
Item 1 – Cover Page

Brochure

Oxbow Advisors, LLC

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Corpus Christi, TX 78401

361-692-1296

September 30, 2015

This Brochure provides information about the qualifications and business practices of Oxbow Advisors, LLC [Oxbow, firm, us, we or our]. When we use the words “you,” “your,” and “client” we are referring to you as our client or our prospective client. If you have any questions about the contents of this Brochure, please contact us at 361-692-1296. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority.

Oxbow is registered as an investment adviser. The registration of an investment adviser does not imply any level of skill or training. The oral and written communications made to you by Oxbow, including the information contained in this Brochure, should provide you with information to determine whether to hire or retain Oxbow as your adviser.

Additional information about Oxbow also is available on the SEC’s website at www.adviserinfo.sec.gov. The SEC’s web site also provides information about any persons affiliated with, registered, and required to be registered, as investment adviser representatives of Oxbow (Associated Persons).

Item 2 – Material Changes

The following “material changes” have been made to this Brochure as of September 30, 2015, and since our last delivery or posting of the Brochure on the SEC’s public disclosure website (IAPD) www.adviserinfo.sec.gov:

- A branch office of Oxbow was consolidated with another branch office;
- The Fee Schedule was amended to reflect that Advisory Fees will be computed as a percentage of the closing end value of the assets under management;
- The Section on Brokerage Practices was expanded (i) to further detail the utilization of First Clearing, through Herndon Plant Oakley Ltd. and Charles Schwab & Co., Inc. as custodians; (ii) to discuss how we select brokers/custodians that we recommend; and (iii) to discuss the services provided by the custodians; and
- Client Referrals and Other Compensation was amended to reflect that we receive an economic benefit from Schwab in the form of the support products and services it makes available to us and other independent investment advisors that have their clients maintain accounts at Schwab; we have an arrangement with TD Ameritrade for the referral of accounts; and that we have entered into a service agreement with FDx Advisors to provide FDx Advisors, their overlay managers or designated third parties with investment recommendations consistent with the signed agreement between the parties.

In the future, we will deliver to our clients, within 120 days of the end of each fiscal year, a free, updated Brochure that either includes or is accompanied by a summary of material changes; or in the alternative, we may deliver a summary of material changes that includes an offer to provide a copy of the updated brochure and information on how our clients may obtain the brochure.

Currently, our Brochure may be requested by contacting Elizabeth Deubel-Ragan, Chief Compliance Officer at 361-692-1296.

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Item 4 – Advisory Business

The majority member/founder of Oxbow is James Theodore Oakley (Oakley or Ted Oakley). No other member has in excess of a 4.9% interest in Oxbow. All personnel of Oxbow are expected to have education and business backgrounds that enable them to perform their respective responsibilities effectively. In assigning responsibilities, we consider academic background (including studies in college and graduate schools, as well as degrees earned), industry training, licenses and certifications. Work experience in a related field, such as investments, commodities, insurance, banking or accounting, is also considered. No formal, specific standards have been set, but appropriate education and experience are required. See ADV Form Part 2B for additional information.

Investment Products

Oxbow offers advice on the following as well as the foreign equivalents of the following investment products:

- Equity securities (exchange-listed, over the counter, foreign issuers)
- Warrants
- Corporate debt securities
- Commercial paper
- Certificates of deposits
- Municipal securities
- Investment Company Securities (mutual fund shares)
- United States government securities
- Option contracts on securities
- Interests in partnerships investing in real estate, oil and gas placements
- Limited partnership interests

Oxbow offers the following advisory services:

- Financial planning services
- Portfolio management services for individuals and/or small businesses
- Portfolio management for businesses or institution clients (other than investment companies)
- Selection of other advisers
- Financial Planning
- Corporate Retirement Planning
- Individual Consultation

Assets Under Management

As of December 31, 2014 Oxbow had \$1,283,534,125 in client assets under management.

Overview

Oxbow offers advisory services by providing investment advice and portfolio management services on a continuing basis, including the appropriate allocation of managed assets among cash, stocks, and bonds with the selection of specific securities that will provide proper diversification and help meet the client's stated investment objectives. In effecting such services, we may advise directly and/or invest clients' funds through other investment advisors and/or third-party money managers.

We provide investment management services to our clients predominately through asset allocation strategies aimed at Long-Term Growth (equity), Growth & Income (balanced), High Income (fixed income) portfolios in separately managed portfolios. See Item 8, Methods of Analysis, Investment Strategies and Risk of Loss - Investment Strategies.

Private Counsel Services

Oxbow may utilize unaffiliated money managers or investment advisors as part of the client's overall investment strategy. Through this arrangement, the client may enter into an advisory agreement with the third-party money manager/advisor authorizing them to invest those assets according to the stated investment strategy. In consideration for such, the third-party money manager/advisor will receive an investment advisory fee separate from Oxbow's advisory fee.

Oxbow will perform third-party money manager/advisor due diligence, which includes research, recommendations, monitoring, and quarterly consolidated performance reporting. As compensation for this due diligence, fees will be commensurate with services provided.

Financial Planning

Oxbow provides financial planning services, which include retirement planning and analysis, investment management, and education planning, and other specialty services. Under a full-management (discretionary) agreement, Oxbow is granted authority to execute transactions on the client's behalf in accordance with the client's asset allocation guidelines. Under the advisory account agreement (non-discretionary) recommendations are made to the client, with action taken only after the client's approval. With either type of account, the client will receive documentation of transactions. Quarterly, the client will receive an investment report.

Corporate Retirement Planning. Oxbow provides one or more of the following services for corporate retirement plans: (1) create an Investment Policy Statement to document the plan goals, investment selection process, ongoing monitoring, and employee communication; (2) ensure that investment options are chosen based on strict due diligence, not revenue sharing to a third party and his or her firm; (3) design a plan consistent with its objectives in implementing

appropriate investment strategies (asset allocation); (4) offer guidance on company stock as a plan option; (5) act as the prudent advisor to the plan committee; (6) Assist the plan sponsor to avoid conflicts of interest; (7) review plan expenses.

Oxbow provides both discretionary and nondiscretionary investment and consulting services to businesses for corporate retirement plans. Oxbow acts as a third-party independent advisor over existing relationships with current plan providers, or may recommend the replacement of existing providers. Oxbow does not act as the plan provider, but can identify firms that offer such services.

Individual Consultation

Oxbow will consult with individuals or institutional clients on a single-project basis to advise them regarding general economic and investment matters or specific investment programs. Fees for such services are on an hourly basis, currently at a rate of no more than \$500 per hour plus expenses.

Additional Branch Offices

1777 N.E. Loop 410, Suite 600
San Antonio, TX 78217
Phone: 210-290-8252
Fax: 855-678-3817

14090 Southwest Freeway, Suite 300
Sugar Land, TX 77478
Phone: 281-340-2030
Fax: 281-340-2031

500 W. 5th Street, Suite 1205
Austin, TX 78701
Phone: 512-386-1088
Fax: 866-260-1003

1980 Post Oak Boulevard, Suite 2300
Houston, TX 77056
Phone: 713-961-0462
Fax: 713-961-5613

Item 5 – Fees and Compensation

Type of Compensation

Based on the investment services provided Oxbow is compensated by the following means:

- A percentage of assets under management
- Fixed fees (other than subscription fees)
- Hourly Charges
- Performance-based fees

Fees and Compensation

We offer services on a menu basis. Our fees are negotiable at the discretion of our advisory representative, which generally results in different fees being charged for accounts similar in makeup and objectives. In making a final decision on the fee negotiated, a number of factors are taken into consideration, including other accounts related to, or affiliated with you, the securities held in the investment portfolio, investment objectives, the total assets under management on an aggregate basis, and other factors that are deemed at the time to be relevant. These factors can result in lower fees being charged for accounts similar in makeup and objectives. Although many fees are individually negotiated, some common fees are included on our fee schedule for your review and described further below:

Fee Schedule *																		
See also Fee Payment Options in the paragraph below this chart																		
Fee Type	Fee Cost	When Charged																
Advisory Fees	<p>Computed as a percentage of the closing end value of the assets under management in the account for the previous quarter including any margin debt in the account. Calculated by multiplying the value of the assets under management by the appropriate annual fee rate set forth in the fee schedule below and dividing such product by four.</p> <p><u>Equity and Balanced</u></p> <table><tr><td>\$1,000,000-\$5,000,000</td><td>1.00%</td></tr><tr><td>\$5,000,001-\$15,000,000</td><td>0.75%</td></tr><tr><td>\$15,000,001-\$50,000,000</td><td>0.50%</td></tr></table> <p>Fixed Income - High Income Strategy</p> <table><tr><td>\$1,000,000-\$5,000,000</td><td>0.75%</td></tr><tr><td>\$5,000,001- \$15,000,000</td><td>0.65%</td></tr><tr><td>\$15,000,001- \$50,000,000</td><td>0.50%</td></tr></table> <p>Fixed Income – Conservative Strategy</p> <table><tr><td>\$1,000,000-\$15,000,000</td><td>0.25%</td></tr><tr><td>\$15,000,001-\$50,000,000</td><td>0.15%</td></tr></table>	\$1,000,000-\$5,000,000	1.00%	\$5,000,001-\$15,000,000	0.75%	\$15,000,001-\$50,000,000	0.50%	\$1,000,000-\$5,000,000	0.75%	\$5,000,001- \$15,000,000	0.65%	\$15,000,001- \$50,000,000	0.50%	\$1,000,000-\$15,000,000	0.25%	\$15,000,001-\$50,000,000	0.15%	Quarterly, in arrears
\$1,000,000-\$5,000,000	1.00%																	
\$5,000,001-\$15,000,000	0.75%																	
\$15,000,001-\$50,000,000	0.50%																	
\$1,000,000-\$5,000,000	0.75%																	
\$5,000,001- \$15,000,000	0.65%																	
\$15,000,001- \$50,000,000	0.50%																	
\$1,000,000-\$15,000,000	0.25%																	
\$15,000,001-\$50,000,000	0.15%																	
Corporate Retirement Planning	Payment for services are either paid by: an hourly rate, an agreed flat fee, or a fee based on the value of assets in the retirement plan. The terms of payment usually depend on the scope of services provided.	As agreed																
Individual Consultation	Fees for such services are on an hourly basis, currently at a rate of no more than \$500 per hour plus expenses.	Hourly, as incurred																
Performance Fees	Performance fee schedules are negotiated in advance on an individual client basis.																	

Fee Payment Options

As indicated in our advisory agreement with you, there are two options you can select to pay for our services:

Direct debiting (preferred)

At the inception of the relationship and each quarter thereafter, we will notify your custodian of the amount of the fee due and payable to us through our fee schedule and contract. The custodian does not validate or check our fee or its calculation on the assets on which the fee is based. The custodian will “deduct” the fee from your account or, if you have more than one

account, from the one you have designated to pay our advisory fees. Each month, you will receive a statement directly from your custodian showing all transactions, positions and credits/debits into or from your account; the statements after the quarter end will reflect these transactions, including the advisory fee paid by you to us.

Pay-by-check

At the opening of your investment account and each quarter thereafter, we issue you an invoice for our services and you pay us by check or wire transfer within 15 days of the date of the invoice.

Valuation

The valuation of securities and other instruments is generally determined by their last reported sale price on the principal market in which they are traded, if traded on a market for which transaction prices are publically reports. Otherwise, other readily marketable securities and instruments are valued by using a pricing service or by other equitable means consistent with the fiduciary duty of the money manager to determine a fair market value.

Transaction Costs

Our advisory fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses, which shall be incurred by the client. Such charges are disclosed in the investment advisory agreement, and by the Custodian, and are agreed to in advance by client.

Clients can incur certain charges imposed by custodians, brokers, third-party investment, and other third parties such as fees charged by managers, custodial fees, 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. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. See also Brokerage Practices and Referral Arrangements and Other Compensation for a description of additional compensation received by us and for a description of factors that we consider in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (e.g., commissions).

Termination

Our relationship with you may generally be terminated upon 30 days' written notice; however, clients who engage us after March 31, 2015, may terminate our relationship upon 10 days' written notice. Since your fee is paid in arrears, no pro-ration of fees will occur upon termination of the agreement, however a final fee will be charged, which will be prorated according to the number of days for which we provided our investment advisory services during the current quarter.

Item 6 – Performance-Based Fees and Side-By-Side Management

Performance-Based Fees

Overview

Clients who qualify under Federal Securities law may elect to be charged a performance fee. Such clients include:

- 1) Qualified Clients: Oxbow may have a performance fee arrangement with (a) a client who has at least \$1,000,000 under management with Oxbow; or (b) has a net worth of more than \$2 million excluding primary residence and debt securing property; or
- 2) Non-U.S. Residents

Any performance-based fee will be arranged subject to Section 205(a)(1) of the Investment Advisers Act of 1940 (Advisers Act) in accordance with the available exemptions, including the exemption set forth in Rule 205-3. See also Item 5, Fees and Compensation.

Conflicts of Interests

These fees may be an incentive for Oxbow to make riskier or more speculative investments than would be the case absent a performance fee. Generally, Oxbow can receive increased compensation based on unrealized appreciation in addition to realized gains in the client's account.

If a qualified client (as described above) desires a performance fee for the management of other portfolio strategies, we will consider and perhaps accommodate the request. It is possible that Oxbow earns a performance management fee for one client's account while earning the standard fee for other clients' accounts in the same investment strategy. Therefore, there is the potential for a conflict of interest since Oxbow could show preferential treatment to such performance-fee clients. No preferential treatment is given to performance fee accounts over standard fee accounts.

Oxbow has procedures designed and implemented to ensure that all clients are treated fairly and equally, and to prevent this conflict from influencing the allocation of investment opportunities among clients.

Side-By-Side Management

Oxbow does not engage in side-by-side management of accounts.

Item 7 – Types of Clients

Overview

The clients of our firm and its affiliates, who entrust us with their assets, share the similar investment objectives of achieving consistent investment returns with minimal portfolio risk. We offer portfolio management investment advice to the following types of clients:

- Individuals
- Families
- High net worth individuals
- High net worth families
- Pension and profit sharing plans (other than participants)
- Charitable organizations
- Trusts
- Estates
- Private foundations
- Retirement plans
- Employee Benefit Plans

ERISA Clients

With regard to retirement plans that are subject to the Employee Retirement Income Security Act of 1974 (“ERISA”), Oxbow generally assumes the role of a fiduciary with respect to such ERISA plans. Additionally, the Responsible Plan Fiduciary for ERISA plans will be provided with an ERISA Fee and Services Disclosure pursuant to Section 408(b)(2) of ERISA, prior to the ERISA Plan engaging Oxbow for advisory services.

Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss

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

Investment Strategies

We provide investment management services to our clients predominately through asset allocation strategies aimed at Long-Term Growth (equity), Growth & Income (balanced), High Income (fixed income) portfolios in separately managed portfolios. See Item 8, Methods of Analysis, Investment Strategies, and Risk of Loss - Investment Strategies.

Long-Term Growth Strategy

At Oxbow Advisors our goal is to protect clients’ purchasing power over time, and often an allocation in equities is vital to the achievement of this objective. Our approach to investing in stocks is quite simple – we invest in what we believe are undervalued companies without

consideration of size, location, or industry. There are three analytical processes that we employ simultaneously and continuously in order to identify the stocks we want to own, as well as the percentage of cash and/or defensive positions we believe are warranted. First, the members of our investment committee review a variety of data in order to identify how attractive the equity market is when compared to other asset classes. Economic data and trends, current and anticipated interest rates, and technical research are considered during this process. Second, our analysts work diligently to identify stocks that appear to be undervalued relative to their competitors and/or that represent a good value on an absolute basis. The third way we find attractive equity investment opportunities is through the identification of sectors or industry groups that are mispriced due to recent headlines or changes in investor sentiment or that we believe will benefit fundamentally from changing economic trends. The purchase of a stock on our clients' behalf is just a part of the overall process, as meticulous analysis is also applied to positions once we own them. Markets, the economy and company fundamentals are constantly changing and evolving and we are always open to making strategic adjustments when prudent. While we maintain certain portfolio guidelines to ensure proper diversification, and our long-term growth investment strategy comprises primarily domestic stocks, we often invest a portion of client portfolios in international securities.

Growth & Income Strategy

The Oxbow Advisors Growth and Income investment strategy combines a conservative capital preservation strategy with our High Income investment strategy and is designed to produce consistent absolute returns with limited portfolio volatility. By investing in both high grade fixed income securities and higher yielding income producing securities this strategy has created consistent annual returns and limited the frequency and severity of portfolio declines, as well as provided protection against rising interest rates and inflation. This is a diversified portfolio of high grade and high yield corporate bonds, municipal bonds, master limited partnerships, convertible bonds, closed-end funds, exchange traded funds, preferred stocks, high yield common stocks and other income producing securities.

High Income Strategy

In our High Income Strategy, we seek to combine the consistent cash flow typically associated with fixed income investments and the potential for capital appreciation often thought of as an equity investment characteristic. Investing in a diversified portfolio of high grade and high yield corporate bonds, municipal bonds, master limited partnerships, convertible bonds, closed-end funds, exchange traded funds, preferred stocks, high yield common stocks and other income producing securities, our primary objective is to produce a relatively high level of annual income yield. Often we are able to identify items that are trading at a discount relative to their cash flow yield or that have been temporarily mispriced due to recent financial media headlines, sudden changes in interest rates or investor sentiment, and/or various economic and market developments. Identifying and investing in these undervalued income

securities and securities that are correlated to the equity market often results in the achievement of our secondary objective, which is to create capital growth.

Analysis Methods

Security analysis methods utilized by Oxbow include:

Charting

Charting analysis seeks to identify resistance and support reference prices for decisions to buy (price hits the support) or sell (price hits the resistance). Through charting, the analysis seeks to identify price patterns and market trends in financial markets. Charting may apply to long-term investing or be used as a market-timing strategy, depending on the time-frame of the price charts.

Fundamental

Fundamental analysis maintains that markets may misprice a security in the short run, but that the "correct" price will eventually be reached by the market. The fundamental analysis of a business involves analyzing businesses: financial statements and health, management and competitive advantages, and competitors and markets. When applied to futures and forex, it focuses on the overall state of the economy, interest rates, production, earnings, and management.

Technical

Technical analysis maintains that all information is already reflected in the stock price. Technical analysis is a discipline for forecasting the direction of prices through the study of past market data, primarily price and volume. Generally, technical analysis employs models and trading rules based on price and volume transformations, such as the relative strength index, moving averages, regressions, inter-market and intra-market price correlations, business cycles, stock market cycles or, classically, through recognition of chart patterns.

Cyclical

Cyclical analysis generally targets cyclical stocks for the purchase of equity securities when the ratio of price-to-earnings (P/E Ratio) is low, and sell them when the P/E Ratio is high (i.e., when earnings are peaking). The P/E Ratio is a measure of the price paid for a share relative to the annual net income or profit earned by the firm per share.

The main sources of information that Oxbow uses to analyze these investment strategies are:

- Financial newspapers and magazines
- Research materials prepared by others
- Corporate rating services
- Annual reports, prospectuses, filings with the SEC
- Company press releases

Investment Strategies

The investment strategies Oxbow uses to implement any investment advice given to clients include:

- Long term Purchases (securities held at least a year)
- Short term purchases (securities sold within a year)
- Trading (securities sold within 30 days)
- Short sales, if preauthorized by client
- Margin transactions, if preauthorized by client
- Option writing, including covered options, uncovered options or spreads

Investment Strategy Risks

General Risks

Lack of Diversification

Portfolio investments may be concentrated and diversification may be limited. There are no limits with respect to position sizes. Any assets or combination of assets that can be held in a securities account can be purchased or sold.

Liquidity

Client portfolios will not generally be invested in illiquid securities and or private investments without client direction. However, to the extent the client directs that portfolio investments be made in investments that are not liquid and or securities become less liquid during the holding period, you will not be able to access your investment.

Cash and Cash Equivalents

Accounts may maintain significant cash positions from time to time and the client will pay the Investment Management Fee based on the net asset value of the Account, including cash and cash equivalents. Furthermore, client portfolios may forego investment opportunities to hold cash positions if we considers it in the best interests of the portfolio.

Leverage

We may use leverage in investing if preauthorized by the client. Such leverage may be obtained through various means. The use of short-term margin borrowings may result in certain additional risks to client portfolios. For example, should the securities pledged to a broker to secure a margin account decline in value, a “margin call” may be issued pursuant to which additional accounts would be required to be deposited with the broker or the broker would effect a mandatory liquidation of the pledged securities to compensate for the decline in value. We might not be able to liquidate assets quickly enough to pay off the margin debt and client portfolios may therefore also suffer additional significant losses as a result of such default.

Although borrowing money increases returns if returns on the incremental investments purchased with the borrowed accounts exceed the borrowing costs for such accounts, the use of leverage decreases returns if returns earned on such incremental investments are less than the costs of such borrowings.

Interest Rate Fluctuation

The prices of securities in which the Advisor may invest are sensitive to interest rate fluctuations. Unexpected fluctuations in interest rates could cause the corresponding prices of the long and short portions of a position to move in directions that were not initially anticipated. In addition, interest rate increases generally will increase the interest carrying costs of borrowed securities and leveraged investments.

Long term Purchases (securities held at least a year)

Liquidity

The portfolio may be invested in liquid securities and/or illiquid securities. You should be aware that liquid securities may become less liquid during the holding period.

Short term purchases (securities sold within a year)

Market Risks

The success of a significant portion of the program will depend, to a great extent, upon correctly assessing the future course of the price movements of the securities traded. There can be no assurance that the trading program will be able to predict accurately these price movements. Additionally, over time, the effectiveness of the trading program may decline, including due to other market participants developing similar programs or techniques.

Trading (securities sold within 30 days)

Market Risks

The success of a significant portion of a trading program will depend, to a great extent, upon correctly assessing the future course of the price movements of the securities traded. There can be no assurance that the trading program will be able to predict accurately these price movements. Additionally, over time, the effectiveness of the trading program can decline, including due to other market participants developing similar programs or techniques.

Trading is Speculative

There are risks involved in trading securities. Market movements are difficult to predict and are influenced by, among other things, government trade, fiscal, monetary and exchange control programs and policies; changing supply and demand relationships; national and international political and economic events; changes in interest rates; and the inherent volatility of the marketplace. In addition, governments from time to time intervene, directly and by

regulation, in certain markets, often with the intent to influence prices directly. The effects of governmental intervention may be particularly significant at certain times in the financial instrument markets and such intervention (as well as other factors) may cause these markets to move rapidly.

Turnover

Our trading activities may be made on the basis of short-term market considerations. The portfolio turnover rate could be significant, potentially involving substantial brokerage commissions, and related transactional fees and expenses.

Option writing, including covered options, uncovered options or spreading strategies

Options and Other Derivatives

We may purchase or sell options, warrants, equity-related swaps or other derivatives that trade on an exchange. Both the purchasing and selling of call and put options entail risks. An investment in an option may be subject to greater fluctuation than an investment in the underlying securities. The effectiveness of purchasing or selling stock index options as a hedging technique depends upon the extent to which price movements in the hedged portfolios correlate with price movements of the stock index selected. Because the value of an index option depends upon movements in the level of the index rather than the price of a particular security, whether a portfolio realizes a gain or loss will depend upon movements in the level of security prices in securities markets generally rather than movements in the price of a particular security.

Uncovered Risks

We may employ various “risk-reduction” techniques designed to minimize the risk of loss in a portfolio. Nonetheless, substantial risk remains that such techniques will not always be possible to implement and when possible, will not always be effective in limiting losses. Hedging against a decline in the value of a portfolio position does not eliminate fluctuations in the values of portfolio positions or prevent losses if the value of such positions decline, but utilize other positions designed to gain from those same developments, thus moderating the decline in the portfolio positions’ value. Such hedge transactions also limit the opportunity for gain if the value of a portfolio position should increase. It may not be possible for us to hedge against a fluctuation that is so generally anticipated that we are not able to enter into a hedging transaction at a price sufficient to protect from the decline in value of the portfolio position anticipated as a result of such a fluctuation. The success of the hedging transactions will be subject to the ability to correctly predict market fluctuations and movements. Therefore, while we may enter into such transactions to seek to reduce risks, unanticipated market movements and fluctuations may result in a poorer overall performance for the portfolios than if we had not engaged in any such hedging transactions. Finally, the degree of correlation between price movements of the instruments used in a hedging strategy and price movements in the portfolio position being hedged may vary.

Item 9 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Oxbow or the integrity of Oxbow's management. Oxbow has no information that is applicable to this Item.

Item 10 – Other Financial Industry Activities and Affiliations

Brokerage and Investment Advisory Activities

Brokerage

Oxbow is affiliated with Herndon Plant Oakley Ltd. (HPO), which is a registered broker-dealer with the SEC and various state jurisdictions and is a member firm of the Financial Industry Regulatory Authority. HPO is also registered with the SEC as a registered investment adviser, and notice filed with various jurisdictions in such capacity.

Insurance Activities

HPO is licensed as an insurance broker and agency and provides analysis of and recommends the purchase and sale of certain insurance products. This licensing is in addition to our registration as a registered investment adviser and broker dealer. HPO generally receives compensation in connection with such sales. Clients are not obligated to use HPO as their insurance broker or agent or to use any recommended insurance company for any recommended insurance transaction. Certain associated persons of HPO are also licensed insurance brokers, and as such, do on occasion sell insurance products to the brokerage clients of HPO.

American Bank, N.A.

We have an arrangement with American Bank, N.A., a national bank association, in which we are engaged in the business of providing investment advisory services from shared bank locations.

James Theodore Oakley

James Theodore Oakley is a Limited Partner of HPO, a broker-dealer affiliated by common ownership, and a Managing Member of Oxbow. He manages the investment advisory activities of Oxbow and is a registered representative of HPO. In such capacity, Mr. Oakley generally oversees trades on behalf of Oxbow clients who custody at First Clearing, LLC (First Clearing) through HPO.

Roger E. King

Roger E. King is Senior Managing Director of Oxbow and President and Chief Investment Officer of King Investment Advisors, Inc., an investment adviser registered with the SEC and various state jurisdictions. Mr. King is instrumental in formulating investment policy and strategy, and oversees the implementation and execution of investment activity on behalf of clients.

Other Activities

Oxbow and its principal executive officers engage in the following activities:

- As a principal, effecting securities transactions for compensation for advisory clients who do not otherwise designate another brokerage firm to perform such services. In this role, Oxbow or its affiliates can buy securities for its own account from a client or sell securities it owns to clients. When a principal transaction occurs, we will disclose to the client, in writing before the completion of the transaction, the capacity in which we are acting, and will obtain the consent of the client to such transaction. Oxbow may purchase initial public offerings for certain advisory client accounts who have expressed an interest in the purchase of these issues. Oxbow has procedures in place to include its current practice of allocating these offerings.
- As a broker or agent, effecting securities transactions through HPO for compensation for advisory clients of Oxbow that custody at First Clearing through HPO, and registered investment advisers, investment managers or sub-advisors who do not otherwise designate another brokerage firm to perform such services.
- As a broker, effecting agency cross transactions through which client securities are sold to or bought from a brokerage customer of HPO.
- Recommends to clients that they buy or sell securities or investment products in which Oxbow or a related person has some financial interest.
- Buying or selling for securities for its account that we also recommend to clients.

Item 11 – Code of Ethics

General

We have adopted a Code of Ethics for all of our Associated Persons describing its high standard of business conduct and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All Associated Persons must acknowledge the terms of the Code of Ethics annually, or as amended. We require transaction confirmation and quarterly reporting. A written copy of our Code of Ethics is available, free of charge, upon request by contacting Elizabeth Deubel-Ragan.

We anticipate that we will recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which we or our affiliates and/or clients, directly or indirectly,

have a position of interest. This will only be done in appropriate circumstances, consistent with clients' investment objectives and consistent with our fiduciary duty.

Personal Trading

Our employees and Associated Persons purchase and sell securities for their own account. To prevent conflicts of interest, all employees and Associated Persons must comply with our Code of Ethics, which imposes restrictions on the purchase or sale of securities for their own accounts and the accounts of certain affiliated persons.

Our employees and Associated Persons are required to follow our Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of our firm and its affiliates may trade for their own accounts in securities that are recommended to and/or purchased for our clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of our firm will not interfere with (i) making decisions in the best interest of advisory clients, and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code certain classes of securities have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interest of our clients. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored pursuant to the Code of Ethics to reasonably prevent conflicts of interest between us and our clients.

Certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis when consistent with our obligation of best execution. In such circumstances, the affiliated and client accounts will share commission costs equally and receive securities at a total average price. We will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis.

Cross Trades

We may trade agency cross transactions between affiliated broker-dealer and advisory clients for our investment advisory client to accommodate the needs of our clients by attempting to minimize transaction costs or by providing liquidity with respect to certain securities. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. It is our policy to conduct such transactions to be consistent with our duties to our clients and after prior approval has been obtained from you as required.

Insider Information

Further, the Code of Ethics and Supervisory Procedures impose certain policies and procedures concerning the misuse of material non-public information that are designed to prevent insider trading by any officer, partner, or Associated Person of Oxbow.

Item 12 – Brokerage Practices

Custodians and Brokers Used

Herndon Plan Oakley Ltd.

HPO will be used to execute portfolio transactions for investment advisory clients of Oxbow that custody at First Clearing through HPO. These transactions will be conducted subject to proper, and customary, disclosure including (but not limited to) compensation received by HPO and its registered representatives. A registered representative may receive commissions when portfolio transactions are effected on your behalf. Notwithstanding the above, a registered representative may (i) charge an advisory fee and a ticket charge; (ii) receive a portion of the distribution and Rule 12b-1 fees from the issuers of a limited number of mutual funds that are utilized by advisory clients; and (iii) money market mutual funds, or comparable investments in which to hold cash reserves in your account by the registered representatives are limited to certain investments. The selection includes a limited number of money-market, municipal money-market and government money-market funds, and the issuers of funds pay HPO a distribution fee in its capacity as a broker-dealer. Additionally, HPO, as a broker-dealer, buys securities for itself from, or sell securities it owns to clients of Oxbow, at which time markups/markdowns are charged to those clients.

It is generally anticipated that HPO will be designated by the client as the broker-dealer for the execution of securities transactions which are directed by Oxbow who custody at First Clearing through HPO. To the extent that it is, Oxbow will seek to obtain the best combination of price and execution for such transactions; however, lower commissions or better execution may be available elsewhere, for example, by the execution of the transaction through a so called "discount broker."

If an investment advisory client utilizes HPO as the broker-dealer, Oxbow's selection of money market mutual funds or comparable investments in which to hold cash reserves in the client's account will be limited to certain investments. The selection includes money market, municipal money market and government money-market funds, and the issuers of funds pay HPO a distribution fee in its capacity as a broker-dealer. This compensation is in addition to other fees, etc. received from client accounts. Oxbow's advisory representatives that are also registered with HPO receive additional compensation based on client account balances being held in the money-market funds. Additionally, cash balances arising from the sales of securities, redemption of debt securities, dividend and interest payments and funds received from clients

are so invested automatically on a daily basis. When securities are sold, funds are deposited on the first business day after settlement date. Funds placed in a client's account by personal check usually will not be invested until the second business day following the day that the deposit is credited to the client's account. Due to the foregoing practices, HPO may obtain federal funds prior to the date that deposits are credited to client accounts and thus may realize some economic benefit because of the delay in investing these funds.

Charles Schwab & Co., Inc.

In addition, our clients may use Charles Schwab & Co., Inc. (Schwab), a FINRA-registered broker-dealer, member SIPC, as the qualified custodian. We are independently owned and operated and not affiliated with Schwab. Schwab will hold your assets in a brokerage account and buy and sell securities when [we/you] instruct them to. While we may recommend that you use Schwab as custodian/broker, you will decide whether to do so and open your account with Schwab by entering into an account agreement directly with them. Even though your account is maintained at Schwab, we can still use other brokers to execute trades for your account, as described in the next paragraph.

How We Select Brokers/Custodians That We Recommend

We seek to recommend and/or use a custodian/broker who will hold your assets and execute transactions on terms that are overall most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, among others, these:

- Combination of transaction execution services along with asset custody services (generally without a separate fee for custody);
- Capability to execute, clear and settle trades (buy and sell securities for your account);
- Capabilities to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.);
- Breadth of investment products made available (stocks, bonds, mutual funds, exchange traded funds (ETFs), etc.);
- Availability of investment research and tools that assist us in making investment decisions;
- Quality of services;
- Competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate them;
- Reputation, financial strength and stability of the provider;
- Their prior service to us and our other clients; or
- Availability of other products and services that benefit us, as discussed below (see “Products and Services Available to Us from Schwab”)

General Brokerage Practices

General Brokerage Practices Through HPO

HPO, as broker-dealer, buys securities for itself from, or sells securities it owns to its and Oxbow's clients. HPO may act as principal in transactions involving Oxbow's investment advisory clients. It is the policy of Oxbow to affect such a transaction consistent with Oxbow's duties to the client and only after prior disclosure to, and written approval from the client, has been obtained as required by applicable law.

HPO, from time to time, may effect agency cross transactions between broker-dealer and advisory clients in an effort to accommodate the needs of Oxbow's clients by either attempting to minimize transaction costs or by providing liquidity with respect to certain securities. With respect to principal transactions, an agency cross transaction is a transaction in which Oxbow, or any of its affiliates, acting as a principal for its own account, knowingly sells any security to or purchases any security from a client. It is the policy of Oxbow to conduct such transactions consistent with Oxbow's duties to its clients and after prior approval has been obtained from the client as required.

HPO maintains an arrangement with First Clearing whereby HPO clears securities transactions on a fully disclosed basis through First Clearing as an introducing broker. In the capacity as a broker-dealer, HPO is used to execute portfolio transactions for Oxbow's investment advisory clients that custody at First Clearing, through HPO. These transactions will be conducted subject to proper, and customary disclosure, including (but not limited to) compensation received by Oxbow and/or its registered representatives. Compensation will be received by HPO, as a broker-dealer, and/or its registered representatives when portfolio transactions are effected on behalf of Oxbow's investment advisory clients. The representatives generally charge an advisory fee, a commission, and a ticket charge. Compensation is received by HPO, as a broker-dealer, and/or its registered representatives when portfolio transactions are effected on behalf of investment advisory clients and therefore, HPO will receive compensation.

First Clearing holds all customer funds and/or securities on behalf of HPO's brokerage customers for purposes of the Securities Investor Protection Act.

General Brokerage Practices through Schwab

Schwab generally does not charge you separately for custody services but is compensated by charging you commissions or other fees on trades that it executes or that settle into your Schwab account. Schwab's commission rates applicable to our client accounts were negotiated based on our commitment to maintain a certain percentage of our clients' assets at Schwab. This commitment benefits you because the overall commission rates you pay are lower than they would be if we had not made the commitment. In addition to commissions Schwab charges you a flat dollar amount as a "prime broker" or "trade away" fee for each trade that we have executed by a different broker-dealer but where the securities bought or the funds from the

securities sold are deposited (settled) into your Schwab account. These fees are in addition to the commissions or other compensation you pay the executing broker-dealer. Because of this, in order to minimize your trading costs, we have Schwab execute most trades for your account.

Where an unaffiliated broker-dealer or other entity acts as custodian of the client's account assets, HPO will have no control over the manner in which the cash reserves will be handled. The client and/or custodian will make that determination.

General Brokerage Practices

Based upon the similarity of investments among client accounts having similar investment objectives, and the fact that Oxbow may direct the purchase of securities for more than one account simultaneously, and the possible appearance of similarity in the treatment of clients, all client accounts are handled in a manner designed to prevent pooling of assets and/or the management of accounts on a de facto pooled basis, resulting in the existence of an investment company.

Products and Services Available to Us

Services Available to HPO

It is not HPO's practice to negotiate "execution only" commission rates; thus the client may be deemed to be paying for other services provided by the broker that are included in the commission rate. These other services may include research, services such as marketed publications, advice, analysis, reports or on line financial information. Research services furnished by HPO to its brokerage clients may or may not be used by Oxbow in the servicing of its investment advisory clients.

HPO may also receive from custodians, without cost, software and support, which allow HPO to better monitor and service client portfolios. The Firm may receive the software and support without cost because Oxbow renders investment advisory services to clients that maintain accounts with certain custodians.

Services Available through Schwab

Schwab Advisor Services (formerly called Schwab Institutional) is Schwab's business serving independent investment advisory firms like us. They provide us and our clients with access to its institutional brokerage – trading, custody, reporting and related services – many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our clients' accounts while others help us manage and grow our business. Schwab's support services are generally available on an unsolicited basis (we don't have to request them) and at no charge to us as long as we keep a total of at least \$50 million of our clients' assets in accounts at Schwab. If we have less than \$50 million in client assets at Schwab, it may charge us quarterly service fees. A more detailed description of Schwab's support services follows:

Schwab Services that Benefit You

Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab's services described in this paragraph generally benefit you and your account.

Schwab Services that May Not Directly Benefit You

Schwab also makes available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts. They include investment research, both Schwab's own and that of third parties. We may use this research to service all or some substantial number of our clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- Provide access to client account data (such as duplicate trade confirmations and account statements);
- Facilitate trade execution and allocate aggregated trade orders for multiple client accounts;
- Provide pricing and other market data;
- Facilitate payment of our fees from our clients' accounts; and
- Assist with back-office functions, recordkeeping and client reporting.

Schwab Services that Generally Benefit Only Us

Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:

- Educational conferences and events
- Technology, compliance, legal, and business consulting;
- Publications and conferences on practice management and business succession; and
- Access to employee benefits providers, human capital consultants and insurance providers.

Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. Schwab may also provide us with other benefits such as occasional business entertainment of our personnel.

Item 13 – Review of Accounts

Review of Accounts

Oxbow offers managed account programs to its customers. These managed accounts are monitored on a systematic basis, and each account is reviewed at least annually by Ted Oakley or Roger E. King. Notwithstanding the above, more active accounts and larger accounts maybe reviewed more frequently. With respect to account performance, Oxbow reviews each account on at least an annual basis, and compares each investment on a transaction basis to insure that each transaction is:

- (i) suitable to the respective client’s investment objectives;
- (ii) meets that client’s quality standards; and
- (iii) still pertinent to their investment objectives and still pertinent to the managed account arrangement.

Reports

The nature and frequency of reports to clients are determined primarily by the particular needs of each client. Generally, clients are issued quarterly reports by Oxbow detailing their individual assets, unless the client requests a more frequent basis. The client receives an annual performance report for each calendar year, summarizing all portfolio activity for the year. The client also receives monthly account statements from the custodian detailing all activity in the client’s managed account. In addition, the Compliance Officer of Oxbow will oversee the review of all client accounts annually.

Trade Errors

Though Oxbow will attempt to correct trading errors as soon as they are discovered, we may not be responsible for poor executions or trading errors committed by the brokers with whom it engages in securities transactions, unless such errors resulted from our negligence, fraud, or willful misconduct.

Item 14 – Client Referrals and Other Compensation

Client Referrals

There may be occasions when we pay a percentage of the fee we receive from accounts that have been referred to us to the person making the referral (a “solicitor”). In such cases, you will receive a separate written disclosure statement from the solicitor before you open your account with us that will explain, among other things, the nature of our affiliation with the solicitor (if any) and a description of the compensation the solicitor will receive from us. Our policy is that if

we pay such referral fees to a solicitor for any account, the fee schedule applicable to that client's account will be the same as the schedule that would have applied to accounts of similar size receiving similar services where no referral fees are paid.

We receive an economic benefit from Schwab in the form of the support products and services it makes available to us and other independent investment advisors that have their clients maintain accounts at Schwab. These products and services, how they benefit us, and the related conflicts of interest are described above (see Item 12 – Brokerage Practices). The availability to us of Schwab's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

We have an arrangement with TD Ameritrade for the referral of accounts. We agree to pay TD Ameritrade for referring accounts to us. For referral client relationships established after July, 2010, the maximum fee paid to TD Ameritrade is 25% of the advisory fee. For referral client relationships established prior to July 1, 2010, the maximum fee paid to TD Ameritrade is 15% of the advisory fee.

We have entered into a service agreement with FDx Advisors to provide FDx Advisors, their overlay managers or designated third parties with investment recommendations consistent with the signed agreement between the parties. Our compensation will be paid quarterly, based on the overlay management technology described in the services agreement.

Brokerage Compensation

Affiliated Broker-Dealer

HPO is an affiliated broker-dealer that can be used to execute portfolio transactions for investment advisory clients who custody at First Clearing through HPO, at your discretion. These transactions will be conducted subject to proper, and customary, disclosure including but not limited to compensation received by HPO and any Associated Persons. Compensation is received by HPO, as a broker-dealer, when portfolio transactions are effected on behalf of our investment advisory clients by either us or your third-party money manager. Therefore, HPO may receive compensation as a result of acting in one or both capacities. Additionally, Associated Persons may receive a portion of the advisory fee and any ticket charge charged by HPO (to the extent they are also registered with HPO). Additionally, the broker-dealer, may buy securities for itself from, or sell securities it owns to clients of our firm, at which time markups/markdowns may be charged to those clients.

Mutual Funds Charges

To the extent mutual funds are utilized as third-party managers, and such mutual funds are purchased through us, we will receive distribution and Rule 12b-1 fees from the issuers of such mutual funds, and this will be in addition to the advisory fee paid herein. You are advised

that, in addition to the annual advisory fee set forth above, some mutual funds in which assets are invested incur separate other related expenses.

Cash and Money Market Funds

If an investment advisory client utilizes HPO as the broker-dealer, HPO's selection of money market mutual funds, or comparable investments in which to hold cash reserves in your account is limited to certain investments. The selection includes money-market, municipal money-market, and government money-market funds, and the issuers of funds pay HPO a distribution fee in our capacity as a broker-dealer. This compensation is in addition to other fees, etc. received from client accounts.

Additionally, cash balances arising from the sales of securities, redemption of debt securities, dividend and interest payments, and funds received from clients, are invested automatically on a daily basis. When securities are sold, funds are deposited on the first business day after settlement date. Funds placed in a client's account by personal check usually will not be invested until the second business day following the day that the deposit is credited to the client's account. Due to the foregoing practices, HPO may obtain federal funds prior to the date that deposits are credited to client accounts and thus may realize some economic benefit because of the delay in investing these funds. Where an unaffiliated broker-dealer or other entity acts as custodian of the client's account assets, we have no control over the manner in which the cash reserves will be handled. The client and/or custodian will make that determination. This compensation is historically minimal in relation to all other compensation earned by us.

Margin Loans

To the extent you utilize First Clearing for margin loan financing, HPO will receive interest sharing compensation related to such margin loans.

Insurance Agency Activities

HPO is also licensed as an insurance agency in the State of Texas. Additionally, some Associated Persons are licensed insurance agents through HPO in the State of Texas, and have contracts and or appointments with various insurance companies. To the extent insurance products are purchased thorough HPO or their registered persons by advisory clients, the Associated Person and HPO will be paid a commission by the insurance company that issues the policy. This creates a conflict of interest as there is an incentive for them to recommend insurance products based on the compensation received, rather than on your needs. Notwithstanding such conflict of interest, Oxbow addresses its fiduciary duty by utilizing insurance products only where it is in the best interest of clients, and after consultation with the client.

Item 15 – Custody

The client brokerage accounts are generally introduced to Charles Schwab, TD Ameritrade, and/or to First Clearing by HPO, on behalf of Oxbow. In such a relationship, Charles Schwab, TD Ameritrade and/or First Clearing is deemed to be the custodian, and the custody of each account is structured such that each client's securities are held in nominee name only for ministerial purposes, and each client's account is maintained as a separate account. The client's beneficial interest in a security does not represent an undivided interest in all the securities held by the custodian, but rather represents a direct and beneficial interest in the client's securities in the account. Additionally, you may direct Oxbow to utilize other broker-dealers and or financial institutions to custody client portfolio assets.

Further, you retain any and all rights afforded under the federal securities laws to proceed directly against the issuer of any underlying security in the client's account. You may withdraw, hypothecate, vote or pledge securities in your account upon written notice to Oxbow and you have the authority to instruct Oxbow from directing the purchase of certain securities through Oxbow that might otherwise be purchased in your account. To insure the account's investments are in keeping with your investment objectives, your circumstances are monitored through annual interviews.

You should receive at least quarterly statements from the broker-dealer, bank or other qualified custodian(s) that holds and maintains your investment portfolio assets. We urge you to carefully review such statements and compare such official custodial records to the account summaries and reports that we may provide to you. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

Item 16 – Investment Discretion

Discretionary Authority

We usually receive discretionary authority from you at the outset of an advisory relationship. That discretionary authority allows us to make determinations regarding the securities that are to be bought and sold, as well as the quantities of such securities.

Documentation of Discretion

Discretionary authority is provided in our contract with each client. Additionally, we maintain a Limited Power of Attorney for all our discretionary accounts for the purpose of directing and or effecting investments, for the direct payment of fees and or the payment of commissions, custodial fees, and or other charges incurred by the managed account.

Discretionary Management

In all cases, however, our discretion is to be exercised in a manner consistent with the stated investment objectives for the particular account. Thus, when selecting securities and determining amounts, we observe the investment policies, limitations, and restrictions of the clients for which we advise. Additionally, in many cases, the discretion is subject to mutually agreed upon investment guidelines relative to your portfolio.

We have model portfolio guidelines available for clients to adopt, in whole or in part, if they do not have their own. Client investment guidelines may or may not limit the scope of potential investments. As a result, clients can impose restrictions on investing in certain securities or types of securities. Within client guidelines and instructions, our management team makes decisions as to the nature and quantity of securities to be bought or sold. Investment guidelines and restrictions must be provided to our firm in writing.

Item 17 – Voting Client Securities

As a matter of firm policy and practice, we do not have any authority to and do not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. We may provide advice to clients regarding voting proxies.

Item 18 – Financial Information

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about Oxbow's financial condition. Oxbow has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.

Item 19 – Other Information

Privacy Policy Summary

We do not disclose nonpublic personal information about our individual clients or former clients except as permitted by law. We restrict access to nonpublic personal information about you (that we may obtain from your account and your transactions) to those employees who need to know that information to provide products or services to you or to alert you to new, enhanced, or improved products or services we provide. We maintain physical, electronic, and procedural safeguards that comply with federal standards to safeguard your nonpublic personal information.

Business Continuity Plan

Overview

We have developed a Business Continuity Plan to address how the firm will respond to events that may disrupt its business. Since timing and impact of disasters is unpredictable, the firm will have to be flexible in responding to the events as they occur.

This Plan is designed to permit our firm to resume operations as quickly as possible, given the scope and severity of the significant business disruption. The Business Continuity Plan covers data back-up and recovery, mission critical systems, financial and operational assessments, alternative communications, alternate business locations, bank and counter-party impact, regulatory reporting, and the assurance of prompt access to funds and securities for our customers.

Contact Information

If after a significant business disruption you cannot contact us as you usually do at 361-692-1296 or bragan@hpo.com, you should call our alternative number 512-386-1088. If you cannot access us through either of those means, you should contact your clearing firm, First Clearing Correspondent Services, at 800-727-0304 or <http://www.firstclearingllc.com/index.htm>, TDA Institutional Service Group at 800-431-3500, or Schwab Alliance at 800-515-2157 for instructions on how it may provide custody services, order execution, order comparison, order allocation, access to customer funds and securities, and clearance and settlement services.

Varying Disruptions

Significant business disruptions can vary in their scope, such as emergencies affecting only a single building housing our firm, the business district where our firm is located, the city where we are located, or the whole region. Within each of these areas, the severity of the disruption can also vary from minimal to severe. In a disruption to only our firm or a building housing our firm, we will transfer our operations to an emergency-ready local site, moving a select group of trained employees and expecting to recover and resume business within four hours. In a disruption affecting our business district, city, or region, we will move appropriate staff to a site outside of the affected area to be able to communicate with First Clearing Correspondent Services on behalf of our clients. In either situation, we plan to continue in business, transferring operations to our clearing firm if necessary.