

PART 2A OF FORM ADV: FIRM BROCHURE

ITEM 1. COVER PAGE

Oppenheimer Asset Management Inc.
85 Broad Street
New York, New York 10004

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This brochure (the “Brochure”) provides information about the qualifications and business practices of Oppenheimer Asset Management Inc. If you have any questions about the contents of this brochure, please contact Vineet Bhalla at 212-885-4745 or Vineet.bhalla@opco.com or John Karsen at 212-885-4794 or john.karsen@opco.com.

The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Additional information about Oppenheimer Asset Management Inc. also is available on the SEC’s website at: www.adviserinfo.sec.gov.

Registration with the SEC as an investment adviser does not imply a certain level of skill or training.

ITEM 2. MATERIAL CHANGES

Oppenheimer Asset Management Inc. (“OAM”) filed its most recent annual update to its Form ADV Part 2A on March 28, 2014.

Changes made to this Brochure since the most recent update on July 17, 2014 is to reflect changes to the default cash sweep option.

A summary of any material changes to this and subsequent Brochures will be provided to you within 120 days of the close of our business’ fiscal year. We may also provide you with additional updates or other disclosure information at other times during the year in the event of any material changes to our business.

You may request the most recent version of this brochure by contacting Vineet Bhalla at 212-885-4745 or vineet.bhalla@opco.com or John Karsen at 212-885-4794 or john.karsen@opco.com.

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ITEM 4. ADVISORY BUSINESS

Oppenheimer Asset Management Inc. (“OAM”) has been in business since 1986. OAM is owned directly by E.A. Viner International Co., a subsidiary of Oppenheimer Holdings, Inc. which is a publicly held company.

OAM offers a variety of advisory services including portfolio management of fixed income accounts, investment consulting services, financial planning and research.

Discretionary Fixed Income Accounts

Fixed income accounts are managed on a discretionary basis and include the following strategies:

- Core Fixed Income
- Core Plus Fixed Income
- Corporate Core Plus Fixed Income
- Intermediate Fixed Income
- High Yield Fixed Income
- Insurance Fixed Income
- Investment Grade Tax Exempt Fixed Income
- High Yield Tax Exempt Fixed Income
- Cash Management

Fixed income accounts described in this brochure are not part of a wrap fee program sponsored by OAM. The fixed income separate accounts described in this brochure are custodied at a custodian chosen by the client, which may include Oppenheimer & Co. Inc. (“Oppenheimer”), a registered broker dealer and an affiliate of OAM. The fixed income separate accounts described in this brochure are custodied at broker-dealers that are unaffiliated with Oppenheimer. The service provided by OAM for these separate accounts is discretionary portfolio management only.

OAM manages separate accounts in accordance with the individual financial objectives of clients, taking into account client’s risk tolerance, need for liquidity, time horizon and investment restrictions. Clients who open separate accounts may impose restrictions on the management of the account.

Oppenheimer Investment Advisers (“OIA”), a division of OAM, also provides portfolio management services in two wrap programs sponsored by OAM and in wrap programs sponsored by unaffiliated advisers. OIA receives a portion of the wrap fee for its services.

Consulting Services

OAM provides investment consulting services to institutional clients. These services include the following:

- Development or updating of an investment policy statement
- Development of asset allocation strategy or model
- Identification and monitoring of portfolio managers
- Performance reporting

OAM's consulting services do not include custodial services from Oppenheimer. OAM does not introduce portfolio managers affiliated with OAM to clients who enter into a consulting services agreement.

Financial Planning Services

OAM offers financial planning service through its Financial Planning Group. OAM provides financial planning clients with various types of written financial plans. A financial plan analyzes an individual's current financial situation and identifies an individual's ability to achieve long-term economic goals.

A financial plan is developed and based upon information furnished to OAM by the client regarding the client's financial and tax situation. Planning areas addressed in a financial plan will vary by client. Advice provided in a financial plan will be specific to each client. Financial plans do not recommend specific securities for investment.

OAM advisory financial planning services include:

- Personal Financial Analysis

A goal-based financial plan that can analyze multiple lifetime goals and scenarios for a client. The Plan will analyze an individual's current financial situation (current asset and savings, insurance, income and liabilities). Depending upon the client's situation, the financial plan may include an analysis of where the client is in relationship to his or her financial goals such as retirement planning, education planning, risk management (life, disability and long-term care insurance), asset allocation analysis, executive compensation and estate planning.

- Personal Planning Perspectives (prepared by Financial Planning Group planners)

A cash-flow based financial plan that explores the relationship between cash flow, net worth and the client's long-term financial goals. The financial plan will analyze an individual's current financial situation (current assets and savings, insurance, income/expenses and liabilities). Depending upon the client's situation, the financial plan may include an analysis of financial goals such as retirement planning, education planning, risk management (life, disability and long-term care insurance) and asset allocation analysis. The financial plan may also include business succession planning, corporate executive compensation planning and estate planning strategies.

Assets Under Management

As of December 31, 2013 OAM managed \$1,387,135,236 of OIA client assets on a discretionary basis.

ITEM 5. FEES AND COMPENSATION

OIA Fees and Compensation

OIA manages separate accounts in wrap fee programs sponsored by OAM and by third party firms and accounts that are not part of a wrap fee program.

OIA Separate Account Fees

OIA acts as portfolio manager to accounts that are held at unaffiliated broker-dealers at a fee of 0.30% on the value of the account for all accounts except insurance, high yield, high yield tax exempt and cash management accounts. Fees for insurance accounts are 0.40% on the value of the assets with reductions in the fee at certain asset levels. The fee for high yield accounts is 0.50%. The cash management accounts fee is 0.20%. The fee for high yield fixed income is as follows:

- 1.00% on the first \$5 million of assets
- 0.90% on all assets over \$5 million

For OIA High Yield Tax Exempt accounts, the fee is 1.25% of the value of the account.

For these accounts OIA acts only as portfolio manager. Since fixed income transactions generally are executed on a principal basis, OIA executes transactions through broker dealers other than Oppenheimer.

Consulting Service Fees

OAM provides investment management consulting services. The fees for this service vary depending on the services provided. Clients that retain OAM to provide identification and monitoring of portfolio managers, asset allocation performance reporting and investment policy preparation pay fees at the following rate per year:

- 1.50% on the first \$5 Million of assets
- 1.00% on the next \$20 million of assets
- 50% on the next \$25 million of assets
- .20% on the next \$50 Million of assets
- .10% on assets over \$100 Million of assets

Clients may choose to retain OAM for some but not all of the services listed above. If they choose this option, clients will pay for the services they select as follows:

- Review or production of an Investment Policy Statement - \$10,000
- Asset allocation modeling - \$10,000
- Due diligence on portfolio managers - \$35,000 per manager per year for up to three non-researched managers. For each non-researched manager over three, there will be an additional fee of \$12,000 per manager per year. Non-researched managers means managers not currently researched by OAM.
- Performance reporting - 0.02% of assets.

Financial Planning Fees

OAM provides financial planning services. The fees for these services vary based on the complexity of the plan. A goal-based plan can range from \$0 to \$10,000. A cash-flow based plan can range from \$0 to \$25,000. The fee is negotiable based on the overall client relationship and the discretion of the client's Financial Advisor.

Research Service Fees

OAM provides research services to its affiliate Oppenheimer. Oppenheimer provides the research to certain of its clients without charge.

Payment of Fees and Other Expenses

Clients can choose to pay OAM's fees and expenses out of their assets or to have OAM send them a bill for services. Fees generally are billed or deducted once a quarter in advance.

Clients will pay custody fees on assets that are not held at Oppenheimer, and will pay brokerage fees and other transaction costs. See Item 12 for additional information regarding the factors we consider in selecting broker-dealers for client transactions, and in determining the reasonableness of their compensation. Clients who invest in hedge funds will pay their share of management fees and other expenses and performance fees, if charged by the fund.

Except for financial planning services, OAM fees generally are paid in advance. A pro rata refund of fees is provided to clients who terminate the agreement.

Fees for financial planning services are due on execution of an agreement.

Financial Advisors of Oppenheimer, a broker dealer and affiliate of OAM, receive compensation for the sale of interests in hedge funds recommended by OAM. This practice represents a conflict of interest and gives OAM an incentive to recommend investment products based on the compensation received, rather than on a client's needs.

Cash Sweep Funds in all Advisory Programs

Cash balances in the advisory programs sponsored by OAM are invested automatically in deposit accounts ("Deposit Accounts") at certain participating banks in the Advantage Bank Deposit Program. Oppenheimer will receive a fee from each participating bank. The amount of the fee paid to Oppenheimer will affect the interest rate paid on Deposit Accounts.

The fee payable to Oppenheimer may be as high as 5% of the household balances invested in the Advantage Bank Deposit Program. Oppenheimer will waive the payment of any fee from each Deposit Bank for retirement plan accounts.

ITEM 6. PERFORMANCE – BASED FEES AND SIDE BY SIDE MANAGEMENT

Not applicable.

ITEM 7. TYPES OF CLIENTS

OAM provides advice to individuals, trusts, pension plans, endowments and individual retirement accounts.

The minimum account size for OIA accounts are as follows although we may accept lesser amounts in our discretion:

Investment Grade Tax Exempt - \$150,000

High Yield Tax Exempt - \$5,000,000

Core, Core Plus, Corporate Core Plus, High Yield, Intermediate taxable and Insurance - \$250,000

Cash Management - \$1,000,000

Advisory contracts for separately managed accounts generally may be terminated on thirty days written notice.

ITEM 8. METHODS OF ANALYSIS, INVESTMENT, STRATEGIES AND RISK OF LOSS

Consulting Services

OAM recommends managers or mutual funds based on strategic asset allocation as well as review of the managers. OAM uses the BarraOne risk model to examine portfolio characteristics and risk exposure of a manager's historical portfolio holdings. The Barra One risk model is an analytic tool that assists OAM in evaluating a manager's style consistency. OAM compares a manager's description of its investment process to the quantitative analysis generated through BarraOne. OAM uses a proprietary analytic tool to analyze a potential investment strategy within the context of a larger portfolio for diversification and correlation to the existing strategies. OAM uses historical performance analysis and analyzes holdings and return data. OAM also analyzes investment styles in up and down market cycles and in various credit cycles.

Fixed Income Accounts

OIA manages fixed income accounts with the following strategies:

- Core
- Core Plus
- Corporate Core Plus
- Intermediate Taxable
- High Yield
- Insurance
- Investment Grade Tax Exempt
- High Yield Tax Exempt
- Cash Management

For each of these strategies, the investment process begins with an understanding of the client's needs and objectives. Security selection for all strategies except Investment Grade Tax Exempt is bottom up and focuses on optimal bond selection. Portfolio managers analyze the financial statements of corporate bond issuers and value the entire capital structure. In selecting core holdings, portfolio managers look for higher yield than the strategy's benchmark, stable

fundamentals and long holding periods. Portfolio managers make duration judgments. Portfolio managers may select fixed income securities that they expect will have a rating upgrade or are undervalued. Before securities are purchased for client accounts, a relative value analysis is conducted based on proprietary spread data. Portfolio managers decide to sell securities when

- risk/return becomes unfavorable
- attractive alternative is available
- deteriorating credit fundamentals
- portfolio balancing is required
- client specific needs

OIA Taxable Accounts

OIA's security analysis methods for taxable accounts include proprietary models to evaluate a company's credit worthiness, project earnings and conduct scenario analysis to test earnings, leverage, cash flow and ratings assumptions. OIA's analysts also perform company background checks, on-site visits and meetings with senior management teams of the companies under consideration. OIA analysis focuses on the following:

- Industry analysis
- Company analysis
- Capital structure / security analysis
- Indenture Covenant Analysis

Data services used by OIA include Credit Sights, Bloomberg, Standard & Poor's, Moody's Investor Services, Barclays Capital, The New York Times and Wall Street Journal. Additionally, OIA's analysts subscribe to industry specific literature and websites.

OIA Investment Grade Tax Exempt Methodology

All analysis is done internally by OIA portfolio managers and analysts. While credit ratings by the national rating agencies (Moody's, Standard and Poor's and Fitch) are observed as a baseline, they are not the sole determining factor in security selection.

Investment Methodology begins with a top down approach that analyzes general economic conditions, both nationally and geographically as well as the overall interest rate/inflation environment over the next 12-24 months. Domestic economic data releases are reviewed by the staff for general trends in GDP and inflation. Overall, interest rate forecast will determine maturity selection and bond structure, as well as areas that are performing above national averages. All security selection is guided by an investment discipline which limits all tax-exempt investments to General Obligation, Essentials Revenue or Pre-Refunded securities. Corporate Obligors and bonds for projects that we deem non-essential to a community are not allowed as investments in the portfolio. Occasionally, a new client portfolio may be established with bond positions that deviate from this discipline, in which case the bonds are reviewed on a case by case basis by the portfolio managers to determine whether they will be accepted.

All investments are reviewed for general creditworthiness based on three key categories:

1. General economic conditions in municipality and surrounding areas. Statistics that are reviewed may include general population poverty levels, concentrated manufacturing or service businesses in area, percentage of student population on free lunch programs, and residential foreclosure rates in investment area;
2. Under funded pension and/or healthcare liability; and
3. All bonds, but specifically revenue bonds are reviewed as to the purpose of the bond and the security of the revenue stream that supports the projects(s). Finally all credits are reviewed as to general trends in financial management to determine whether credit is improving or deteriorating. This may include review of leverage and bond coverage ratios. The dominant sources of information for analysis are the bond offering statements and ongoing financial disclosures of specific credits.

Once a credit is determined to be appropriate for investment, an analysis of general market conditions and relative value to similar credits is conducted to determine an appropriate valuation of the bond. Allocation of a purchase will be determined by available cash in specific client accounts, individual client tax parameters (state residency), risk profiles, and potential cash flow needs.

OIA High Yield Tax Exempt Methodology

Investment methodology begins with top-down, bottom up credit research that analyzes the sector, the documentation for the project, the management team for the company and the macroeconomics and demographics of the market.

Top down economic factors such as interest rates, credit cycles and political trends are assessed. Individual local and state analysis is conducted including fiscal policy, political climate, surplus/deficits as well as industry analysis.

Core Fixed Income

The OIA Core Fixed Income strategy seeks to consistently outperform the Barclays Capital U.S. Aggregate Bond Index while broadly diversifying the portfolio managing portfolio risk level and maintaining a controlled duration discipline. OIA employs core fixed income strategies focused on individual security selection. Key strategies include fundamental research analysis, a controlled duration discipline, emphasis on all spread sectors and management of portfolio risk factors. Investments are made primarily in investment-grade corporate bonds, mortgage backed and other structured securities, U.S. government securities and taxable municipal bonds. Portfolios are measured against the Barclays Capital U.S. Aggregate Bond Index.

Core Plus Fixed Income

The OIA Core plus Fixed Income strategy seeks to consistently outperform the Barclays Capital U.S. Aggregate Bond Index while diversifying the portfolio, managing portfolio risk level and maintaining a controlled duration discipline. OIA employs core plus fixed income strategies focused on individual selection. Key strategies include fundamental research analysis, a controlled duration discipline, emphasis on all spread sectors and management of portfolio risk factors. Investments are made primarily in investment-grade corporate bonds, mortgage backed

and other structured securities, U.S. government securities, taxable municipal bonds and non-investment grade bonds; however, up to 20% of portfolio assets may be invested in securities rated below investment grade. Portfolios are measured against the Barclays Capital U.S. Aggregate Bond Index.

Corporate Core Plus Fixed Income

The OIA Corporate Core Plus Fixed Income philosophy focuses on active portfolio management, utilizing a bottom-up style emphasizing optimal security selection. Portfolio risk is managed through a tightly controlled duration discipline and emphasis on sectors of the market that provide additional income. The portfolio usually invests 75% or more in Investment Grade U.S. Corporate Fixed Income securities and can invest anywhere from 0% to 25% in non-investment grade US Corporate securities. The investment strategy employs a four-step process that begins by screening the investment universe to prioritize investment candidates. Our process focuses on assessing the risk inherent in a company's security relative to the other investment opportunities in the market. The second step of the process is to perform security analysis to confirm strong credit fundamentals. Security selection, including relative value assessment, horizon analysis and the establishment of a valuation target is then evaluated to achieve a potential list of investment candidates. The final step in the investment strategy is constructing the portfolio within the client's objective and establishing buy-sell targets. Every security purchased must fall into one of the following categories: Core Holdings, Expected Ratings Upgrades, Undervalued Bonds or Opportunistic (mispriced security, liquidity imbalance, short holding period).

Intermediate Fixed Income

The OIA Intermediate Fixed Income strategy seeks to consistently outperform the Barclays Capital Intermediate U.S. Government/Credit Index while diversifying the portfolio, managing portfolio risk level and maintaining a controlled duration discipline. OIA employs intermediate fixed income strategies focused on individual security selection. Key strategies include fundamental research analysis, a controlled duration discipline, emphasis on all spread sectors and management of portfolio risk factors. Investments are made primarily in investment-grade corporate bonds, mortgage backed and other structured securities, U.S. government securities and taxable municipal bonds. Portfolios are measured against the Barclays Capital Intermediate U.S. Government/Credit Index.

High Yield Fixed Income

The OIA High Yield Fixed Income strategy seeks to consistently outperform the Merrill Lynch High Yield Master II Index while broadly diversifying the portfolio and managing portfolio risk level. OIA employs high yield fixed income strategies focused on individual security selection. Key strategies include fundamental research analysis and management of portfolio risk factors. Investments are made primarily in high-yield corporate bonds. Portfolios are measured against the Merrill Lynch High Yield Master II Index.

Insurance Investment Accounts Management

The Insurance Management Account product seeks to consistently outperform the client's customized performance benchmark while diversifying the portfolio, managing portfolio risk levels, maintaining a controlled duration discipline consistent with the client's investment guidelines for general or separate accounts.

Investment Grade Tax Exempt

The OIA tax exempt strategy focuses on active portfolio management, using a relative value approach of sector rotation and security selection. Securities selected must be rated investment grade or better. The top down investment process begins by composing a maturity structure based on a 9-12 month interest rate forecast. The average duration of the portfolio is targeted to be within a range of plus or minus 20% of the appropriate benchmark. The next step is to identify what OIA believes to be attractive sectors within the tax-exempt markets. This step includes the selection of specific securities based on desired bond structure, state focus, bond categories and tax constraints. The final step in the process involves indentifying what OIA believes are undervalued securities within the appropriate sector classes and structures.

High Yield Tax Exempt

The OIA High Yield Tax Exempt strategy seeks to produce strong risk adjusted total returns and current yield through a non-diversified high yield tax exempt portfolio. The strategy focuses on active portfolio management utilizing a top-down/bottom-up style emphasizing security selection and value investing. Security selection will focus primarily on project revenue bonds in five broad sectors: healthcare; education; housing; transportation and power, but also may include debt of distressed municipalities. The strategy usually will invest 70% or more of assets in below investment grade tax-exempt securities. It is expected that the average credit quality will be B/BB. The strategy may maintain a majority of positions in non-rated bonds. The strategy will strive to maintain less than 25% exposure to bonds subject to the alternative minimum tax.

The two most important elements of this strategy are value investing and proprietary credit research.

Value:

The strategy strives to achieve a combination of high current income while selecting bonds that have the potential for price appreciation. The strategy employs an investment process based upon:

- absolute and relative values;
- pricing inefficiencies;
- analysis of capital structure;
- maximizing call protection;
- performance of the underlying asset;
- exploiting anomalies in the market.

Proprietary Credit Research

Proper credit selection is critical to mitigate risk and achieve outperformance, so the investment process is of utmost importance. Before a credit is added to the portfolio it must undergo and pass a strict due diligence process, including:

- analysis of the sector;
- analysis of the credit;
- analysis of the management team's abilities;

- review of all documents, including feasibility study and market demographics, construction contract, management contract, and bond documents;
- physical site visits and management interviews when appropriate.

The goal of the strategy is to outperform the Barclay's Municipal High Yield Index.

Additionally, the portfolio manager factors in top down economic factors such as interest rates, credit cycles and political trends. Individual local and state analysis is conducted including fiscal policy, political climate, surplus/deficits, as well as industry analysis. While value is the primary focus, duration management, sector allocation, yield curve positioning, buy/sell trade execution, and geographic allocation also play a role in security selection.

Cash Management

The OIA Cash Management strategy seeks to diversify the portfolio, managing portfolio risk levels and offering liquidity to investors. OIA employs cash management strategies focused on individual security selection. Key strategies include fundamental research analysis and management of portfolio risk factors. Investments are made primarily in high credit quality direct obligations of issuers having a stated maturity of 180 days or less, with a target average maturity of 90 days.

Financial Planning

OAM offers financial planning services through its Financial Planning Group. The Financial Planning Group develops a Plan based upon information furnished to OAM by the client regarding the client's financial situation. The Financial Planning Group uses the financial planning process adopted by the Certified Financial Planner Board of Standards. This process involves: the initial engagement with a client; understanding a client's current assets, liabilities and cash flow; analyzing the situation based on the facts and circumstances; and making a recommendation to improve the client's ability to reach their financial goals. Planning areas in the plan will vary by client. Advice provided in the Plan will be specific to each client. The Plan will not recommend specific securities for investment.

Investing in securities involves risk of loss that clients should be prepared to bear.

Certain Risks related to the Strategies and Methodologies used by OAM

Risk of Fixed Income Securities

There are risks associated with investing in bonds. These include risks related to interest rate movements (interest rate risk, spread risk and reinvestment risk), and the risk of credit quality deterioration (credit or default risk). These risks need to be evaluated and effectively managed if the client is to achieve the potential benefits of investing in fixed income securities.

Interest Rate Risk

Interest rate risk is the risk associated with the price volatility of a bond. As interest rates rise, bond prices decline. The longer the maturity of a fixed coupon bond, the greater the price declines for a given change in interest rates. Interest rate risk is the risk that market interest rate fluctuations result in a decline in the security's price between the time the investor buys it and the time (before maturity) at which he or she sells it.

Factors that affect interest rate risk include differences in coupon rates (the higher the coupon, the less the price movement), fixed vs variable coupons, and call features.

Spread Risk

Spread risk is the risk associated with changes in yields between issuers, credit ratings, sectors and/or markets. For example, sector spreads are yield differences between similarly rated bonds of different sectors. AA rated bonds of financial firms may trade at much higher yields than similarly rated industrial bonds. This spread relationship may change substantially while the general level of interest rates may remain unchanged.

Reinvestment Risk

Reinvestment risk is the risk that the cash flow received from a bond may be reinvested at a lower rate of return. Short-maturity bonds and callable bonds are the instruments most frequently associated with reinvestment risk. Callable bonds may subject the investors to reinvestment risk. Such bonds allow the issuer to repay the principal (with accrued interest) early. This gives the issuer the flexibility to refinance the debt if rates are low or declining. The timing of bond calls occurs precisely when investors do not want to receive their principal back, i.e., when they can only reinvest at either lower rates or in lower-quality securities. To compensate them for this reinvestment risk, investors in callables typically demand (and get) a higher interest rate as compared to non-callables.

Credit Risk

Credit or default risk is the risk that the issuer may be unable to make timely principal and interest payments on the bond. It is the critical determinant of a fixed income security's quality.

All fixed income securities have credit risk. US Treasury securities are generally considered to have the least credit risk of all fixed income investments. Most corporate bonds are rated by a nationally recognized statistical rating agency such as Standard & Poor's and Moody's. Standard & Poor's rates bonds from AAA (the best) to D (in default) with the ratings AAA, AA, A, and BBB considered to be "investment grade" and bonds rated BB, B, CCC, CC, C and D considered speculative grade. Generally the lower the rating the greater chance the obligor may not be able to repay their bonds in full and on time (default). Many factors contribute to the ultimate recovery of principal (and possibly back interest) should an issue default. Investors should pay particular attention to the issue's ranking in the capital structure of the issuer.

High yield bonds are bonds rated BB or lower. These bonds are speculative and carry a very significant risk of default. Adverse changes in economic conditions or developments regarding the issuer are more likely to cause price volatility for issuers of high yield debt than would be the case for issuers of higher grade debt securities. In addition, the market for high yield debt may be less attractive than that of higher-grade debt securities. These bonds tend to have significantly higher price volatility so an investor selling a high yield bond prior to maturity may receive only a fraction of the original purchase price. Additionally, in the event of default bondholders may receive limited recoveries, if any.

Municipal Securities Risk.

Issuers of municipal securities tend to derive a significant portion of their revenue from taxes, particularly property and income taxes. Accordingly, decreases in personal income levels and property values and other unfavorable economic factors, such as a general economic recession,

adversely affect municipal securities. Municipal issuers may also be adversely affected by rising healthcare costs, increasing unfunded pension liabilities and by the phasing out of federal programs providing financial support. Where municipal securities are issued to finance particular projects, especially those relating to education, healthcare, transportation, housing, water or sewer and utilities, issuers often depend on revenues from those projects to make principal and interest payments. Adverse conditions and developments in those sectors can result in lower revenues to issuers of municipal securities and can also have an adverse effect on the broader municipal securities market.

There may be less public information available on municipal issuers or projects than other issuers, and valuing municipal securities may be more difficult. In addition, the secondary market for municipal securities is less well developed and liquid than other markets, and dealers may be less willing to offer and sell municipal securities in times of market turbulence. Changes in the financial condition of one or more individual municipal issuers (or one or more insurers of municipal issuers), or one for more defaults by municipal issuers or insurers, can adversely affect liquidity and valuations in the market for municipal securities. The value of municipal securities can also be adversely affected by regulatory and political developments affecting the ability of municipal issuers to pay interest or repay principal, actual or anticipated tax law changes or other legislative actions, and by uncertainties and public perceptions concerning these and other factors.

The rate of interest paid on municipal securities normally is lower than the rate of interest paid on fully taxable securities. Some municipal securities, such as general obligation issues, are backed by the issuer's taxing authority, while other municipal securities, such as revenue issues, are backed only by revenues from certain facilities or other sources and not by the issuer itself.

The municipal market can be susceptible to unusual volatility, particularly for lower-rated and unrated securities. Liquidity can be reduced unpredictably in response to overall economic conditions or credit tightening.

Risks of the High Yield Tax Exempt Strategy

The strategy will not be diversified. Being non-diversified may magnify the strategy's losses from adverse events affecting a particular issuer.

To the extent the strategy invests in issuers of securities the payments on which are derived from gas, electric, telephone, sewer, water, healthcare, education, tobacco and transportation segments of the municipal bond market, the strategy may be subject to risks associated with such segments.

The profitability of companies in the healthcare segment may be affected by extensive government regulation and reform, restrictions on government reimbursement for medical expenses, rising costs of medical products, services and patient care, pricing pressure, an increased emphasis on outpatient services, limited number of products, industry innovation, changes in technologies and other market developments. Many healthcare companies depend on patent protection. The expiration of patents may adversely affect the profitability of these companies and the value of their securities. Healthcare companies are also subject to extensive litigation based on product liability and similar claims. Many new products are subject to approval of the Food and Drug Administration. The process of obtaining such approval can be

long and costly. Healthcare companies are also subject to competitive forces that may make it difficult to raise prices and, in fact, may result in price discounting.

Companies in the transportation segment can be significantly affected by changes in the economy, fuel prices, labor relations, and insurance costs. The trend in the United States has been to deregulate the transportation industry, which could have a favorable long-term effect, but future government decisions could adversely affect transportation companies. Companies in the airline industry may be adversely affected by a downturn in economic conditions that can result in decreased demand for air travel. Due to the discretionary nature of business and leisure travel spending, airline industry revenues are heavily influenced by the condition of the U.S. economy and economies in other regions of the world. Due to the competitive nature of the airline industry, airline companies may not be able to pass on increased fuel prices to customers by increasing fares. In addition, the airline industry may be significantly affected by domestic and foreign acts of terrorism. Similarly, airports may be adversely affected by a downturn in economic conditions both nationally and in the regions they serve. Airports receive revenues through lease agreements with airlines. Airports also receive revenues from parking, advertising, land rent (e.g. hotels or office buildings), and such concessionaires as auto rental, restaurants, newsstands and duty-free shops. Reduced airline passenger levels and poor business conditions in the regions they serve can decrease airport revenues.

The education segment can be significantly affected by declining applicant pools, changes in student enrollment, decreases in state and federal financial aid to students, declines in endowment contributions and decreases in endowment portfolio values.

Certain revenue bonds are backed by settlements with tobacco companies. In 1998, the largest U.S. tobacco manufacturers reached an out of court agreement, known as the Master Settlement Agreement (the “MSA”), to settle claims against them by 46 states and six other U.S. jurisdictions. The tobacco manufacturers agreed to make annual payments to the government entities in exchange for the release of all litigation claims. A number of the states have sold bonds that are backed by those future payments. The settlement payments are based on factors, including, but not limited to, annual domestic cigarette shipments, cigarette consumption, inflation and the financial capability of participating tobacco companies. Payments could be reduced if consumption decreases, if market share is lost to non-MSA manufacturers, or if there is a negative outcome in litigation regarding the MSA.

Liquidity Risk

US Government bonds generally have the greatest liquidity, meaning that they can be purchased and sold quickly at prices very close to the inter-dealer market. At the other end of the liquidity spectrum are small issues of low rated bonds.

Risks of Undervalued Securities

OIA may select fixed income securities that they believe are undervalued. A risk is that OIA’s analysis of the issuer may be incorrect and the fixed income securities may not be undervalued.

Risks of Consulting Services

OAM provides consulting services to institutional clients on investment policy, asset allocation, manager selection, and reporting. The investment policy and asset allocation is designed to provide proper diversification and to take an acceptable level of risk based on the client's objectives, time horizon, and risk tolerance. However, unforeseen events occur regularly which could incur unintended risk to the client portfolio in the short-to-intermediate term. All managers recommended by OAM are registered under the Investment Advisers Act of 1940.

ITEM 9. DISCIPLINARY INFORMATION

On March 11, 2013, OAM and its affiliate, Oppenheimer Alternative Investment Management, LLC ("OAIM"), without admitting or denying the findings, consented to the issuance of an administrative order (the "Order") with the Securities and Exchange Commission ("SEC"). Also on March 11, 2013, OAM entered into an Assurance of Discontinuance ("AOD") with the Attorney General of the Commonwealth of Massachusetts ("MA AG") based on the same conduct that was the subject of the Order. The Order and the AOD concerned misrepresentations and omissions to investors and prospective investors about the asset value of one of the assets in a fund of private equity funds. The Order and the AOD found that while the written policies and procedures of OAM and OAIM required the compliance department to review and approve marketing materials, those procedures did not require a review of portfolio manager valuations and accordingly were not reasonably designed to ensure that valuations were determined in a manner consistent with written representations to investors. The SEC found that OAM and OAIM willfully violated, and were censured and agreed to cease and desist from future violations of Sections 17(a)(2) and 17(a)(3) of the Securities Act of 1933 (the "Securities Act") and Section 206(4)-7 and Section 206(4)-8 of the Investment Advisers Act of 1940 (the "Advisers Act") and Rules 206(4)-7 and 206(4)-8 thereunder. The MA AG found that OAM and OAIM violated M.G.L.c. 93A. As per the terms of the Order and the AOD, OAM and OAIM paid a total of \$2,269,098 in disgorgement to investors who invested in the fund between October 2009 through June 2010, paid a civil penalty of \$617,579 to the SEC, paid a penalty of \$132,421 to the Commonwealth of Massachusetts, OAM and OAIM retained an independent consultant to conduct a review of their valuation policies and procedures.

ITEM 10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Several management persons of OAM including Albert Lowenthal, Chairman and CEO, Bryan McKigney, Chief Operating Officer and Managing Director, Jeffrey Alfano, Chief Financial Officer are registered as registered representatives of Oppenheimer but do not do business in that capacity. John Blau, the President of OAM, is a registered representative of Oppenheimer and is financial advisor to a limited number of clients who have advisory accounts with OAM and who purchase interests in hedge funds sold by Oppenheimer. Some of these funds may be sponsored by OAM. Possible conflicts between Mr. Blau's duties as President of OAM and his client relationships involve allocation of time and whether or not his clients would be treated more favorably than other advisory clients of OAM. These client relationships do not represent a material amount of Mr. Blau's duties or compensation. Activity in these accounts will be monitored on a periodic basis.

OAM's advisory services generally are offered to clients by Financial Advisors of Oppenheimer. Financial Advisors of Oppenheimer receive a portion of the fees paid by their clients to OAM for the advisory services described in this brochure. The amount of this compensation may be greater

than what the Financial Advisor would receive if the client participated in other programs. A Financial Advisor therefore may have a financial incentive to recommend the services described in this brochure over other services. When choosing an advisory program, clients should ask about other programs offered by OAM or its affiliate Oppenheimer. Although there are differences in the compensation structure among programs, there also are differences in the strategies and services provided. A Financial Advisor's Branch Manager reviews each new advisory account for suitability before it is opened.

OAM is the sponsor of several hedge funds and private equity funds. Interests in those funds are sold by Oppenheimer as principal placement agent. Financial Advisors of Oppenheimer receive a portion of the management fees and incentive fees paid by the funds. This creates an incentive for Financial Advisors of Oppenheimer to recommend the purchase of funds that pay an incentive fee over other funds that do not pay an incentive fee or other investment products.

Oppenheimer is also a registered broker dealer and full services investment firm as well as a registered investment adviser. Oppenheimer provides services such as investment banking, equity research, institutional sales, municipal finance and debt capital markets. Oppenheimer Trust Company, an affiliate of Oppenheimer, provides trust services to high net worth individuals, not for profit organizations and businesses. Oppenheimer Trust Company may recommend OAM advisory programs or products to its trust clients.

Mutual funds or managers that may be recommended in Consulting Services relationships do not pay any fees to OAM for such recommendations. Advisers or distributors of mutual funds that may be recommended in Consulting Services relationships also may be available in OAM advisory programs. These companies may pay for or reimburse OAM or Oppenheimer for various costs relating to client and prospective client meeting sales and marketing materials and educational training and sales meetings held with Financial Advisors of Oppenheimer. These affiliates of mutual funds also may pay for the cost of reasonable entertainment in connection with Oppenheimer sponsored or client related events. Oppenheimer acts as the placement agent for the sale of interests in collective investment vehicles for which subsidiaries of OAM serve as investment advisor or general partner.

Mutual funds that may be recommended in Consulting Services relationships may have other business relationships with Oppenheimer such as institutional trading. OAM does not consider any such relationships when determining whether or not to recommend a mutual fund for a consulting client.

Certain fund companies pay Oppenheimer a mutual fund support fee for marketing, training operations and systems support with respect to mutual fund shares sold to clients in their Oppenheimer brokerage accounts. These payments which are known as revenue sharing payments are not made with respect to any fund recommendations in consulting relationships.

Research

Oppenheimer has procedures in place to avoid improper communications between Oppenheimer research employees and employees of other Oppenheimer departments. Oppenheimer Research employees are generally prohibited from, among other things:

- Discussing with any person outside of the Research Department and the Legal and Compliance Department any unpublished research reports, opinions or recommendations;
- Recommending the purchase or sale of, a security ahead of the issuance of research or changes to a view on a security;
- Recommending the purchase or sale of, a security of an issuer for any account while in possession of material non-public information on the issuer;
- Providing unpublished drafts of research reports for review or approval to any non-Research personnel;
- Providing unpublished drafts of research reports for review or approval to third parties, except pursuant to authorized gate-keeping procedures; and
- Making any oral, written, or electronic communication, either internally or externally, that is inconsistent with an analyst's research, opinions or analysis; and
- Disclosing material changes to opinions, recommendations or price target to select persons prior to general publication.

Investment Banking

In order to prevent the improper use of material, non-public information from one part of Oppenheimer to another, Oppenheimer has created “information barriers” or “information walls” around each department that holds this information. Each business unit that regularly holds customer confidential information (such as investment banking) is on the “Private Side” of the information wall. In contrast, each business unit that does not hold confidential information is on the “Public Side” of the wall. Financial Advisors of Oppenheimer are considered to be on the “Public Side” of the wall. Employees on the Private Side of each information wall are prohibited from providing any material, non-public information to employees on the Public Side of the information wall.

Regulatory requirements prohibit Private Side investment banking personnel who are in possession of material, non-public information from discussing a pending transaction with individuals on the Public Side (or employees on the Private Side who do not have a “need to know”). Only those employees directly involved in or necessary to the due diligence process of an investment banking transaction are permitted to be brought “over the wall.”

Compensation from Other Advisers

OAM does not receive compensation from other investment advisers for recommending those advisers to clients.

ITEM 11. CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Code of Ethics, Participation or Interest in Client Transaction and Personal Trading

OAM has adopted a written Code of Ethics pursuant to Rule 204A-1 under the Investment Advisers Act of 1940. A copy of the Code of Ethics will be provided upon request to any client or prospective client. The purpose of the Code is to set forth standards of conduct expected of advisory personnel and address conflicts, such as front running, that arise from personal trading by advisory personnel. The Code of Ethics addresses these conflicts as follows:

1. Certain advisory personnel with access to the securities trading of advisory clients are deemed as “access persons”;
2. These access persons of the adviser are required to certify that they are in compliance with the Code of Ethics on an annual basis;
3. Access persons are also required to provide compliance personnel with brokerage accounts through which they conduct personal trading, and
4. Access persons are required to obtain written pre-clearance by compliance personnel of all personal securities transactions (other than certain exceptions to this requirement as defined in the Code).

OAM and certain of its affiliates are engaged or may engage or may engage in investment activities for separate accounts for individuals and institutions or for their own accounts. These various accounts may from time to time purchase, sell or hold certain investments which are also being purchased, sold or held by other client accounts of OAM. For client accounts of OAM pursuing the same investment strategy, OAM will allocate investments among these accounts on an equitable basis, taking into account such factors as the relative amounts of capital available for new investments. OAM and its officers and employees devote as much of their time to the activities of its clients as OAM deems necessary and appropriate.

ITEM 12. BROKERAGE PRACTICES

OIA considers the following factors in selecting broker-dealers for client transactions.

- Price of the security
- Commission rates
- Operational facilities of the broker-dealer
- Reliability and stability of the broker-dealer

OIA does not receive research or other products or services other than execution from a broker-dealer or third party in connection with client securities transactions. OIA does not consider whether it or a related person receives client referrals from a broker-dealer or the security in selecting or recommending broker-dealers. Neither OIA nor a related party requests, recommends or requires that a client direct it to execute transactions through a specified broker-dealer.

OIA permits clients who have separate accounts that are not part of a wrap fee program to direct brokerage. When a client directs brokerage, OIA may not be able to achieve the most favorable execution of transactions. For example, in a directed brokerage account, a client may pay higher brokerage commissions or transaction costs because OIA may not be able to aggregate orders to reduce transactions costs or the client may receive less favorable prices.

OIA aggregates the purchase or sale of securities for client accounts whenever possible. Aggregation of transactions may result in lower transaction costs for clients.

ITEM 13. REVIEW OF ACCOUNTS

OIA portfolio managers review accounts on a daily basis utilizing the accounting performance system and analytical System Bondedge. Accounts are screened daily for cash flow and account

balance information. Portfolios are screened bi-weekly for quantitative statistics including average duration, coupon and ratings information. On a quarterly basis OIA performance is reviewed by the OAM Portfolio Review Board.

The Client Services Department of OAM performs the following reviews of OIA accounts.

Average Price Control Accounts Reconciliation

A daily review is performed to reconcile block trades versus customer allocations in the trading control accounts. The purpose of the review is to identify and correct any differences to determine that client allocations are complete and accurate.

OMS Capacity Discrepancy Report

OMS Capacity Discrepancy Report is a daily report that monitors the capacity of all order management system trades. The purpose of the report is to identify any trades not executed in an agency capacity so that they can be corrected.

FINET to Portfolio System Reconciliation

A daily comparison of cash and security positions is made between the books and records of the firm and the portfolio system to ensure proper calculation of performance and billing. This reconciliation allows for the identification of short positions, account switches or account closes.

Monthly Performance Review

Monthly performance returns on the portfolio system for OIA accounts held outside of Oppenheimer are reviewed and compared to other account returns under the same portfolio manager and index returns to look for outliers. The portfolio holdings and activity for outlying accounts may be examined to verify the performance return.

Factors Prompting Review of Client Accounts Other than a Periodic Review.

Accounts may be reviewed more frequently than monthly as a result of any of the following:

- Cash balance that needs to be reinvested
- Sale of a security in the account
- Buying a security to replace a sold security or to utilize cash in the account
- Reviewing the duration of the account
- Reviewing overall credit quality of the account

Portfolios are reviewed as market conditions dictate for total return and interest rate sensitivity.

Clients receive a written report of their accounts on a quarterly basis. The report lists all holdings, performance of the account and comparisons to relevant indexes.

ITEM 14. CLIENT REFERRALS AND OTHER COMPENSATION

OAM does not receive direct economic benefits from third parties for providing investment advice or other advisory services to clients.

OAM pays cash compensation for client referrals in accordance with Rule 206(4)-3 under the Investment Advisers Act of 1940. Compensation paid is a percentage of the fee payable by the referred clients and may continue for the length of the client's advisory relationship with OAM.

Cash assets in the advisory programs will be invested at certain participating banks in the Advantage Bank Deposit Program. The Advantage Bank Deposit Program may be significantly more profitable to Oppenheimer than money market fund sweep vehicles. The fee payable to Oppenheimer may be as high as 5% of the household balances invested in the Advantage Bank Deposit Program.

ITEM 15. CUSTODY

OAM does not have direct custody of client funds or securities. Some clients choose to have their funds or securities custodied at Oppenheimer, a registered broker-dealer and a qualified custodian. Oppenheimer sends clients a monthly account statement. Clients may decide to custody their funds and securities at a qualified custodian that is not affiliated with OAM. Clients will receive account statements from the broker-dealer, bank or other qualified custodian and should carefully review those statements. Clients also receive a quarterly performance report from OAM. Clients should compare the account statements they receive from their qualified custodian to the quarterly performance report they receive from OAM.

ITEM 16. INVESTMENT DISCRETION

OAM accepts discretionary authority to manage securities accounts for clients. This authority is stated in the investment management agreement that OAM enters into with the client. Clients may specify certain types of securities that they do not want us to purchase for their account.

ITEM 17. VOTING CLIENT SECURITIES

Oppenheimer Asset Management Inc. has engaged Glass Lewis & Co. Inc. ("Glass Lewis") to provide research and advice on shareholder voting. OAM has reviewed and adopted Glass Lewis guidelines on proxy voting. Glass Lewis will submit its recommended vote to OAM and OAM will have the opportunity to accept or override the recommendation. For matters that are decided on a case by case basis, a decision will be made by OAM after consultation with Glass Lewis. Clients may request information on how OAM has voted proxies for their accounts and may request OAM's Proxy Voting Policies and Procedures by contacting:

Oppenheimer Asset Management Inc.
85 Broad Street, New York, NY 10004
Attn: Proxy Voting Department
[212-885-4794](tel:212-885-4794)

If OAM does not have authority to vote client securities, clients will receive their proxies directly from their custodian.

ITEM 18. FINANCIAL INFORMATION

Not applicable