

# Orbit Group LLC

## Firm Brochure - Form ADV Part 2A

*This brochure provides information about the qualifications and business practices of Orbit Group LLC. If you have any questions about the contents of this brochure, please contact us at (716) 626-3218 or by email at: [mfuentes@nyaaa.com](mailto:mfuentes@nyaaa.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.*

*Additional information about Orbit Group LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Orbit Group LLC's CRD number is: 173191.*

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*Registration does not imply a certain level of skill or training.*

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## **Item 2: Material Changes**

Orbit Group LLC has the following material changes to report. This list summarizes changes to policies, practices or conflicts of interests only.

- The firm now participates in wrap fee programs.
- The firm now offers pension consulting services.

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## Item 4: Advisory Business

### *Business Description*

We provide services to individuals, high-net-worth individuals and pension and profit sharing plans concerning mutual funds, fixed income securities, real estate funds (including REITs), insurance products including annuities, equities, ETFs (including ETFs in the gold and precious metal sectors), treasury inflation protected/inflation linked bonds and non-U.S. securities. As a registered investment adviser, we are held to the highest standard of client care – a fiduciary standard. As a fiduciary, we always put our client's interests first and must fully disclose any potential conflict of interest. We do not hold customer funds or securities.

#### **A. Description of the Advisory Firm**

Orbit Group LLC (hereinafter "OG") is a Limited Liability Company organized in the State of New York.

The firm was formed in November 2013, and the principal owner is AAA Western New York.

#### **B. Types of Advisory Services**

##### *Portfolio Management Services*

OG offers ongoing portfolio management services based on the individual goals, objectives, time horizon, and risk tolerance of each client. OG creates an Investment Policy Statement for each client, which outlines the client's current situation (income, tax levels, and risk tolerance levels) and then constructs a plan to aid in the selection of a portfolio that matches each client's specific situation. Portfolio management services include, but are not limited to, the following:

- |                       |                                |
|-----------------------|--------------------------------|
| • Investment strategy | • Personal investment policy   |
| • Asset allocation    | • Asset selection              |
| • Risk tolerance      | • Regular portfolio monitoring |

OG evaluates the current investments of each client with respect to their risk tolerance levels and time horizon. OG will request discretionary authority from clients in order to select securities and execute transactions without permission from the client prior to each transaction. Risk tolerance levels are documented in the Investment Policy Statement, which is given to each client.

OG seeks to provide that investment decisions are made in accordance with the fiduciary duties owed to its accounts and without consideration of OG's economic, investment or other financial interests. To meet its fiduciary obligations, OG attempts to avoid, among

other things, investment or trading practices that systematically advantage or disadvantage certain client portfolios, and accordingly, OG's policy is to seek fair and equitable allocation of investment opportunities/transactions among its clients to avoid favoring one client over another over time. It is OG's policy to allocate investment opportunities and transactions it identifies as being appropriate and prudent among its clients on a fair and equitable basis over time.

### ***Services Limited to Specific Types of Investments***

OG generally limits its investment advice to mutual funds, fixed income securities, real estate funds (including REITs), insurance products including annuities, equities, ETFs (including ETFs in the gold and precious metal sectors), treasury inflation protected/inflation linked bonds and non-U.S. securities (only through ETFs and ADRs), although OG primarily recommends ETFs to a majority of its clients. OG may use other securities as well to help diversify a portfolio when applicable.

### ***Pension Consulting Services***

OG offers ongoing consulting services to pension or other employee benefit plans (including but not limited to 401(k) plans) based on the demographics, goals, objectives, time horizon, and/or risk tolerance of the plan's participants.

## **C. Client Tailored Services and Client Imposed Restrictions**

OG will tailor a program for each individual client. This will include an interview session to get to know the client's specific needs and requirements as well as a plan that will be executed by OG on behalf of the client. OG may use "model portfolios" together with a specific set of recommendations for each client based on their personal restrictions, needs, and targets. Clients may not impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs.

## **D. Wrap Fee Programs**

OG participates in wrap fee programs, which are investment programs wherein the investor pays one stated fee that includes management fees, transaction costs, fund expenses, and any other administrative fees. OG manages the investments in the wrap fee program, but does not manage those wrap fee accounts any differently than non-wrap fee accounts. A portion of the fees paid to the wrap account program will be given to OG as a management fee.

## **E. Assets Under Management**

OG has the following assets under management:

Discretionary Amounts:	Non-discretionary Amounts:	Date Calculated:
\$0	\$0	12/31/2014

## **Item 5: Fees and Compensation**

### **A. Fee Schedule**

#### ***Asset-Based Fees for Portfolio Management***

Total Assets Under Management	Annual Fee
All assets	0.50% - 0.70%

The final fee schedule is attached as Exhibit II of the Investment Advisory Contract. Clients may terminate the agreement without penalty for a full refund of OG's fees within five business days of signing the Investment Advisory Contract. Thereafter, clients may terminate the Investment Advisory Contract generally with 5 days' written notice.

OG bills based on the balance on the first day of the billing period. OGAS will charge new deposits to existing advisory accounts a management fee for the prorated time left in the billing quarter. If the deposit is received 30 calendar days or less from the scheduled account rebalancing, OGAS will not charge a management fee for the new deposit received and will not invest the cash to the portfolio investments until the scheduled rebalance.

#### ***Pension Consulting Services Fees***

The rate for pension consulting services is a flat fee of \$200 for the plan assets for which OG is providing such consulting services.

### **B. Payment of Fees**

#### ***Payment of Asset-Based Portfolio Management Fees***

Asset-based portfolio management fees are withdrawn directly from the client's accounts with client's written authorization on a quarterly basis. Fees are paid in advance.



## ***Payment of Pension Consulting Services Fees***

Fees are paid via check and paid quarterly.

### **C. Client Responsibility For Third Party Fees**

Clients are responsible for the payment of all third party fees (i.e. custodian fees, brokerage fees, mutual fund fees, transaction fees, etc.). Those fees are separate and distinct from the fees and expenses charged by OG. Please see Item 12 of this brochure regarding broker-dealer/custodian.

### **D. Prepayment of Fees**

OG collects fees in advance. Refunds for fees paid in advance will be returned within fourteen days to the client via check, or return deposit back into the client's account.

For all asset-based fees paid in advance, the fee refunded will be equal to the balance of the fees collected in advance minus the daily rate\* times the number of days elapsed in the billing period up to and including the day of termination. (\*The daily rate is calculated by dividing the annual asset-based fee rate by 365.)

### **E. Outside Compensation For the Sale of Securities to Clients**

OG or its supervised persons may accept compensation for the sale of securities or other investment products, including asset-based sales charges or services fees from the sale of mutual funds.

Marco Adan Fuentes is a registered representative of a broker-dealer and an insurance agent and in these roles, accepts compensation for the sale of securities and other products to OG clients.

#### ***1. This is a Conflict of Interest***

Supervised persons may accept compensation for the sale of securities or other investment products, including asset based sales charges or service fees from the sale of mutual funds to OG's clients. This presents a conflict of interest and gives the supervised person an incentive to recommend products based on the compensation received rather than on the client's needs. When recommending the sale of securities or investment products for which the supervised persons receives compensation, OG will document the conflict of interest in the client file and inform the client of the conflict of interest.

***2. Clients Have the Option to Purchase Recommended Products From Other Brokers***

Clients always have the option to purchase OG recommended products through other brokers or agents that are not affiliated with OG.

***3. Commissions are not the Primary Source of Income for OG***

Commissions are not OG's primary source of compensation.

***4. Advisory Fees in Addition to Commissions or Markups***

Advisory fees that are charged to clients are not reduced to offset the commissions or markups on securities or investment products recommended to clients.

**Item 6: Performance-Based Fees and Side-By-Side Management**

OG does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

**Item 7: Types of Clients**

OG generally provides advisory services to the following types of clients:

- ❖ Individuals
- ❖ High-Net-Worth Individuals
- ❖ Pension and Profit Sharing Plans

***Minimum Account Size for Portfolio Management***

There is an account minimum of \$5,000, which may be waived by OG in its discretion.

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

**A. Methods of Analysis and Investment Strategies**

***Methods of Analysis***

OG's methods of analysis include fundamental analysis, technical analysis and modern portfolio theory.

**Fundamental analysis** involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages.

**Technical analysis** involves the analysis of past market data; primarily price and volume.

**Modern portfolio theory** is a theory of investment that attempts to maximize portfolio expected return for a given amount of portfolio risk, or equivalently minimize risk for a given level of expected return, each by carefully choosing the proportions of various asset.

### ***Investment Strategies***

OG uses long term trading.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

## **B. Material Risks Involved**

### ***Methods of Analysis***

**Fundamental analysis** concentrates on factors that determine a company's value and expected future earnings. This strategy would normally encourage equity purchases in stocks that are undervalued or priced below their perceived value. The risk assumed is that the market will fail to reach expectations of perceived value.

**Technical analysis** attempts to predict a future stock price or direction based on market trends. The assumption is that the market follows discernible patterns and if these patterns can be identified then a prediction can be made. The risk is that markets do not always follow patterns and relying solely on this method may not take into account new patterns that emerge over time.

**Modern Portfolio Theory** assumes that investors are risk adverse, meaning that given two portfolios that offer the same expected return, investors will prefer the less risky one. Thus, an investor will take on increased risk only if compensated by higher expected returns. Conversely, an investor who wants higher expected returns must accept more risk. The exact trade-off will be the same for all investors, but different investors will evaluate the trade-off differently based on individual risk aversion characteristics. The implication is that a rational investor will not invest in a portfolio if a second portfolio exists with a more favorable risk-expected return profile – i.e., if for that level of risk an alternative portfolio exists which has better expected returns.

### ***Investment Strategies***

**Long term trading** is designed to capture market rates of both return and risk. Due to its nature, the long-term investment strategy can expose clients to various types of risk that will typically surface at various intervals during the time the client owns the investments.

These risks include but are not limited to inflation (purchasing power) risk, interest rate risk, economic risk, market risk, and political/regulatory risk.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

### **C. Risks of Specific Securities Utilized**

Clients should be aware that there is a material risk of loss using any investment strategy. The investment types listed below (leaving aside Treasury Inflation Protected/Inflation Linked Bonds) are not guaranteed or insured by the FDIC or any other government agency.

**Mutual Funds:** Investing in mutual funds carries the risk of capital loss and thus you may lose money investing in mutual funds. All mutual funds have costs that lower investment returns. The funds can be of bond “fixed income” nature (lower risk) or stock “equity” nature.

**Equity** investment generally refers to buying shares of stocks in return for receiving a future payment of dividends and/or capital gains if the value of the stock increases. The value of equity securities may fluctuate in response to specific situations for each company, industry conditions and the general economic environments.

**Fixed income** investments generally pay a return on a fixed schedule, though the amount of the payments can vary. This type of investment can include corporate and government debt securities, leveraged loans, high yield, and investment grade debt and structured products, such as mortgage and other asset-backed securities, although individual bonds may be the best known type of fixed income security. In general, the fixed income market is volatile and fixed income securities carry interest rate risk. (As interest rates rise, bond prices usually fall, and vice versa. This effect is usually more pronounced for longer-term securities.) Fixed income securities also carry inflation risk, liquidity risk, call risk, and credit and default risks for both issuers and counterparties. The risk of default on treasury inflation protected/inflation linked bonds is dependent upon the U.S. Treasury defaulting (extremely unlikely); however, they carry a potential risk of losing share price value, albeit rather minimal. Risks of investing in foreign fixed income securities also include the general risk of non-U.S. investing described below.

**Exchange Traded Funds (ETFs):** An ETF is an investment fund traded on stock exchanges, similar to stocks. Investing in ETFs carries the risk of capital loss (sometimes up to a 100% loss in the case of a stock holding bankruptcy). Areas of concern include the lack of transparency in products and increasing complexity, conflicts of interest and the possibility of inadequate regulatory compliance. Precious Metal ETFs (e.g., Gold, Silver, or Palladium Bullion backed “electronic shares” not physical metal) specifically may be negatively impacted by several unique factors, among them (1) large sales by the official sector which own a significant portion of aggregate world holdings in gold and other precious metals, (2) a significant increase in hedging activities by producers of gold or other precious metals, (3) a significant change in the attitude of speculators and investors.

**Real Estate** funds (including REITs) face several kinds of risk that are inherent in the real estate sector, which historically has experienced significant fluctuations and cycles in performance. Revenues and cash flows may be adversely affected by: changes in local real estate market conditions due to changes in national or local economic conditions or changes in local property market characteristics; competition from other properties offering the same or similar services; changes in interest rates and in the state of the debt and equity credit markets; the ongoing need for capital improvements; changes in real estate tax rates and other operating expenses; adverse changes in governmental rules and fiscal policies; adverse changes in zoning laws; the impact of present or future environmental legislation and compliance with environmental laws.

**Annuities** are a retirement product for those who may have the ability to pay a premium now and want to guarantee they receive certain monthly payments or a return on investment later in the future. Annuities are contracts issued by a life insurance company designed to meet requirement or other long-term goals. An annuity is not a life insurance policy. Variable annuities are designed to be long-term investments, to meet retirement and other long-range goals. Variable annuities are not suitable for meeting short-term goals because substantial taxes and insurance company charges may apply if you withdraw your money early. Variable annuities also involve investment risks, just as mutual funds do.

**Non-U.S. securities** present certain risks such as currency fluctuation, political and economic change, social unrest, changes in government regulation, differences in accounting and the lesser degree of accurate public information available.

An **American depositary receipt (ADR)** is a negotiable security that represents securities of a non-US company that trades in the US financial markets, which has certain of the same risks as investing directly in non-U.S. securities.

**Past performance is not indicative of future results. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

## **Item 9: Disciplinary Information**

### **A. Criminal or Civil Actions**

There are no criminal or civil actions to report.

### **B. Administrative Proceedings**

There are no administrative proceedings to report.

### **C. Self-regulatory Organization (SRO) Proceedings**

There are no self-regulatory organization proceedings to report.

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

### **A. Registration as a Broker/Dealer or Broker/Dealer Representative**

As a registered representative of Orbit Group LLC (license pending), Marco Adan Fuentes accepts compensation for the sale of securities.

### **B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor**

Neither OG nor its representatives are registered as or have pending applications to become either a Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Advisor or an associated person of the foregoing entities.

### **C. Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests**

Marco Adan Fuentes is a registered representative of Orbit Group LLC and from time to time, will offer clients advice or products from those activities. Clients should be aware that these services pay a commission or other compensation and involve a conflict of interest, as commissionable products conflict with the fiduciary duties of a registered investment adviser. OG always acts in the best interest of the client, including with respect to the sale of commissionable products to advisory clients. Clients are in no way required to implement the plan through any representative of OG in such individual's capacity as a registered representative.

Marco Adan Fuentes is an independent licensed insurance agent, and from time to time, will offer clients advice or products from those activities. Clients should be aware that these services pay a commission or other compensation and involve a conflict of interest, as commissionable products conflict with the fiduciary duties of a registered investment adviser. OG always acts in the best interest of the client; including the sale of commissionable products to advisory clients. Clients are in no way required to implement the plan through any representative of OG in such individual's capacity as an insurance agent.

#### **D. Selection of Other Advisers or Managers and How This Adviser is Compensated for Those Selections**

OG does not utilize nor select third-party investment advisers. All assets are managed by OG management.

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

#### **A. Code of Ethics**

OG has a written Code of Ethics that covers the following areas: Prohibited Purchases and Sales, Insider Trading, Personal Securities Transactions, Exempted Transactions, Prohibited Activities, Conflicts of Interest, Gifts and Entertainment, Confidentiality, Service on a Board of Directors, Compliance Procedures, Compliance with Laws and Regulations, Procedures and Reporting, Certification of Compliance, Reporting Violations, Compliance Officer Duties, Training and Education, Recordkeeping, Annual Review, and Sanctions. OG's Code of Ethics is available free upon request to any client or prospective client.

#### **B. Recommendations Involving Material Financial Interests**

OG does not recommend that clients buy or sell any security in which a related person to OG or OG has a material financial interest.

#### **C. Investing Personal Money in the Same Securities as Clients**

From time to time, representatives of OG may buy or sell securities for themselves that they also recommend to clients. This may provide an opportunity for representatives of OG to buy or sell the same securities before or after recommending the same securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest. OG will always document any transactions that could be construed as conflicts of interest and will never engage in trading that operates to the client's disadvantage when similar securities are being bought or sold.

#### **D. Trading Securities At/Around the Same Time as Clients' Securities**

From time to time, representatives of OG may buy or sell securities for themselves at or around the same time as clients. This may provide an opportunity for representatives of OG to buy or sell securities before or after recommending securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest; however, OG will never engage in trading



that operates to the client's disadvantage if representatives of OG buy or sell securities at or around the same time as clients.

## **Item 12: Brokerage Practices**

### **A. Factors Used to Select Custodians and/or Broker/Dealers**

Custodians/broker-dealers will be recommended based on OG's duty to seek "best execution," which is the obligation to seek execution of securities transactions for a client on the most favorable terms for the client under the circumstances. Clients will not necessarily pay the lowest commission or commission equivalent, and OG may also consider the market expertise and research access provided by the broker-dealer/custodian, including but not limited to access to written research, oral communication with analysts, admittance to research conferences and other resources provided by the brokers that may aid in OG's research efforts. OG will never charge a premium or commission on transactions, beyond the actual cost imposed by the broker-dealer/custodian.

OG will require clients to use Scottrade, Inc..

#### ***1. Research and Other Soft-Dollar Benefits***

While OG has no formal soft dollars program in which soft dollars are used to pay for third party services, OG may receive research, products, or other services from custodians and broker-dealers in connection with client securities transactions ("soft dollar benefits"). OG may enter into soft-dollar arrangements consistent with (and not outside of) the safe harbor contained in Section 28(e) of the Securities Exchange Act of 1934, as amended. There can be no assurance that any particular client will benefit from soft dollar research, whether or not the client's transactions paid for it, and OG does not seek to allocate benefits to client accounts proportionate to any soft dollar credits generated by the accounts. OG benefits by not having to produce or pay for the research, products or services, and OG will have an incentive to recommend a broker-dealer based on receiving research or services. Clients should be aware that OG's acceptance of soft dollar benefits may result in higher commissions charged to the client.

#### ***2. Brokerage for Client Referrals***

OG receives no referrals from a broker-dealer or third party in exchange for using that broker-dealer or third party.

#### ***3. Clients Directing Which Broker/Dealer/Custodian to Use***

OG will require clients to use a specific broker-dealer to execute transactions. Not all advisers require clients to use a particular broker-dealer.



## **B. Aggregating (Block) Trading for Multiple Client Accounts**

OG does not aggregate or bunch the securities to be purchased or sold for multiple clients. This may result in less favorable prices, particularly for illiquid securities or during volatile market conditions.

## **Item 13: Reviews of Accounts**

### **A. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews**

All client accounts for OG's advisory services provided on an ongoing basis are reviewed at least quarterly by Marco A Fuentes, President with regard to clients' respective investment policies and risk tolerance levels. All accounts at OG are assigned to this reviewer.

### **B. Factors That Will Trigger a Non-Periodic Review of Client Accounts**

Reviews may be triggered by material market, economic or political events, or by changes in client's financial situations (such as retirement, termination of employment, physical move, or inheritance).

### **C. Content and Frequency of Regular Reports Provided to Clients**

Each client of OG's advisory services provided on an ongoing basis will receive a quarterly report detailing the client's account, including assets held, asset value, and calculation of fees. This written report will come from the custodian.

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

### **A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes)**

OG does not receive any economic benefit, directly or indirectly from any third party for advice rendered to OG's clients.

### **B. Compensation to Non – Advisory Personnel for Client Referrals**

OG does not directly or indirectly compensate any person who is not advisory personnel for client referrals.

## **Item 15: Custody**

When advisory fees are deducted directly from client accounts at client's custodian, OG will be deemed to have limited custody of client's assets and must have written authorization from the client to do so. Clients will receive all account statements and billing invoices that are required in each jurisdiction, and they should carefully review those statements for accuracy.

## **Item 16: Investment Discretion**

OG provides discretionary investment advisory services to clients. The Investment Advisory Contract established with each client sets forth the discretionary authority for trading. Where investment discretion has been granted, OG generally manages the client's account and makes investment decisions without consultation with the client as to when the securities are to be bought or sold for the account, the total amount of the securities to be bought/sold, what securities to buy or sell, or the price per share. In some instances, OG's discretionary authority in making these determinations may be limited by conditions imposed by a client (in investment guidelines or objectives, or client instructions otherwise provided to OG).

## **Item 17: Voting Client Securities (Proxy Voting)**

OG will not ask for, nor accept voting authority for client securities. Clients will receive proxies directly from the issuer of the security or the custodian. Clients should direct all proxy questions to the issuer of the security.

## **Item 18: Financial Information**

### **A. Balance Sheet**

OG neither requires nor solicits prepayment of more than \$500 in fees per client, six months or more in advance, and therefore is not required to include a balance sheet with this brochure.

### **B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients**

Neither OG nor its management has any financial condition that is likely to reasonably impair OG's ability to meet contractual commitments to clients.

### **C. Bankruptcy Petitions in Previous Ten Years**

OG has not been the subject of a bankruptcy petition in the last ten years.

## **Item 19: Requirements For State Registered Advisers**

### **A. Principal Executive Officers and Management Persons; Their Formal Education and Business Background**

OG currently has only one management person: Marco Adan Fuentes. Education and business background can be found on the individual's Form ADV Part 2B brochure supplement.

### **B. Other Businesses in Which This Advisory Firm or its Personnel are Engaged and Time Spent on Those (If Any)**

Other business activities for each relevant individual can be found on the Form ADV Part 2B brochure supplement for each such individual.

### **C. Calculation of Performance-Based Fees and Degree of Risk to Clients**

OG does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

### **D. Material Disciplinary Disclosures for Management Persons of this Firm**

No management person at OG or OG has been found liable in an arbitration claim or been found liable in a civil, self-regulatory organization, or administrative proceeding that is material to the client's evaluation of the firm or its management.

### **E. Material Relationships That Management Persons Have With Issuers of Securities (If Any)**

See Item 10.C and 11.B.