuss the activities of its *Supervised Persons*, which refer to the firm's employees, officers, partners, directors (or other persons occupying a similar status or performing similar functions), or any other person who provides investment advice on OceanIQ Capital's behalf and is subject to the firm's supervision or control.

### Financial Planning Services

---

OceanIQ Capital offers clients a broad range of financial planning and consulting services, which may include any or all of the following functions:

- Cash Flow Analysis
- Asset Allocation
- Retirement Planning
- Estate Planning
- Investment Consulting
- Business Planning
- Education Planning
- Tax Minimization Strategies

These services are generally rendered in conjunction with investment portfolio management as part of a wealth management engagement (as described further below). In performing these services, OceanIQ Capital is not required to verify any information received from the client or from the client's other professionals (e.g., attorneys, accountants, etc.) and is expressly authorized to rely on such information.

The firm may recommend the services of itself, its *Supervised Persons* in their individual capacities as registered representatives of a broker-dealer and/or other professionals to implement its recommendations. Clients are advised that a conflict of interest exists if clients engage OceanIQ Capital to provide additional services. Clients are under no obligation to act upon any of the recommendations made by the firm under a financial planning or consulting engagement or to engage the services of any such recommended professionals, including the firm itself. Clients are advised that it remains their responsibility to promptly notify OceanIQ Capital of any change in their financial situation or investment

objectives for the purpose of reviewing, evaluating or revising the firm's previous recommendations and/or services.

## Wealth Management Services

---

OceanIQ Capital provides clients with wealth management services which generally include financial planning services as well as the discretionary or non-discretionary management of investment portfolios.

The firm primarily allocates client assets among mutual funds, exchange-traded funds ("ETFs"), individual equity securities, fixed income and various independent investment managers ("*Independent Managers*"). In addition, OceanIQ Capital may recommend that clients who qualify as accredited investors, as defined by Rule 501 of the Securities Act of 1933, invest in privately placed securities, which may include debt, equity and/or interests in pooled investment vehicles (e.g., hedge funds, private equity funds, etc.). Where appropriate, the firm may also provide advice about any type of legacy position or other investment held in client portfolios.

Clients may engage OceanIQ Capital to advise on certain investment products that are not maintained at their primary custodian, such as variable life insurance and annuity contracts and assets held in employer sponsored retirement plans and qualified tuition plans (i.e., 529 plans). In these situations, OceanIQ Capital directs or recommends the allocation of client assets among the various investment options available with the product. These assets are generally maintained at the underwriting insurance company or the custodian designated by the product's provider.

The firm tailors its advisory services to meet the needs of its individual clients and continuously seeks to ensure that client portfolios are managed in a manner consistent with their specific investment profiles. OceanIQ Capital consults with clients on an initial and ongoing basis to determine their specific risk tolerance, time horizon, liquidity constraints and other qualitative factors relevant to the management of their portfolios. Clients are advised to promptly notify OceanIQ Capital if there are changes in their financial situation or if they wish to place any limitations on the management of their portfolios. Clients may impose reasonable restrictions or mandates on the management of their accounts if the firm determines, in its sole discretion, the conditions would not materially impact the performance of a management strategy or prove overly burdensome to the firm's management efforts.

## Use of Independent Managers

---

As mentioned above, OceanIQ Capital may select certain *Independent Managers* to actively manage a portion of its clients' assets. The specific terms and conditions under which a client engages an *Independent Manager* are set forth in a separate written agreement between the designated *Independent Manager* and either OceanIQ Capital or the client.

OceanIQ Capital evaluates various information about each *Independent Manager* it chooses, which may include public disclosure documents, materials supplied by the *Independent Managers* themselves and/or

other third-party analyses it believes are reputable. To the extent possible, the firm seeks to assess the *Independent Managers'* investment strategies, past performance and risk results in relation to its clients' individual portfolio allocations and risk exposure. OceanIQ Capital also seeks to take into consideration each *Independent Manager's* management style, returns, reputation, financial strength, reporting, pricing and research capabilities, among other factors.

OceanIQ Capital provides services relative to the discretionary selection and/or non-discretionary recommendation of the *Independent Managers*. The firm monitors the performance of those accounts being managed by *Independent Managers* on an ongoing basis, and seeks to ensure the strategies and target allocations utilized remain aligned with its clients' investment objectives and overall best interests.

## **Sponsor and Manager of Wrap Program**

---

OceanIQ Capital is the sponsor and manager of the OceanIQ Capital Wrap Fee Program (the "*Program*"), a wrap fee program (i.e., an arrangement where brokerage commissions and transaction costs are absorbed by the Firm). Accounts managed through the *Program* are done so in substantially the same manner as those managed under a non-wrap arrangement. Participants in the *Program* may pay a higher aggregate fee than if investment management and brokerage services are purchased separately. Additional information about the *Program* is available in OceanIQ Capital's Wrap Brochure, which appears as Part 2A Appendix 1 of the Firm's Form ADV.

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

### **Wealth Management Fees**

---

OceanIQ Capital provides wealth management services for an annual fee based on the amount of assets under the firm's management. The fee varies between 50 and 175 basis points (0.50% – 1.75%), depending upon the size of a client's portfolio, the type of services rendered and whether the fee charged by an *Independent Manager* is included. Certain legacy clients may be subject to a different fee schedule. The annual fee is prorated and charged quarterly, in advance, based upon the market value of the assets being managed by OceanIQ Capital on the last day of the previous billing period.

For the initial term of an engagement, the fee is calculated on a *pro rata* basis. In the event the *Agreement* is terminated, the fee for the final billing period is prorated through the effective date of the termination and the unearned portion is refunded to the client, as appropriate.

### **Fee Discretion**

---

OceanIQ Capital, in its sole discretion, may negotiate to charge a lesser fee based upon certain criteria, such as anticipated future earning capacity, anticipated future additional assets, dollar amount of assets

to be managed, related accounts, account composition, pre-existing/legacy client relationship, account retention and *pro bono* activities.

### **Additional Fees and Expenses**

---

In addition to the advisory fees paid to OceanIQ Capital, clients may also incur certain charges imposed by other third parties, such as broker-dealers, custodians, trust companies, banks and other financial institutions (collectively "*Financial Institutions*"). These additional charges may include securities brokerage commissions, transaction fees, custodial fees, fees charged by the *Independent Managers*, charges imposed directly by a mutual fund or ETF in a client's account, as disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees and other fees and taxes on brokerage accounts and securities transactions. The firm's brokerage practices are described at length in Item 12, below.

### **Fee Debit**

---

Clients generally provide OceanIQ Capital with the authority to directly debit their accounts for payment of the firm's investment advisory fees. The *Financial Institutions* that act as qualified custodian for client accounts have agreed to send statements to clients not less than quarterly detailing all account transactions, including any amounts paid to OceanIQ Capital. Alternatively, clients may elect to have the firm send them an invoice for direct payment.

### **Account Additions and Withdrawals**

---

Clients may make additions to and withdrawals from their account at any time, subject to the firm's right to terminate an account and subject to the usual and customary securities settlement procedures. Additions may be in cash or securities provided that the firm reserves the right to liquidate any transferred securities or decline to accept particular securities into a client's account. If assets are deposited into or withdrawn from an account after the inception of a billing period, the fee payable with respect to such assets will be prorated to reflect the change in portfolio value.

OceanIQ Capital designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client's investment objectives. The firm may consult with its clients about the options and implications of transferring securities. Clients are advised that when transferred securities are liquidated, they may be subject to transaction fees, fees assessed at the mutual fund level (i.e. contingent deferred sales charge) and/or tax ramifications.

## Commissions or Sales Charges for Recommendations of Securities

---

Clients can engage certain persons associated with OceanIQ Capital (but not OceanIQ Capital) to render securities brokerage services under a separate commission-based arrangement. Clients are under no obligation to engage such persons and may choose brokers or agents not affiliated with OceanIQ Capital.

Under this arrangement, the firm's *Supervised Persons*, in their individual capacities as registered representatives of S F Sentry Securities, Inc. ("*SF Sentry Securities*"), may provide securities brokerage services and implement securities transactions under a separate commission based arrangement. *Supervised Persons* may be entitled to a portion of the brokerage commissions paid to *SF Sentry Securities*, as well as a share of any ongoing distribution or service (trail) fees from the sale of mutual funds. Prior to effecting any transactions, clients are required to enter into a separate account agreement with *SF Sentry Securities*. OceanIQ Capital does not receive any portion of the commissions or transactional fees charged to *SF Sentry Securities*.

A conflict of interest exists to the extent that OceanIQ Capital recommends the purchase of securities where OceanIQ Capital's *Supervised Persons* receive commissions or other additional compensation as a result of the firm's recommendations. The firm has procedures in place to ensure that any recommendations made by such *Supervised Persons* are in the best interest of clients. For certain accounts covered by the Employee Retirement Income Security Act ("ERISA") and such others that OceanIQ Capital, in its sole discretion, deems appropriate, the firm may provide its investment advisory services on a fee-offset basis. In this scenario, OceanIQ Capital may offset its fees by an amount equal to the aggregate commissions and 12b-1 fees earned by OceanIQ Capital's *Supervised Persons* in their individual capacities as registered representatives of *SF Sentry Securities*.

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

The firm does not currently provide any services for a performance-based fee (i.e., a fee based on a share of capital gains or capital appreciation of a client's assets).

## Item 7. Types of Clients

OceanIQ Capital provides its services primarily to individuals, trusts, estates, charitable organizations, corporations and other business entities

## Minimums Imposed By Independent Managers

---

OceanIQ Capital does not impose a minimum portfolio size or minimum annual fee. Certain *Independent Managers* may, however, impose more restrictive account requirements and varying billing practices than the firm. In such instances, OceanIQ Capital may alter its corresponding account requirements and/or billing practices to accommodate those of the *Independent Managers*.



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

### Investment Strategies and Methods of Analysis

---

OceanIQ Capital utilizes various methods of analysis to analyze investments for clients including, but not limited to, fundamental analysis. The firm focuses on income generation, and balances this against each client's risk tolerance. OceanIQ Capital looks at top-down, macro trends that affect client investments. The firm analyzes the sustainable competitive advantage of investments as well as the reduction of downside risk.

Fundamental analysis involves the fundamental financial condition and competitive position of a company. OceanIQ Capital will analyze the financial condition, capabilities of management, earnings, new products and services, as well as the company's markets and position amongst its competitors in order to determine the recommendations made to clients. The primary risk in using fundamental analysis is that while the overall health and position of a company may be good, market conditions may negatively impact the security.

Specifically, as stated above, the firm primarily allocates client assets among mutual funds, ETFs, individual equity securities, fixed income and various *Independent Managers*. In addition, OceanIQ Capital may recommend that clients who qualify as accredited investors invest in privately placed securities, which may include debt, equity and/or interests in pooled investment vehicles (e.g., hedge funds, private equity funds, etc.).

### Risks of Loss

---

#### *General Risk of Loss*

Investing in securities involves the risk of loss. Clients should be prepared to bear potential losses.

#### *Market Risks*

The profitability of a portion of OceanIQ Capital's recommendations may depend to a great extent upon correctly assessing the future course of price movements of bonds and other securities. There can be no assurance that OceanIQ Capital will be able to predict those price movements accurately.

#### *Use of Independent Managers*

As stated above, OceanIQ Capital may recommend the use of *Independent Managers*. In these situations, the firm continues to conduct ongoing due diligence of such managers, but such recommendations rely to a great extent on the *Independent Managers'* ability to successfully implement their own investment strategies. In addition, OceanIQ Capital generally may not have the ability to supervise the *Independent Managers* on a day-to-day basis.

## *Mutual Funds and ETFs*

An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual fund and ETF shareholders are necessarily subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains, as mutual funds and ETFs are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss.

Shares of mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value ("NAV"), plus any shareholders fees (e.g., sales loads, purchase fees, redemption fees). The per share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes to the market value of the fund's holdings. The trading prices of a mutual fund's shares may differ significantly from the NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's shares trading at a premium or discount to actual NAV.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed based ETFs and more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their *pro rata* NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 20,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.

## *Use of Private Collective Investment Vehicles*

OceanIQ Capital may recommend the investment by certain clients in privately placed collective investment vehicles (some of which may be typically called "hedge funds"). The managers of these vehicles will have broad discretion in selecting the investments. There are few limitations on the types of securities or other financial instruments which may be traded and no requirement to diversify. The hedge funds may trade on margin or otherwise leverage positions, thereby potentially increasing the risk to the vehicle. The client will receive a private placement memorandum and/or other documents explaining such risks.

## **Item 9. Disciplinary Information**

OceanIQ Capital has not been involved in any legal or disciplinary events that require disclosure and are material to a client's evaluation of its advisory business or the integrity of its management.

## Item 10. Other Financial Industry Activities and Affiliations

### Relationship with San Francisco Sentry

---

OceanIQ Capital has entered into an arrangement with San Francisco Sentry (“*SF Sentry*”) under which OceanIQ Capital is provided with access to *SF Sentry*’s open-architecture family office and wealth management platform. The firm’s Managing Member, Kai Chen, is also a Managing Director at *SF Sentry*. This relationship allows OceanIQ Capital to leverage *SF Sentry*’s network of third-party service providers for a variety of matters related to technology, separate account management, research, compliance support, portfolio accounting, performance reporting and other related functions.

In addition, certain of the firm’s *Supervised Persons* are registered representatives of *SF Sentry Securities* and may provide clients with securities brokerage services under a separate commission-based arrangement. This brokerage arrangement and any related conflicts are disclosed in Items 5 and 12.

### Receipt of Insurance Commission

---

Certain of OceanIQ Capital’s *Supervised Persons*, in their individual capacities, are also licensed insurance agents with various insurance companies, and in such capacity, may recommend, on a fully-disclosed commission basis, the purchase of certain insurance products. A conflict of interest exists to the extent that OceanIQ Capital recommends the purchase of insurance products where the firm’s *Supervised Persons* receive insurance commissions or other additional compensation.

## Item 11. Code of Ethics

OceanIQ Capital has adopted a code of ethics in compliance with applicable securities laws (“*Code of Ethics*”) that sets forth the standards of conduct expected of its *Supervised Persons*. OceanIQ Capital’s *Code of Ethics* contains written policies reasonably designed to prevent certain unlawful practices such as the use of material non-public information by the firm or any of its *Supervised Persons*, and the trading of securities ahead of clients in order to take advantage of pending orders.

The *Code of Ethics* also requires certain of OceanIQ Capital’s personnel (called “*Access Persons*”) to report their personal securities holdings and transactions and obtain pre-approval of certain investments (e.g., initial public offerings, limited offerings). However, the firm’s *Supervised Persons* are permitted to buy or sell securities that it also recommends to clients if done in a manner consistent with the firm’s policies and procedures. This *Code of Ethics* has been established recognizing that some securities trade in sufficiently broad markets to permit transactions by *Access Persons* to be completed without any appreciable impact on the markets of such securities. Therefore, under certain limited circumstances, exceptions may be made to the policies stated below.

When the firm is engaging in or considering a transaction in any security on behalf of a client where there may be a potential for conflict, no *Access Person* may knowingly effect for themselves or for their immediate family (i.e., spouse, minor children and adults living in the same household as the *Access Person*) a transaction in that security unless:

- the transaction has been completed;
- the transaction for the *Access Person* is completed as part of a batch trade (as defined below in Item 12) with clients; or
- a decision has been made not to engage in the transaction for the client.

These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers' acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements; (iii) shares issued by mutual funds or money market funds; and (iv) shares issued by unit investment trusts that are invested exclusively in one or more mutual funds.

Clients and prospective clients may contact OceanIQ Capital to request a copy of its *Code of Ethics*.

### Item 12. Brokerage Practices

OceanIQ Capital generally recommends that clients utilize the brokerage and clearing services of Pershing, LLC through Pershing Advisor Solutions ("*Pershing*") for investment management accounts.

Factors which OceanIQ Capital considers in recommending *Pershing* or any other broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research and service. *Pershing* enables the firm to obtain mutual funds without transaction charges and other securities at nominal transaction charges. The commissions and/or transaction fees charged by *Pershing* may be higher or lower than those charged by other *Financial Institutions*.

The commissions paid by OceanIQ Capital's clients comply with the firm's duty to obtain "best execution." Clients may pay commissions that are higher than another qualified *Financial Institution* might charge to effect the same transaction where the firm determines that the commissions are reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a *Financial Institution's* services, including among others, the value of research provided, execution capability, commission rates, and responsiveness. The firm seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

OceanIQ Capital periodically and systematically reviews its policies and procedures regarding its recommendation of *Financial Institutions* in light of its duty to obtain best execution.

The client may direct OceanIQ Capital in writing to use a particular *Financial Institution* to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that *Financial Institution*, and the firm will not seek better execution services or prices from other *Financial Institutions* or be able to “batch” client transactions for execution through other *Financial Institutions* with orders for other accounts managed by OceanIQ Capital (as described below). As a result, the client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case. Subject to its duty of best execution, the firm may decline a client’s request to direct brokerage if, in OceanIQ Capital’s sole discretion, such directed brokerage arrangements would result in additional operational difficulties or violate restrictions imposed by other broker-dealers (as further discussed below).

Transactions for each client generally will be effected independently, unless OceanIQ Capital decides to purchase or sell the same securities for several clients at approximately the same time. The firm may (but is not obligated to) combine or “batch” such orders to obtain best execution, to negotiate more favorable commission rates, or to allocate equitably among OceanIQ Capital’s clients differences in prices and commissions or other transaction costs that might not have been obtained had such orders been placed independently. Under this procedure, transactions will generally be averaged as to price and allocated among the firm’s clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that OceanIQ Capital determines to aggregate client orders for the purchase or sale of securities, including securities in which the firm’s *Supervised Persons* may invest, OceanIQ Capital generally does so in accordance with applicable rules promulgated under the Investment Advisers Act of 1940 (“Advisers Act”) and no-action guidance provided by the staff of the U.S. Securities and Exchange Commission. OceanIQ Capital does not receive any additional compensation or remuneration as a result of the aggregation. In the event that the firm determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include: (i) when only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates; (ii) allocations may be given to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account’s assets after an order is placed); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a *de minimis* allocation in one or more accounts, OceanIQ Capital may exclude the account(s) from the allocation; the transactions may be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

Consistent with obtaining best execution, brokerage transactions may be directed to certain broker-dealers in return for investment research products and/or services which assist OceanIQ Capital in its investment decision-making process. Such research generally will be used to service all of the firm's clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing that client's portfolio. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest because OceanIQ Capital does not have to produce or pay for the products or services.

### **Commissions or Sales Charges for Recommendations of Securities**

---

As discussed above, certain *Supervised Persons* in their respective individual capacities, are registered representatives of *SF Sentry Securities*. These *Supervised Persons* are subject to FINRA Rule 3040 which restricts registered representatives from conducting securities transactions away from their broker-dealer unless *SF Sentry Securities* provides written consent. Therefore, clients are advised that certain *Supervised Persons* may be restricted to conducting securities transactions through *SF Sentry Securities* unless they first secure written consent from *SF Sentry Securities* to execute securities transactions through a different broker-dealer. Absent such written consent or separation from *SF Sentry Securities*, these *Supervised Persons* are prohibited from executing securities transactions through any broker-dealer other than *SF Sentry Securities* under *SF Sentry Securities*' internal supervisory policies. OceanIQ Capital is cognizant of its duty to obtain best execution and has implemented policies and procedures reasonably designed in such pursuit.

### **Software and Support Provided by Financial Institutions**

---

OceanIQ Capital may receive from a *Pershing* without cost to OceanIQ Capital, computer software and related systems support, which allow the firm to better monitor client accounts maintained at *Pershing*. OceanIQ Capital may receive the software and related support without cost because the firm renders investment management services to clients that maintain assets at *Pershing*. The software and support is not provided in connection with securities transactions of clients (i.e. not "soft dollars"). The software and related systems support may benefit OceanIQ Capital, but not its clients directly. In fulfilling its duties to its clients, OceanIQ Capital endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the firm's receipt of economic benefits from a broker-dealer creates a conflict of interest since these benefits may influence OceanIQ Capital's choice of broker-dealer over another broker-dealer that does not furnish similar software, systems support, or services.

Additionally, OceanIQ Capital may receive the following benefits from *Pershing* through its Pershing Advisor Solutions division: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk that exclusively services its Pershing Advisor Solutions participants; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and access to an electronic communication network for client order entry and account information.

## Item 13. Review of Accounts

### Account Reviews

---

For those clients to whom OceanIQ Capital provides wealth management services, the firm monitors those portfolios as part of an ongoing process to better position the client towards meeting their financial goals. Regular, account reviews of wealth management client portfolios are conducted on a quarterly basis by one of the firm's investment adviser representatives. All investment advisory clients are encouraged to discuss their needs, goals, and objectives with OceanIQ Capital and to keep the firm informed of any changes thereto. OceanIQ Capital contacts ongoing investment advisory clients at least annually to review its previous services and/or recommendations and to discuss the impact resulting from any changes in the client's financial situation and/or investment objectives.

### Account Statements and Reports

---

Clients are provided with transaction confirmation notices and regular summary account statements directly from the *Financial Institutions* where their assets are custodied. From time-to-time or as otherwise requested, clients may also receive written or electronic reports from OceanIQ Capital and/or an outside service provider, which contain certain account and/or market-related information, such as an inventory of account holdings or account performance. Clients should compare the account statements they receive from their custodian with those they receive from OceanIQ Capital or an outside service provider.

## Item 14. Client Referrals and Other Compensation

### Client Referrals

---

If a client is introduced to OceanIQ Capital by either an unaffiliated or an affiliated solicitor, OceanIQ Capital may pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Advisers Act and any corresponding state securities law requirements. Any such referral fee is paid solely from the firm's investment management fee, and does not result in any additional charge to the client. If the client is introduced to OceanIQ Capital by an unaffiliated solicitor, the solicitor provides the client with a copy of the firm's written disclosure brochure which meets the requirements of Rule 204-3 of the Advisers Act and a copy of the solicitor's disclosure statement containing the terms and conditions of the solicitation arrangement including compensation. Any affiliated solicitor of OceanIQ Capital discloses the nature of his/her relationship to prospective clients at the time of the solicitation and will provide all prospective clients with a copy of the firm's written disclosure brochure at the time of the solicitation.



## Other Economic Benefits

---

In addition, OceanIQ Capital is required to disclose any relationship or arrangement where it receives an economic benefit from a third party (non-client) for providing advisory services. This type of relationship poses a conflict of interest and any such relationship is disclosed in response to Item 12, above.

## Item 15. Custody

OceanIQ Capital's *Agreement* and/or the separate agreement with any *Financial Institution* may authorize the firm through such *Financial Institution* to debit the client's account for the amount of OceanIQ Capital's fee and to directly remit that management fee to OceanIQ Capital in accordance with applicable custody rules.

The *Financial Institutions* recommended by the firm have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to OceanIQ Capital. In addition, as discussed in Item 13, OceanIQ Capital may also send periodic supplemental reports to clients. Clients should carefully review the statements sent directly by the *Financial Institutions* and compare them to those received from the firm.

## Item 16. Investment Discretion

OceanIQ Capital may be given the authority to exercise discretion on behalf of clients. The firm is considered to exercise investment discretion over a client's account if it can effect transactions for the client without first having to seek the client's consent. The firm is given this authority through a power-of-attorney included in the agreement between OceanIQ Capital and the client. Clients may request a limitation on this authority (such as certain securities not to be bought or sold). The firm takes discretion over the following activities:

- The securities to be purchased or sold;
- The amount of securities to be purchased or sold;
- When transactions are made; and
- The *Independent Managers* to be hired or fired.

## Item 17. Voting Client Securities

OceanIQ Capital is required to disclose if it accepts authority to vote client securities. The firm does not vote client securities on behalf of its clients. Clients receive proxies directly from the *Financial Institutions*.



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

OceanIQ Capital is not required to disclose any financial information pursuant to this Item due to the following:

- The firm does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance of services rendered;
- The firm does not have a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients; and
- The firm has not been the subject of a bankruptcy petition at any time during the past ten years

## **OceanIQ Capital, LLC**

*A Registered Investment Adviser*

Prepared by:



**MARKETCOUNSEL®**  
*The Adviser's Advisor®*