



# OSBORNE PARTNERS

Capital Management, LLC

## **Firm Brochure** (Part 2A of Form ADV)

**Osborne Partners Capital Management, LLC**  
**580 California Street, Suite 1900**  
**San Francisco, CA 94104**  
**(415) 362-5637**  
**(415) 362-5996 Fax**  
**[www.osbornepartners.com](http://www.osbornepartners.com)**  
**Compliance E-mail: [compliance@osbornepartners.com](mailto:compliance@osbornepartners.com)**

This brochure provides information about the qualifications and business practices of Osborne Partners Capital Management, LLC "OPCM". If you have any questions about the contents of this brochure, please contact us at: (415) 362-5637, or by email at: [compliance@osbornepartners.com](mailto:compliance@osbornepartners.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 Osborne Partners Capital Management, LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

September 29, 2017

## Item 2 - Material Changes

---

### Annual Update

The Material Changes section of this brochure will be updated when material changes occur since the previous release of the Firm Brochure. OPCM will ensure that clients receive a summary of any material changes to this Brochure within 120 days of the close of OPCM's fiscal year, along with an offer to deliver the complete Firm Brochure. For more information about the firm, please visit [www.osbornepartners.com](http://www.osbornepartners.com)

---

### Material Changes since the Last ADV Update, dated March 31, 2017

1. **Change in Disciplinary Disclosure:** As of September 2017, Jonathan Spielvogel is no longer an employee of Osborne Partners. His previous employment history contained a Disclosure Event. Please see Item 9- Legal and Disciplinary for more information.
2. **Change in OPCM Fund Custodian:** The custodian for the OPCM Absolute Return Fund, LP assets changed from JP Morgan to Citibank. Please refer to Item 12 – Brokerage Practices for more information.

---

### Full Brochure Available

If you would like to receive a complete copy of our Firm Brochure, please contact us by telephone at: (415) 362-5637 or by email at: [compliance@osbornepartners.com](mailto:compliance@osbornepartners.com).

### Item 3 - Table of Contents

<b>Item 2 - Material Changes</b>	<b>i</b>
Annual Update	i
Material Changes since the Last ADV Update, dated March 29, 2016	i
Full Brochure Available	i
<b>Item 4 - Advisory Business</b>	<b>1</b>
Firm Description	1
Principal Owners	1
Tailored Relationships	1
Client Imposed Restrictions	2
Types of Advisory Services	2
Assets Under Management	3
Types of Agreements	4
Termination of Agreement	4
<b>Item 5 - Fees and Compensation</b>	<b>4</b>
Description	4
Fee Billing	6
Other Fees	6
<b>Item 6 - Performance-Based Fees &amp; Side by Side Management</b>	<b>6</b>
Capital Gains Sharing	6
<b>Item 7 - Types of Clients</b>	<b>7</b>
Description	7
Account Minimums	8
<b>Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss</b>	<b>8</b>
Methods of Analysis	8
Investment Strategies	8
Risk of Loss	10
Asset Management Process	12
<b>Item 9 - Disciplinary Information</b>	<b>12</b>
Legal and Disciplinary	12
<b>Item 10 - Other Financial Industry Activities and Affiliations</b>	<b>12</b>
Financial Industry Activities	12
Affiliations	13
<b>Item 11 - Code of Ethics, Participation or Interest in Client Transactions and Personal Trading</b>	<b>13</b>
Code of Ethics	13
Favoritism, Entertainment and Gifts	13

Participation or Interest in Client Transactions .....	13
Personal Trading.....	14
<b>Item 12 - Brokerage Practices.....</b>	<b>15</b>
Selecting Brokerage Firms .....	15
Best Execution .....	17
Soft Dollars.....	17
Trade Error Correction .....	18
Directed Brokerage Accounts .....	19
Order Aggregation .....	19
<b>Item 13 - Review of Accounts .....</b>	<b>19</b>
Periodic Reviews .....	19
Review Triggers.....	19
Regular Reports.....	20
<b>Item 14 - Client Referrals and Other Compensation .....</b>	<b>20</b>
Incoming Referrals .....	20
Referrals Out .....	21
Other Compensation.....	21
<b>Item 15 - Custody.....</b>	<b>22</b>
Account Statements .....	22
Performance Reports.....	22
<b>Item 16 - Investment Discretion .....</b>	<b>22</b>
Discretionary Authority for Trading.....	22
Limited Power of Attorney .....	22
<b>Item 17 - Voting Client Securities.....</b>	<b>23</b>
Proxy Votes.....	23
<b>Item 18 - Financial Information.....</b>	<b>23</b>
Financial Condition .....	23
<b>Item 19 - Class Action Lawsuits .....</b>	<b>23</b>
Claim Filing.....	23
<b>Item 20 - Business Continuity.....</b>	<b>24</b>
General .....	24
Disasters.....	24
Alternate Offices .....	24
Loss of Key Personnel .....	24
<b>Item 21 - Information Security Program .....</b>	<b>25</b>
Information Security.....	25
Privacy Policy.....	25

## Item 4 - Advisory Business

---

### Firm Description

Our firm was founded in 1937 and has been registered under various names since the original inception. In 2001, the firm transitioned to OSBORNE PARTNERS CAPITAL MANAGEMENT, LLC ("OPCM"). The firm has two chief offices, one located in San Francisco and one located in Menlo Park. In 2014, a branch office was opened in Reno, Nevada. The San Francisco office is the main headquarters.

San Francisco Office  
580 California Street, Ste. 1900  
San Francisco, CA 94104  
Phone: (415) 362-5637  
Fax: (415) 362-5996

Silicon Valley Office  
535 Middlefield Road, Ste. 160  
Menlo Park, CA 94025  
Phone: (650) 854-5100  
Fax: (650) 854-5661

Nevada Office  
Reno, NV 89511  
Phone: (650) 234-5203  
Fax: (650) 223-6267

The firm is a Registered Investment Advisor ("RIA") with the Securities and Exchange Commission ("SEC"), however being registered with the SEC is not meant to imply a specific level of training or skill.

We encourage the reader to carefully read this document to examine OPCM and our practices, and to discuss any potential business relationship with your own knowledgeable business advisers and legal counsel.

---

### Principal Owners

The majority ownership of the firm is held by employees of the firm. The allocations for owners of more than 5% are as follows:

Charles D. Osborne: 5% but less than 10%  
Deglin F. Kenealy: 10% but less than 25%  
Justin W. McNichols: 25% but less than 50%  
OPCM Holdings, LLC\*: 25% but less than 50%  
River Birch Capital Partners, LP\*\*: 10% but less than 25%

\* Norman D. Villarina is a Managing Partner of Industry Capital Partners II, LLC., which is the entity that owns the interest listed above.

\*\* Robert G. Hedlund III is a Partner of River Birch Capital GP, LLC., which is the entity that owns the interest listed above.

---

### Tailored Relationships

OPCM offers personalized confidential investment management to individuals, families, trusts, estates, conservatorships, foundations, endowments, corporations or business entities and pension and profit sharing plans, charitable organizations, public funds, investment limited partnerships, 401(k) self-directed accounts, IRAs and retirement plans. OPCM client portfolios are customized, tax-efficient and actively managed in-house by our investment team. We tailor and manage each portfolio according to an individually prepared client Investment Policy Guidelines, which reflects the specific financial objectives, taxability, and risk tolerance of the client. OPCM does not assume any responsibility for the accuracy of the information provided by the client and is not obligated to verify any information received from the client or from the client's other professionals (e.g. attorney, accountant, etc.). Under all circumstances, clients are responsible for promptly notifying OPCM in writing of any material changes to the client's financial and investment objectives, taxability, time horizon, or risk tolerance.

---

## Client Imposed Restrictions

Clients may impose restrictions on investing in certain securities, types of securities or asset classes, in accordance with their values or beliefs. When imposing a restriction, we require restrictions be given at the start of the relationship, be focused, naming specific securities and detailed in writing and approved by OPCM and the client. Broad or vague restrictions will not be honored.

Our view is that certain types of restrictions requested by a client can be vague, broad in nature, and be very subjective. One such example of a vague restriction is “no sin stocks”. Due to the vague nature of what a “sin stock” is, the firm cannot enforce such restrictions. The restriction must detail the specific securities that OPCM would be prohibited from purchasing.

It is OPCM’s policy to not purchase any tobacco related stocks. Clients who request a tobacco restriction will have their account(s) restricted, but will not be prohibited from inclusion in the composite performance.

Our first and foremost priority is to purchase securities in client accounts that provide the best overall growth for the client to reach their investment objectives and goals, while taking into consideration the client’s tolerance for risk.

---

## Types of Advisory Services

OPCM offers investment advisory services on a discretionary and non-discretionary asset management basis for individuals, families, trusts, estates, conservatorships, foundations, endowments, corporations or business entities and pension and profit sharing plans, charitable organizations, public funds, investment limited partnerships, 401(k) self-directed accounts, IRAs and retirement plans. We tailor and manage each portfolio according to individually prepared Investment Policy Guidelines, which reflects the specific financial objectives, taxability, and risk tolerance of the client.

We currently do not participate in any Wrap Fee Programs. A Wrap Fee Program is an arrangement between a broker-dealer and other financial institutions, who act as the plan sponsors of an investment program through which their clients can receive discretionary investment advisory services. The wrap program sponsor provides the investment platform, execution services, clearing, and custodial services in a “bundled” form, meaning the client is charged one fee for all services. The fee charged is usually based on a percentage of the assets held in the account. When OPCM manages wrap accounts, we will manage the accounts in the same manner as our advisory clients with the investment and financial objectives provided by the broker-dealer.

The six types of strategies OPCM offers are as follows: Equity Investment Strategy, Global Growth Strategy, Global Moderate Growth Strategy, Global Balanced Strategy, Global Income Strategy, and the Fixed Income Strategy. An Absolute Return Limited Partnership is available only for clients that meet the required accredited investor qualifications and not open to the general public.

For our Global Growth and Global Moderate Growth Strategies, portfolios are comprised of two or more of the following asset classes: equities (domestic and foreign), fixed income, natural resources, REITS and alternative asset classes, including private equity.

For our Global Balanced and Global Income Strategies, portfolios may be comprised of Exchange Traded Funds (ETF), minimizing the risk of individual securities, with two or more of the following asset classes: equities (domestic and foreign), fixed income, natural resources, REITS and alternative asset classes, including private equity.

For our Equity Investment Strategy, we provide a value approach to growth investing. We focus on a company's earnings growth, balance sheet quality and valuation with further concentration on strong fundamentals, industry leadership, management, and strong financial trends.

For our Fixed Income Strategy, our discipline typically revolves around high quality issues with the highest yield for the lowest maturity and duration. Portfolios can include fixed income funds and fixed income ETFs.

Finally, the firm manages an Absolute Return Strategy, which is only provided through the OPCM Absolute Return Fund, L.P., an affiliated private hedge fund ("OPCM Fund"). The OPCM Fund is only open to individuals who meet the accredited investor and qualified client standards. The OPCM Fund invests in and trades securities, consisting principally, but not solely, of equity and equity related securities that are traded publicly in U.S. markets. The OPCM Fund may invest in other types of securities and also engages in short selling and hedging and may engage in margin trading and other investment strategies.

Prospective investors are provided with an offering circular and other documentation that detail the investment objectives, risks, fees, and other important information about the OPCM Fund. It is important that each potential investor fully read all the offering documents prior to investing. Investing in the OPCM Fund is only available to persons who are deemed "accredited investors" under the Securities Act of 1940, as amended. The OPCM Fund is not made available to the general public and is not a registered investment company. The OPCM Fund may be offered to current clients meeting the required qualifications, in conjunction with the overall asset allocation and management of the client's account.

OPCM's disclosure of information within this Brochure that pertains to the OPCM Fund is not intended to be a solicitation for or an advertisement of the fund. Instead, such disclosures have been made to provide important information about the services provided by OPCM and the overall risks involved in these types of activities as they relate to OPCM's advisory business.

OPCM has in the past, but no longer recommends that a portion of such client's assets be invested in certain non-affiliated private pooled investment vehicles (e.g., private funds, limited partnerships). These may include, without limitation, private hedge funds that invest in alternative type investments, real estate funds, oil and gas partnerships, and other types of private investment vehicles (collectively "Private Funds"). Prior to investing, clients were provided with private placement memorandums and other offering and subscription documentation that detail the nature, risks, and associated fees of each Private Fund.

OPCM's strategies are based on long term investing and we are dedicated to achieving our clients' goals and objectives. Please refer to Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss for further details on the above mentioned investment strategies and services.

---

#### Assets Under Management

OPCM manages approximately \$1,376,910,297 in assets for approximately 493 client relationships as of December 31, 2016. The assets are broken down as follows:

OPCM manages \$1,120,854,902 on a discretionary basis.

OPCM manages \$256,055,395 on a non-discretionary basis.

Discretionary assets under management include the assets managed in the OPCM Fund.

---

## Types of Agreements

OPCM provides investment advisory services on a discretionary basis for the majority of our clients; however, we do provide non-discretionary asset management services under certain circumstances.

OPCM's advisory agreement gives us the authority to buy and sell securities for our designated client accounts. In addition to our agreement, the custodian requires a limited power of attorney signed by the client to allow us to transact within our client accounts.

---

## Termination of Agreement

A Client may terminate any of the aforementioned agreements at any time by notifying us 30 days in advance, either in writing or electronically via e-mail. The termination notice will not affect commitments actually made prior to receiving the termination notice. At termination, fees will be billed on a pro rata basis for the portion of the quarter completed. The portfolio value as of the termination date will be used as the basis for the fee computation, adjusted for the number of days during the billing quarter prior to termination.

For clients billed in arrears, we will issue a closing fee bill based on the number of days you received investment management services in the current quarter. If we are authorized to debit the fee directly from your account at the time of termination, we will debit the fee from your account for the balance due. If we are not able to debit your account directly or if you have not authorized us to debit the account directly, we will issue you a closing bill for payment. You are responsible for paying any balance due to OPCM. In either instance, we will provide you a copy of the closing fee bill for your records.

For clients billed in advance, we will issue you a refund based on the number of days you received investment management services in the current quarter. We will either credit your account directly for the refund or issue your account a refund in the form of a check to your address of record. We will issue a refund to you within 30 days of the termination notice.

We may terminate any of the aforementioned agreements at any time by notifying you in writing. In addition, OPCM reserves the right to terminate any investment advisory services when a client fails to provide pertinent information about their account or financial situation when it is necessary and appropriate, and in our judgment, when the lack of information impairs us from properly providing prudent investment and or financial advice.

## Item 5 - Fees and Compensation

---

### Description

OPCM manages separate accounts with a minimum relationship requirement of \$500,000 in assets.

OPCM will primarily manage accounts on a fully discretionary basis; however, the firm will manage accounts on a non-discretionary basis under special circumstances. OPCM's investment management services incorporate investment strategies specifically tailored to reflect each client's individual circumstances. The management fee OPCM charges is a percentage of the market value of the managed assets held in the client's account as of the last business day of the quarter. Fees are billed in arrears, however some legacy clients are billed in advance based on the market value of the managed assets held in the account as of the last business day of the prior quarter end. We generally will invoice our clients in the month of the following quarter. In most cases, client fees are debited directly from the account, after we receive written authorization from the client. Some clients may choose to pay their fees from an account not managed by the firm and in those cases; we issue an invoice directly to the client. Legacy and



current clients of the firm may have different fee schedules that may be higher or lower than the firm's current fee schedule, based on when the client's account(s) were established. Listed below is the firm's current fee schedule:

1.00% on the first \$5,000,000  
0.50% on assets above \$5,000,000  
(Relationships with total Assets below \$1,000,000 = 1.25%)

The fee schedule is subject to change and also may be negotiated by OPCM under certain circumstances, and at the sole discretion of OPCM. Multiple portfolios with a common interest (such as a family relationship) may be combined as one for billing purposes. The firm in its sole discretion may waive the minimum asset requirement and charge a minimum fee for providing investment management services based upon certain criteria (e.g., historical relationship, type of assets, anticipated future earning capacity, anticipated future additional assets, dollar amounts of assets to be managed, related accounts, account composition, negotiations with clients, etc.). As a benefit to employees and former employees, the firm may offer discretionary investment management services to such individuals, their families and their estates at a discounted fee or for no fees.

If a client requests the firm to hold cash for a special purpose, has a concentrated position or has low cost securities that the client desires periodic counsel on but does not want day to day discretionary management, the firm may request clients maintain a non-discretionary service account and charge an annual fee of 0.25% of assets under management. The fee would be calculated and payable on a quarterly basis in the same manner as described above.

OPCM determines the market value of the account based on a hierarchy of data price files we receive from our clients' custodians. We use the data files for the pricing of securities held in client portfolios. We periodically review the accuracy of data received by each custodian. OPCM will also use Market Data Manager "MDM" for the pricing of bonds and all other securities not priced via data feeds from custodians. In determining the net asset value of a portfolio, OPCM uses the following guidelines: (a) for marketable securities, we will use the current market price, (b) for securities for which there exists no active market (including unsupervised assets, privately or closely held securities and limited partnerships, real estate, and other fixed asset securities that are not priced via a national exchange), we shall use such information as we deem in good faith relevant to determine the value thereof and value the security periodically, which means the value shown on reports may lag the current market value (in the absence of a readily determinable value, such securities will be valued at cost), and (c) we will value cash at its dollar value. OPCM shall use all information in good faith to determine the market value of the account for billing.

#### Additional Compensation:

The firm acts as the General Partner and is the primary adviser for our Limited Partnership. The firm may receive an annual fee of 1% of assets under management and reserves the right to waive the annual management fee paid by the fund. The fee is payable in quarterly installments at the beginning of each calendar quarter, is based on the net market value of each limited partner's capital account on the date the fee accrues and becomes payable. The firm also typically is allocated a performance allocation equal to 20% of net profits (including both realized and unrealized gains and losses) otherwise allocable to that limited partner from each limited partner. Performance allocations are assessed in arrears on an annual basis, and are only applied to profits that exceed the cumulative losses previously incurred by or allocated to the respective limited partners.

The firm does not receive any additional compensation from the sale of securities or other products from brokers or mutual fund companies.

---

## Fee Billing

OPCM will bill our investment management fees quarterly, either in arrears or for some legacy clients, in advance. The firm will invoice the client AFTER the three-month billing period has ENDED. For those legacy clients billed in advance, the client will be invoiced BEFORE the period has been completed. We will expect payment in full upon invoice presentation. OPCM usually deducts fees directly from a designated client account to facilitate billing. The client must consent in advance to direct debiting of their investment account. If the client has not given the firm direct debit authorization, the invoice will be mailed to the client at their address of record.

Initial Billing - We do not receive fees for exploratory meetings for you as the client to determine the extent to which the firm's investment management services may be beneficial to you prior to entering into our investment management agreement. We will begin billing your account for investment management services on the date the firm receives and executes the signed investment management agreement. The initial billing date will generally begin prior to the first trade ever being place in the account, due to the internal set-up required for each account.

---

## Other Fees

Custodians may charge transaction fees on purchases or sales of certain securities, mutual funds and exchange-traded funds. These transaction charges are usually small and incidental to the purchase or sale of a security. Our investment team feels the selection of the security is more important than the nominal fee that the custodian charges to buy or sell the security. In certain instances, OPCM may use no load mutual funds as part of the overall investment strategy of the client's portfolio. Client assets invested in mutual funds will be subject to certain fees and expenses imposed directly by mutual funds to their shareholders, which shall be described in each fund's prospectus.

Custodians may also charge other fees to maintain the account or fees for additional services. Examples of such fees may include wire fees and alternative investment custody fees.

Additionally, clients may incur brokerage commissions and other execution costs charged by the custodian or executing broker-dealer in connection with transactions for a client's account. Clients should further understand that all custodial fees and any other charges, fees, and commissions incurred in connection with transactions for a client's account will be paid out of the assets in the account and are exclusive of and in addition to the fees charged by OPCM. OPCM does not share in any of these fees but may elect at its option, to bear the cost of certain transactions under certain circumstances. Please refer to Item 12 – Brokerage Practices for additional important information about the brokerage and transactional practices of OPCM.

## **Item 6 - Performance-Based Fees & Side by Side Management**

---

### Capital Gains Sharing

OPCM provides investment advisory services on a discretionary and non-discretionary basis for our advisory clients and we also manage the OPCM Fund that does charge fees based on a share of the capital gains or capital appreciation of the managed securities. The specific information regarding the fee received and the calculation of the fee is listed in Item 5 - Fees and Compensation under "Additional Compensation". The firm does not use a performance-based fee structure for our separately managed advisory accounts due to the potential conflict of interest.

Justin W. McNichols, the CIO and a portfolio manager of the firm, manages the OPCM Fund. Mr. McNichols also manages accounts for our advisory clients in addition to the partnership. A potential

conflict of interest may arise in that securities purchased/sold in the OPCM Fund may also be purchased/sold in accounts for our advisory clients and the firm does not specify a specific order to which trading for advisory clients or the OPCM Fund should occur. Another potential conflict of interest is the OPCM Fund may purchase or sell securities contrary to the securities being purchased or sold for our advisory client relationships. Given the firm does receive a fee based on the performance of the fund, the portfolio manager may have incentive to trade in the fund before our advisory clients. In order to address this conflict, Mr. McNichols will on a best effort basis, use a rotation system in both the OPCM Fund and separately managed advisory accounts when the same security is traded on the same day. In addition, the firm will try to aggregate trades for multiple accounts, when appropriate, and allocate the trades using an average cost when an appropriate threshold of accounts is reached when trading in the same security on the same day. The majority of the investors in the OPCM Fund are also our advisory clients and the fund may be used in conjunction with the overall asset allocation and management of the client's account. For those clients that hold the OPCM Fund and are an advisory client, the firm does not charge the advisory client a fee for those assets invested in the fund when the quarterly billing is generated for the account. The market value of the OPCM Fund is excluded from the market value used for the fee bill calculation. The OPCM Fund's investment strategy and the performance-based compensation the firm receives, may create an incentive for the portfolio manager to recommend the OPCM Fund to our clients that meet the qualification requirements. Clients should be aware that the OPCM Fund carries a higher degree of risk than that of our actively managed portfolios. Please refer to Item 8 – Method of Analysis, Investment Strategies, and Risk of Loss for further information.

As described above, investment management fee schedules may vary from client to client, depending on account circumstances. OPCM's fees may also vary by account size. Thus, there are potential conflicts of interest over a portfolio manager's time that is devoted to managing any one account and allocating investment opportunities among our client accounts. Furthermore, the portfolio managers of the firm may give advice and take action with respect to any of our clients that may differ from advice given or the timing or nature of action taken with respect to any other advisory client. When the firm trades in any given security, not all clients will participate in the execution of the trades or receive a pro-rata allocation if they have different investment objectives, risk characteristics and restrictions, varying cash flow, portfolio composition and tax considerations at the time the trades are executed. In addition, not all securities considered for purchase and sale by the firm will be considered for all clients and investment products. A client's investment objective or the firm product objective may not be appropriate for all clients or products.

Importantly, some of the private funds that OPCM's clients invest in do charge performance based fees. OPCM does not receive any portion of these fees. Detailed information regarding the performance based fees charges are outlined in each private fund's offering documents, which are provided to clients prior to investing. As outlined in Item 4 – Advisory Business, OPCM no longer recommends outside private funds to clients.

## Item 7 - Types of Clients

---

### Description

OPCM generally offers investment management services to the following:

Individuals, families, trusts, estates, conservatorships, foundations, endowments, corporations or business entities and pension and profit sharing plans, charitable organizations, public funds, investment limited partnerships, 401(k) self-directed accounts, IRAs and retirement plans.

If a client's account is a pension plan or other employee benefit plan governed by the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), OPCM may be a fiduciary to the plan. In

providing our investment management services, the sole standard of care imposed upon us is to act with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent man acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims. OPCM will provide certain required disclosures to the “responsible plan fiduciary” (as such term is defined in ERISA) in accordance with Section 408(b)(2), regarding the services we provide and the direct and indirect compensation we receive by such clients. Generally, these disclosures are contained in this Form ADV Part 2A, the client agreement and/or in separate ERISA disclosure documents, and are designed to enable the ERISA plan’s fiduciary to: 1. determine the reasonableness of all compensation received by OPCM; 2. identify any potential conflicts of interests; and 3. satisfy reporting and disclosure requirements to plan participants.

---

#### Account Minimums

Our minimum client relationship size is \$500,000 of assets under management, which equates to an annual fee of \$6,250.

OPCM has the discretion to waive the client relationship minimum. Accounts of less than \$500,000 may be set up when the client and OPCM anticipate the client will add additional funds to the account(s) bringing the total to \$500,000 within a reasonable time. Other exceptions will apply to employees of OPCM and their relatives, or relatives of existing clients.

Clients with assets below the minimum relationship size may pay a higher percentage rate on their annual fees than the fees paid by clients with greater assets under management.

Typically the firm will not accept individual accounts within the client relationship below \$100,000.

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

---

#### Methods of Analysis

OPCM’s security analysis methods may include charting, fundamental analysis, technical analysis, and cyclical analysis.

The main sources of information include financial newspapers and magazines, research materials prepared by others, corporate rating services, timing services, annual reports, prospectuses, filings with the SEC, and company press releases. OPCM also uses our portfolio managers and analysts to gather information by attending Analyst Day Conferences sponsored by companies or virtually attend via video conference presentations, OPCM’s portfolio management and analysts may also make visits to a company’s headquarters to speak with key employees within the company or participate in virtual presentations.

Other sources of information that OPCM may use include but are not limited to: Eikon, Bloomberg Research Terminals, Morningstar Principia mutual fund information, and the internet.

---

#### Investment Strategies

OPCM believes that an actively managed, diversified portfolio of multiple asset classes, results in long-term, risk-adjusted performance over time. We believe that individuals should have access to multi-asset class portfolios, without higher fees, higher volatility, low liquidity, no customization, and poor tax efficiency.

We also believe a skilled investment management team adds value to portfolio management and over time, low downside capture is the most important ingredient for long-term performance. Portfolios are globally diversified to help control the risk associated with traditional markets.

The investment strategy for a specific client is based upon the objectives stated by the client during the initial stages of establishing our relationship. The client may change these objectives at any time. The Investment Policy Guidelines (IPG) document our client's objectives and their desired investment strategy. Depending on market conditions in each asset class, we will typically construct a portfolio with the client's specific asset allocation over a four month time period.

Use of margin in an investment advisory account will likely increase a client's asset-based fee. If margin is used to purchase additional securities, the total value of eligible account assets increases, as does your asset-based fee. In addition, clients will be charged margin interest by their custodian on the debit balance in their account. Notably, the increased asset-based fee that a client may pay presents a potential conflict since there may be an incentive for OPCM to recommend the use of margin. However, please note that using margin is not suitable for all investors; the use of margin increases leverage in a client's account and therefore increases overall risk.

Each asset class in our client portfolios are actively managed and with long-term trading strategies. Below is a description of the various types of asset classes utilized, depending on the type of investment strategy selected by each client:

### **Equities**

OPCM may purchase individual stocks and/or Exchange Traded Funds "ETF" in this asset class. We research the equities we consider for investment in our client portfolios using a team approach.

For individual stocks, OPCM uses a methodical three-stage discipline, described as "a value approach to growth investing" to actively manage the equity asset class. First, the investment team quantitatively screens a universe of the 1,000 largest companies for earnings growth, balance sheet quality, and valuation. Second, the team fundamentally analyzes the screened universe. The team then produces internal research reports on companies, concentrating on strong fundamentals, industry leadership, management, along with valuation and strong financial trends. Third, from this further screened universe, the investment team then builds and manages a portfolio of 30-40 individual companies. We specifically look at companies with a market cap above \$1 billion, annual earnings growth >10%, lower debt, higher S&P rating, low absolute and relative valuation. The equity asset class is used for growth in a customized portfolio.

We may also choose to purchase an ETF rather than an individual common stock position to provide broader investing opportunities in our client portfolios. ETFs serve to augment our core holdings with specialized investing opportunities in small cap stocks, particular sectors, foreign and emerging markets. ETFs provide exposure to all the underlying stocks within an index, while offsetting the risks of owning individual stocks and also providing immediate diversification.

### **Fixed Income**

OPCM's investment team uses a three-stage discipline to actively manage the fixed income asset class. We may purchase individual bonds and/or fixed income funds in this asset class. We use a modified ladder approach for individual bonds to capture the best combination of yield, maturity, and duration typically using high quality individual bonds. Our discipline revolves around purchasing bonds with the highest yield for the lowest maturity and duration. We purchase bonds all along the yield curve, thus holdings will vary from shorter term to longer term based on the slope and steepness of the yield curve. We also use low cost fixed income funds for a further source of diversification within a portfolio. The fixed income asset class is used for income generation and risk reduction.

**Natural Resources**

OPCM's investment team actively manages this asset class with allocations to three subclasses. Depending on the team's fundamental conclusion on the level of inflation, and fundamental opinion of the subclasses, the team strategically allocates to commodities, energy, and alternative energy (solar, wind, water). The individual issues within the sub-segments may be over and underweighted. The natural resource asset class is used for an inflation hedge, growth, and the lower correlation to other asset classes.

**Real Estate**

OPCM's investment team builds this asset class using individual, liquid REITs versus actual hard assets. This strategy increases liquidity, reduces risk, and may increase income. OPCM's investment team analyzes the macro and micro aspects of the global real estate market to first isolate a macro overweight, neutral, or underweight stance on the asset class. Next, the team targets allocations to domestic versus international real estate. Third, on a micro basis, the team selects individual issues. The real estate asset class is used for income generation, increased liquidity and the lower correlation to other asset classes.

**Alternative Investments**

OPCM's investment team uses individual issues and funds to gain access to small percentages of other asset classes such as private equity. Secondly, the team hedges the overall portfolio in areas of currency, interest rates, and volatility. Depending on the customized asset allocation, a client may be allocated over one or more subclasses such as long/short, private equity, and futures. The alternatives asset class is used for growth and risk reduction.

**OPCM Fund**

The OPCM Fund's strategy may include short-term purchases, frequent trading, short sales, margin transactions, and option writing (including covered options, uncovered options or spreading strategies). The OPCM Fund is available to accredited investors and qualified clients only and this strategy is not appropriate for all clients.

---

**Risk of Loss**

All investment programs have certain risks that are borne by the client. Our investment approach focuses on minimizing loss for our clients in a down market, which we believe to be one of the most important aspects for longer-term performance; however, we are not implying that a client will not experience a loss. Clients face the investment risks and our job as the advisor is to minimize the risk to the extent that is possible by purchasing securities that we feel addresses the following risks:

- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- **Inflation Risk:** When any type of inflation is present, a dollar tomorrow will not buy as much as a dollar today, because purchasing power is eroding at the rate of inflation.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.

- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.
- **Volatility Risk:** Investing in public markets involves risk and price volatility in the various asset classes. Annualized volatility can range from 5-20% for most asset classes utilized. Though we strive to balance our investments with lowly correlated assets to mitigate excessive volatility, there are times when asset class correlations are high and volatility can thus be high as well.
- **Material Risks:** Material risks involved may be due to broad economic weakness, company specific issues, and/or a lack of liquidity in public markets.
- **ETF Risk:** ETFs have the same risks of the underlying assets classes they represent. The ETF fund managers may not be able to replicate the performance of the respective markets they are investing in. Additionally, in times of market volatility, liquidity issues may cause difficulties in efficiently trading the fund which can result in a deflated value upon the sale.
- **ETN Risk:** Our strategies in some cases use Exchange Traded Notes (ETN). These are vehicles whereby the performance is matched against a particular index and/or group of securities. In effect, this securities creditworthiness is based on the credit of the issuer.
- **Leverage Risk: Unusual risks are present in the OPCM Fund, whereby the fund is allowed to use leverage for its strategy. Leverage can cause positive or negative returns to be exacerbated.**
- **Trading Risk: More frequent trading strategies are used in the OPCM Fund. This may adversely affect performance due to higher trading commissions and short term gains being generated from security sales.**

Investors in the OPCM Fund should understand that certain conflicts of interest exist due to this performance based fee arrangement, which include:

- (i) Performance fee arrangements may create an incentive for OPCM to make investments that are more risky or more speculative than might be the case in the absence of a this type of fee; and
- (ii) The fees charged by us may be higher or lower than fees charged by other advisors for comparable services.

To address these conflicts, OPCM has implemented certain procedures designed to mitigate the effects of these conflicts. For example, as part of our fiduciary duty to clients, OPCM and our employees will put the interests of our clients first, and investments will only be made to the extent that they are reasonably believed to be in the best interests of our clients.

Prior to entering into an agreement with OPCM, a client should carefully consider: (1) committing to management only those assets that the client believes will not be needed for current purposes and that can be invested on a long-term basis, usually a minimum of three to seven years, (2) that volatility from investing in the stock market can occur, and (3) that over time the client's assets may fluctuate and at any time be worth more or less than the amount invested.

As summarized above, investing in securities is subject to various risks. Clients should be aware that there may be a loss or depreciation to the value of their original investment, which clients should be prepared to bear. There can be no assurance that a client's investment objectives will be obtained and no inference to the contrary is being made.

---

#### Asset Management Process

OPCM believes in managing our client portfolios based on the following criteria:

- **Accumulate Client Characteristics Through Meetings**  
Through our meetings and using the OPCM client questionnaire, your assigned team creates a profile which includes your ability and willingness to assume risk, potential return target, time horizon, taxation issues, income and liquidity needs, and total portfolio allocation, including portfolios held outside of OPCM.
- **Create A Customized Investment Policy Guidelines (IPG)**  
Our portfolio counselors and our investment team create a customized IPG suited to your individual variables. The IPG includes information obtained during meetings, along with permitted ranges and targets for each actively managed OPCM asset class. The IPG confirms you and the investment team agree on the proper asset allocation and variables. Once the IPG is signed by you and a member of our investment team, the portfolio construction begins.
- **Build Customized Portfolio**  
Depending on market conditions in each asset class, along with capital gains considerations, your portfolio will be typically constructed over the course of four months. Your portfolio is built to your customized IPG.
- **Actively Manage Portfolio To Target Asset Class Ranges**  
Each asset class in your portfolio will be actively managed and allocated within your IPG asset class ranges. Asset class allocation changes will be made per the investment team's fundamental and valuation outlook for the asset class. Our investment team will work to keep the asset allocations and cash balance at or around the target percentage, however market conditions and tactical decisions may result in movement between the minimum and maximum of the stated ranges. In some instances, the stated range for the cash allocation may exceed the maximum ranges for a short period of time due to portfolio consideration which may include a bond maturity, a position being sold and the reinvestment of the proceeds not occurring simultaneously.

### Item 9 - Disciplinary Information

---

#### Legal and Disciplinary

Osborne Partners is required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's or prospective client's evaluation of us or the integrity of our management.

The firm and its employees have not been involved in legal or disciplinary events related to past or present investment clients.

### Item 10 - Other Financial Industry Activities and Affiliations

---

#### Financial Industry Activities

Neither OPCM nor any of its key staff is registered as a broker-dealer or as a representative of a broker-dealer.



Neither OPCM nor any of its key staff is registered as a futures commission merchant, commodity pool operator or a commodity trading adviser.

OPCM does not use or select other advisers or third party managers. OPCM manages all of its client assets in house.

---

#### Affiliations

OPCM acts as a general partner to the OPCM Fund, as described in Item 4 – Advisory Business. Please refer to Item 4, 5, 6, and 8 above for further information regarding the OPCM Fund and the potential conflicts of interest.

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

---

#### Code of Ethics

OPCM has adopted a Code of Ethics (“Code”), which establishes standards of conduct for our employees. The Code includes general requirements that employees have an obligation to put the client’s interest first, as well as be fair and honest in working with our clients. We address applicable securities laws in our code of ethics, and specific requirements relating to, among other things, personal trading, insider trading, conflicts of interest and confidentiality of client information. Our Code requires employees to report their personal securities transactions quarterly and holdings annually to OPCM’s CCO, and requires our CCO to review those reports. OPCM also requires employees to report any violations of the Code promptly to the CCO. Each employee receives a copy of the Code. Employees certify annually that they will adhere to our Code.

The employees of OPCM are committed to our Code of Ethics and the policy in full is available for review by clients and prospective clients upon request. Please call the main phone number on the cover page of this Brochure.

---

#### Favoritism, Entertainment and Gifts

An employee may not seek or accept gifts, favors, preferential treatment, or valuable consideration of any kind offered from brokers or other companies or persons involved in the securities industry over \$250. Limited exceptions to this policy may be made with the approval of the CCO. An employee may not offer or give any gift, favor, preferential treatment or other valuable consideration of any kind in connection with OPCM’s business, except for occasional and reasonable gifts and entertainment (if the employee is present). The CCO will report any payment (including each gift and all entertainment) made in connection with OPCM’s business to a labor organization (including any union-affiliated pension plan (a “Taft-Hartley Plan”) and its officers, agents, shop stewards, employees or other representatives (such as union-appointed trustees) if over \$250. The CCO tracks all such payments by OPCM and its employees.

---

#### Participation or Interest in Client Transactions

Employees may buy, sell or hold the same securities for their own accounts which are recommended for purchase or sale for our clients and held in their accounts. Employee securities transactions and transactions by accounts over which employees may have influence over are subject to policies and procedures, restrictions and reporting requirements as described below.

For specific investment strategies offered by the firm, portfolio managers will be allowed to invest their portfolios assets in the same manner as they manage for clients and in doing so, the portfolio managers will not be subject to the same reporting requirements and pre-clearance procedures as detailed below. The firm believes that portfolio managers should be able to experience the same performance that their clients experience and we feel this demonstrates to our clients that they believe in the fundamental investment strategies they are using for their clients. In order to avoid any potential conflicts of interest that could arise in trading with the clients in any particular investment strategy, the portfolio manager will be required to trade their assets according to the same investment policy discipline and guidelines for the investment strategy. The firm believes that the portfolio manager's trades will not be favored over client trades, as all trades will generally be placed as block trades, or grouped with client trades and fairly allocated over all client accounts within the investment strategy. Portfolio managers have up to 4 months to allocate their portfolio holdings according to the investment strategy. For new clients, it will generally take up to 4 months, depending on the market volatility to full allocate their portfolios so we feel this is a reasonable time frame for the portfolio managers to follow.

Supervised employees of the firm may not directly or indirectly purchase from or sell to a client of OPCM any security, unless the transaction is pre-approved in writing by the CCO. Employees are prohibited from ever holding customer funds or securities or acting in any capacity as custodian for a client account. Moreover, employees are prohibited from borrowing money or securities from any client of the firm and also from lending money to any client of the firm, unless the client is a member of the employee's immediate family. OPCM requires any deviation of this policy be approved in writing by the CCO.

---

#### Personal Trading

Our policies and procedures are based upon the principal that the firm and our employees have a responsibility to place the interests of our clients ahead of our own. Given that supervised employees of OPCM may buy, sell or hold the same securities in their own accounts or accounts that they may have a beneficial interest in that the firm recommends to clients or that our clients may hold in their accounts, the firm requires supervised employees of OPCM to receive pre-approval for their personal securities transactions. Under the Code, certain classes of securities, primarily ETFs, mutual funds and bonds have been designated as exempt transactions, based upon a determination that these would not materially interfere with the best interest of clients.

OPCM requires supervised employees to receive approval for all securities transactions that are not exempt. We take steps in order to avoid any potential conflict of interest between the firm and our clients. We prohibit supervised employees from purchasing or selling the same securities on the same day if we execute any of those same securities in our client accounts. In order to monitor this policy, a pre-clearance group consisting of our investment team, our trading staff and the CCO, review the trade request prior to approval. If the firm's trading staff does not have any pending trades in our trade management software, and none of the investment team members are planning to trade the requested security/securities in their clients' accounts, the employee will receive approval to execute the trade. Approval remains in effect until the end of the business day requested. If the firm has a pending trade or any investment team members has plans to execute trades in the requested security/securities, OPCM will deny the employee approval. A violation in the policy results in a \$500 penalty per trade, per account in the form of a donation to a charity by the employee.

All supervised employees are also subject to quarterly and annual reporting requirements. Employees must file their reports with the CCO.

The firm views an employee having a beneficial interest in a personal account if the securities held are in their name, the name of their spouse, and the names of their children who reside within the same household. Security transactions in accounts in which a supervised employee has a beneficial interest, but

over which he/she has no direct or indirect control, are not subject to the trading restrictions of this Code, however, supervised employees should advise OPCM in writing, giving the name of the account, the person(s) or firm(s) responsible for its management, and the reason for believing that the account should be exempt from reporting requirements under this Code.

The CCO of OPCM is Alicia W. Cheng. Ms. Cheng reviews all employee trades each quarter. Martha Pagan reviews her quarterly trades. The personal trading reviews ensure that employees are not front running by placing their trades ahead of our clients in order to get better prices or execution and that employees are not trading based on insider information. The firm feels the exemptions outlined for personal trading by employees do not affect the markets. Clients of the firm always receive preferential treatment and their financial interests always come first.

## Item 12 - Brokerage Practices

---

### Selecting Brokerage Firms

OPCM does not maintain custody of your assets, although we may be deemed to have custody of your assets if you give us authority to withdraw assets from your account (see Item 15 – Custody). Your assets must be maintained in an account at a “qualified custodian,” generally a broker-dealer or bank. OPCM does not have any affiliation with product sales firms. OPCM recommends custodians based on the proven integrity and financial responsibility of the firm and the best execution of orders at reasonable commission rates. Our recommendations are also based on specific custodian data we are able to obtain using electronic trading and transaction data. In using a particular custodian, we believe the use of electronic trading allows for better execution of trades and receiving electronic transaction data allows for closer monitoring of the portfolio transactions on an ongoing basis. In light of the total services the client receives, we believe the particular custodian’s services, directly or indirectly, benefits our clients. The firm acknowledges that in recommending a specific custodian to our clients, we also have a duty in executing client securities transactions to obtain the best net price reasonably available under the circumstances.

Schwab Advisor Services™ 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 generally are available on an unsolicited basis (we don’t have to request them) and at no charge to us as long as our clients collectively maintain a total of at least \$10 million of their assets in accounts at Schwab. If our clients collectively have less than \$10 million in assets at Schwab, Schwab may charge us quarterly service fee. The following is a more detailed description of Schwab’s support services:

**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.

**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 a 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
- Assist with back-office functions, recordkeeping, and client reporting

**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
- Consulting on technology, compliance, legal, and business needs
- Publications and conferences on practice management and business succession

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.

OPCM may also recommend TD Ameritrade or Fidelity Investments to maintain custody of client assets and to execute trades for our client accounts. TD Ameritrade and Fidelity services include brokerage and custody. TD Ameritrade and Fidelity also makes other products and services available that benefits the firm but may not benefit our clients' individual accounts similar to Schwab's services mentioned above. Some of the other products and services assist the firm in managing and administering clients' accounts. These may include software or other technology that provide access to client data such as trade confirmations and account statements, facilitate trade execution, pricing information and other market data, facilitate payment of management fees from client accounts and assist with back-office support, record keeping and client reporting.

Although OPCM may specifically recommend certain brokerage firms to our clients, clients are not obligated to use the recommended firm or firms. Clients may direct OPCM to use another firm to custody their account assets. In most instances, OPCM will still be able to receive electronic trading and transaction data via Advent Custodial Data "ACD" from the custodian selected by client. OPCM feels it is extremely important to receive electronic trading and transaction data from a client's custodian as it helps to facilitate the administration of the account as well as allows OPCM to closely monitor the portfolio transactions within the account on a continual and timely basis.

OPCM retains Interactive Brokers, LLC to serve as the prime broker and Citibank to serve as the custodian of the OPCM Fund assets. The firm may replace Interactive Brokers as prime broker and Citibank as custodian or appoint an additional prime broker and custodian at any time. The services that Interactive Brokers provides as prime broker and that Citibank provides as custodian may include custody, margin financing, clearing, settlement and stock borrowing in accordance with the terms of the prime brokerage agreement entered into between the OPCM Fund and Interactive Brokers and the OPCM Fund and Citibank. Interactive Brokers' address is One Pickwick Plaza, Greenwich, CT 06830. Citibank's address is 111 Wall Street, New York, NY 10005. Interactive Brokers and Citibank have custody of a portion of the OPCM Fund's assets. Interactive Brokers and Citibank also provide the firm with other services, which may include: technology services, capital introduction services, portfolio reporting and access to electronic communications networks. OPCM expects to use a substantial portion of these services for research and trading on behalf of the OPCM Fund and OPCM's other accounts, but some may be used for administrative purposes, which would not be within the safe harbor of section 28(e). Although many prime brokers provide similar services to investment advisers in exchange for brokerage, custody and clearance fees and other charges, if OPCM did not receive these

services from the Fund's prime broker, OPCM would be required to pay for all or some portion of them. OPCM is not required to direct a particular number of trades to Interactive Brokers or Citibank or to continue to use the firm as the OPCM Fund's prime broker or custodian, but it has an incentive to do so based on the prior and continued services provided by the firm.

The OPCM Fund's obligations to Citibank and any other custodian are secured by way of a first priority perfected security interest over all of the OPCM Fund's assets held in custody by that custodian. A custodian may transfer to itself all rights, title and interest in and to those assets as collateral and may deal with, lend, dispose of, pledge or otherwise use all such collateral for its own purposes.

---

#### Best Execution

OPCM conducts periodic Best Execution meetings during the year. The purpose of the meetings is to review the various factors that are relevant to best execution such as efficiency of execution, timing of transactions, price, commission rate, financial responsibility of the broker-dealer as well as the broker-dealer's responsiveness to OPCM. Best Execution meetings are conducted with our CCO, trader and a senior portfolio manager. We document the reviews in our Best Execution Meeting Minutes.

Factors that we consider in the execution of trades may be special execution capabilities, block trading and block positioning capabilities, willingness to execute related or unrelated difficult transactions in the future and order of call. In evaluating brokerage firms to execute our client trades, we will consider the following factors: on-line access to computerized data for our clients' accounts, clearance, settlement, reputation, financial strength and stability, efficiency of execution and error resolution, the availability of stocks to borrow for short trades, custody, recordkeeping and similar services, involved in the receipt of brokerage services.

For clients that use Charles Schwab, TD Ameritrade or Fidelity to custody their account assets, the firm will request clients complete Prime Brokerage Paperwork that gives the firm the option and authorizes the firm to "trade away" or execute trades with brokerage firms other than the client's custodian. The firm will trade away from the above mentioned brokerage firms to allow our clients to participate in block trades, to execute trades of securities that may be thinly traded, to get a better execution price, to purchase a bond that the brokerage firm may not hold in their inventory.

Trade away trades from the brokerage firm that has custody of the assets will incur an additional charge to the client's account. Charles Schwab charges a fee of \$25, TD Ameritrade charges a fee of \$20 and Fidelity charges a fee of \$15 to settle the trade. If the trades are placed with the brokerage firm that has custody of the client's account, the client would otherwise not be charged the additional fee.

OPCM will generally have complete discretion over the selection of the broker to be used and may be able to negotiate the commission rates to be paid with respect to a select group of clients. Other clients have directed the firm to use a specific broker or specific brokers. When the firm selects the broker-dealer being utilized to execute the trades, we will consider the overall execution of the transaction and services provided by the broker-dealer in conjunction with the commissions paid. We do however anticipate that some clients will direct the firm to buy and sell securities through or to a specific broker-dealer.

---

#### Soft Dollars

Currently, Osborne does not have any third party soft dollar arrangements in place. However, from time to time, Osborne selects a broker-dealer in recognition of the value of various services and/or products (including research), beyond transaction execution, that such broker-dealer provides where, considering all relevant factors, it believes the broker-dealer can provide best execution. The amount of compensation (e.g., commissions or transaction fees) paid to such broker-dealer may be higher than what

another, equally capable broker-dealer might charge. The following discussion is intended to provide clients with certain important information regarding such practices, including the conflicts of interest that arise under soft dollar arrangements. The receipt of such services benefits OPCM, because we do not have to pay for them when we obtain such products and services by using client commissions/transaction fees. Although customary, these arrangements present conflicts of interest in allocating securities transactional business to broker-dealers in exchange for soft dollar benefits, including an incentive to select or recommend a broker-dealer based on our interests rather than purely on clients' interests. Additionally, we may have an incentive to effect more transactions than might otherwise be the case in order to obtain those benefits. The extent of the conflict depends in large part on the nature and uses of the services and products acquired with soft dollars. Section 28(e) of the Securities Exchange Act of 1934 ("Section 28(e)") recognizes the conflicts of interest involved in this activity, but generally allows investment advisers to use client commissions to pay for certain research and brokerage products and services under certain circumstances without breaching their fiduciary duties to clients. For these purposes, "research" means services or products used to provide lawful and appropriate assistance to OPCM in making investment decisions for its clients. "Brokerage" services and products are those used to effect securities transactions for our clients or to assist in effecting those transactions.

Consistent with obtaining best execution, brokerage transactions have been in the past and can be in the future directed to certain broker-dealers in return for investment research and brokerage products and services which assist us in its investment decision-making process. We can cause clients to pay commissions that are higher than those that another qualified broker-dealer might charge to effect the same transaction when we determine, in good faith, that the commission is reasonable in relation to the value of the brokerage and research services received. Research and other products and services purchased with soft dollars will generally be used to service all of our clients, but brokerage commissions paid by one client can be used to pay for research that is not used in managing that client's portfolio, as permitted by Section 28(e). In other words, there can be certain client accounts that benefit from the research services, which did not make the payment of commissions to the broker-dealer providing the services. Brokerage services obtained with soft dollars can include, for example, quotation and communication equipment and services, other order management systems that provide trading software or provide connectivity to such software, trade analysis software, on-line pricing services, communication services relating to execution, clearing and settlement and message services used to transmit orders. Research and related services furnished by brokers can include, but are not limited to, written information and analyses concerning specific securities, companies or sectors; market, financial and economic studies and forecasts; financial publications; recommendations as to specific securities; portfolio evaluation services; financial database software and services; computerized news, pricing and statistical services; and discussions with research personnel, along with hardware, software, data bases and other technical and telecommunication services and equipment utilized in the investment management process. Research received under such soft dollar arrangements can include both proprietary research (created or developed by the broker-dealer) and research created or developed by a third party. As stated above, at times we will recommend that clients open custodial accounts with Fidelity, Schwab, and/or TD Ameritrade to maintain custody of clients' assets and to effect trades for their accounts. Fidelity, Schwab, and TD Ameritrade are SEC-registered broker-dealers and members FINRA/SIPC. While there is no direct link between the investment advice given to clients and Osborne's recommendation to use the custodial or brokerage services of these custodians, certain benefits are received by us due to this arrangement, as outlined above and in Item 14 below.

---

#### Trade Error Correction

In the event a trade error is made by OPCM when trading in a client's account, the firm believes in the principal to make the client whole. Reimbursement from losses due to OPCM's error will be provided to the client from OPCM, while any gains received from a trade error by OPCM will be credited to the client's account, if available.

---

## Directed Brokerage Accounts

OPCM anticipates that some clients will direct the firm to buy and sell securities through or to a specific broker-dealer. Because the firm recognizes that some clients may have a variety of reasons for directing the use of a specific broker-dealer, the firm will not actively negotiate commission rates with directed broker-dealers or monitor or evaluate them on a regular basis the rates being paid by such clients, or the nature, quality or value of any service or benefits the client receives from such broker-dealers. Since the firm cannot trade with other brokers, we are not able to obtain volume discounts for our Directed Brokerage clients and they are not able to take advantage of batching multiple trades which will generally result in our clients paying lower commissions. Directed brokerage clients may pay higher commissions.

---

## Order Aggregation

OPCM may aggregate buy and sell orders for client accounts trading in the same security on the same day. In such an event that we aggregate trades, we will use the average price of all securities received from the executed trades and the individual client accounts will receive the average transaction price. In aggregating trades, there may be times when the price may be less favorable to the client than it would be if similar transactions were not being executed concurrently for other accounts.

When the firm trades in any given security, not all clients will participate in the execution of a bunched trade or receive a pro-rata allocation if they have different investment objectives, risk characteristics and restrictions, varying cash flow, portfolio composition and tax considerations at the time the trades are executed. In addition, not all securities considered for purchase and sale by the firm will be considered for all clients and investment products. A client's investment objective or the firm product objective may not be appropriate for all clients or products.

In the case of mutual funds or exchange-traded funds, trade aggregation does not garner a significant client benefit.

When we aggregate trades, we will allocate fairly among our clients so that over time, all clients are treated fairly and consistently accordingly with their investment objectives.

## Item 13 - Review of Accounts

---

### Periodic Reviews

OPCM has Portfolio Managers "PMs" and Portfolio Counselors "PCs" who conduct client meetings and review accounts. PMs are primarily responsible for the investment decisions in client accounts. PCs are primarily responsible for maintaining the client relationship and discussing the investment decisions with their assigned clients.

PCs and/or PMs may meet with clients on an annual, semi-annual or quarterly basis, or as requested by the client, either in person or via conference calls. During an account review with a client, the PCs or PMs will provide clients with an account appraisal which facilitates a discussion regarding changes in the portfolio, economic and market conditions as well as any other items that need to be reviewed with the client.

Each PC and PM is responsible for a varying number of clients. Each PM reviews client accounts at a minimum, monthly, however most accounts are reviewed on a more frequent basis.

---

### Review Triggers

Tax laws, new investment information, and changes in a client's own personal or financial situation may trigger an account review.

---

#### Regular Reports

At a minimum, clients receive our quarterly appraisal report which we provide in hard copy, mailed to our client's address of record, or in an electronic format, which is uploaded under the client's ID to our secure client portal at [www.osbornepartners.com](http://www.osbornepartners.com). For our electronic clients, we will notify them with an e-mail when we post their reports for their review. The quarterly reports generally will include a portfolio appraisal statement detailing the number of shares held of each security, the cost basis information and the market value as of the quarter end date. The quarterly reports may also contain: a purchase and sale report, realized gain and loss report, transaction summary, performance report, quarterly management fee invoice, an economic memo and commentary from the investment team.

Clients also have the option of viewing their account reports daily via OPCM's website or via the custodian's website.

The custodian of record will also provide statements to the client, at a minimum quarterly. Generally clients will all receive monthly statements unless an account does not have security transactions to report on a monthly basis.

### Item 14 - Client Referrals and Other Compensation

---

#### Incoming Referrals

OPCM may receive client referrals from current clients, estate planning attorneys, accountants, employees, personal friends of employees, Schwab's Advisor Network, and third party solicitors.

OPCM does provide compensation to third party solicitors. OPCM will pay third party solicitors a referral fee of 15%-25% of the advisory fees that OPCM receives pursuant to the client's written advisory agreement. The third party solicitors are independent contractors of OPCM and do not perform investment advisory services on behalf of the firm. The compensation provided does not relate directly to any investment advisory services rendered. Payment of such compensation by a potential client will not differ from those clients that were not solicited. OPCM does and may charge different fees to different clients but the firm **does not** charge a client that was referred to the firm a higher advisory fee than another client who was not referred to the firm through a third party solicitor.

OPCM receives client referrals through Charles Schwab's Advisor Network Program ("SAN"). The SAN Program is designed to help investors find an independent investment advisor. Charles Schwab is a broker-dealer independent of and unaffiliated with OPCM. Schwab does not supervise OPCM and has no responsibility for OPCM's management of clients' portfolios or other advice or services.

OPCM will compensate Charles Schwab for clients referred through the SAN Program. OPCM pays Schwab in two manners. Schwab will deduct a percentage of our fees charged to our client accounts or they will charge the firm a percentage fee based on the daily household balance of the client relationship. The fee Schwab charges the firm is dependent upon when the client was referred to the firm through the SAN Program. OPCM will also pay a Non-Schwab Custody fee on all accounts that are maintained at, or transferred to another custodian that were originally referred to OPCM through the SAN Program. This may raise potential conflicts of interest as OPCM may be likely to execute transactions for our advisory clients referred through the program with Schwab, although it is not required by the program.



OPCM pays Schwab the participation fee for so long as the referred client's account remains in custody at Schwab. Charles Schwab bills the participation fee quarterly and may increase, decrease or they may waive the fee from time to time. OPCM, not the client, pays the participation fee. OPCM agrees not to charge clients referred through the service fees or costs greater than the fees or costs we charge clients with similar portfolios who were not referred to us through the service.

OPCM generally pays Schwab a Non-Schwab custody fee if custody of a referred clients' account is not maintained by, or assets in the account are transferred from Schwab. This fee does not apply if the client was solely responsible for the decision not to maintain custody at Schwab. The Non-Schwab custody fee is a one-time payment equal to a percentage of assets placed with a custodian other than Schwab. The Non-Schwab fee is higher than the participation fees OPCM generally would pay in a single year. Thus, OPCM will have an incentive to recommend client accounts be held in custody at Schwab.

The participation fee and Non-Schwab custody fees will be based on assets in accounts of OPCM's clients referred by Schwab and those referred clients' family members living in the same household. Thus, OPCM will have incentives to encourage household members of clients referred through the service to maintain custody of their accounts and execute transactions at Schwab and to instruct Schwab to debit OPCM's fees directly from the accounts.

For clients accounts maintained at Charles Schwab, Charles Schwab will not charge the client separately for custody but will receive compensation from OPCM's clients in the form of commissions or other transaction related compensation on securities trades executed through Schwab. Schwab will also receive a fee (generally lower than the applicable commission on trades it executes) for trades executed at other broker-dealers other than Schwab. Schwab's fees for trades executed through other broker-dealers are in addition to the other broker-dealer's fees. Thus, OPCM may have an incentive to cause trades to be executed at Schwab rather than another broker-dealer. OPCM nevertheless acknowledges its duty to seek best execution of trades for client accounts. Trades for client accounts held in custody with Schwab may be executed through a different broker-dealer than trades for OPCM's other clients. Thus, trades for accounts custodied at Schwab may be executed at different times and different prices than trades for other accounts that are executed at other broker-dealers.

---

#### Referrals Out

OPCM does not accept referral fees or any form of remuneration from other professionals when a prospect or client is referred to them.

---

#### Other Compensation

We receive an economic benefit from Schwab, Fidelity and TD Ameritrade in the form of the support products and services they make available to us and other independent investment advisors whose clients maintain their accounts at Schwab, Fidelity and TD Ameritrade. 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, Fidelity and TD Ameritrade's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

Osborne Partners does provide compensation to third party solicitors. OPCM will pay third party solicitors a referral fee of 15%-25% of the advisory fees that OPCM receives pursuant to the client's written advisory agreement. The third party solicitors are independent contractors of OPCM and perform no financial planning or investment advisory services on behalf of the firm. The compensation provided does not relate directly to any investment advisory services rendered. Payment of such compensation by a potential client will not differ from those clients that were not solicited. OPCM does and may charge different fees to other accounts under firm's management.

## **Item 15 - Custody**

---

### **Account Statements**

Qualified custodians hold all client assets. The qualified custodians provide account statements independent of OPCM and they provide them directly to the client at their address or email of record. Custodians issue statements at least quarterly, with most custodians providing monthly statements. Clients will only receive statements on a quarterly basis if the account does not have security transaction activity. OPCM urges you to compare account statements that you receive from our firm with account statements received from your custodian. Please contact OPCM if you are not receiving account statements from your custodian.

OPCM is required to maintain client funds and securities with a broker-dealer, bank, or other qualified custodian. Under government regulations, OPCM is deemed to have custody of client assets; however, OPCM will not be required to indicate custody based solely on the deduction of advisory fees. OPCM is the general partner of the OPCM Fund and due to that role, OPCM is deemed to have custody of the fund's assets. We have policies and procedures in place to address the risks and to ensure the safeguarding of clients assets.

OPCM is currently the Registered Investment Advisor for client accounts in which an OPCM employee is a trustee on, and therefore deemed to have custody of the accounts. OPCM is also deemed to have custody on accounts in which we have standing authority to withdraw funds. According to rule 206(4)-2 under the Investment Advisers Act of 1940, OPCM will have an independent third party public accountant conduct a surprise audit on an annual basis. Our independent public accountant firm is DZH Phillips located in San Francisco, CA.

---

### **Performance Reports**

We urge clients to compare the account statements received directly from their qualified custodians to the report statements provided by our firm.

## **Item 16 - Investment Discretion**

---

### **Discretionary Authority for Trading**

OPCM accepts discretionary authority to manage accounts on behalf of clients. OPCM has the authority to determine, without obtaining specific client consent, the securities to be bought or sold, and the amount of the securities to be bought or sold. However, in the event OPCM executes a contract with a client on a Non-Discretionary basis, OPCM consults with the client prior to each trade to obtain trading approval.

Generally, we will buy and sell securities for client accounts on a fully discretionary basis. OPCM will have complete discretion over the selection of the broker to be used and the commission rates to be paid with respect to our discretionary clients. Other clients have directed OPCM to use a specific broker or specific brokers. For the most part, we will buy and sell securities through broker-dealers selected by OPCM. When OPCM selects the broker-dealer being utilized to execute the trades, OPCM will consider the overall execution of the transaction and services provided by the broker-dealer in conjunction with the commissions paid.

---

### **Limited Power of Attorney**

A limited power of attorney is required by custodians to allow trading authorization for our client accounts and to allow us to complete specific transactions in client accounts. Each custodian has their own limited power of attorney form that they require clients to sign so that we may execute the trades and transactions on behalf of our clients.

## **Item 17 - Voting Client Securities**

---

### **Proxy Votes**

OPCM will not be obligated to vote, may refrain from voting and will not be required to direct the client's agent to vote proxies on behalf of our clients or clients of manager selected programs, unless otherwise agreed to in writing. The only accounts OPCM will be required to vote proxies for will be for those accounts that the Department of Labor has defined as ERISA accounts. OPCM uses Broadridge's Proxy Edge to vote our required proxies for ERISA clients. Broadridge manages the process of meeting notifications, voting, tracking, mailing, reporting, record maintenance and the vote disclosure rules enacted by the SEC. In instances where clients vote their own proxies, the custodian will forward all proxy materials to the client directly.

It is OPCM's overall policy to vote in the best interest of the clients. OPCM has a designated proxy administrator who is responsible for overseeing the proxy voting process. Broadridge has been instructed to vote proxies in accordance with OPCM's pre-determined proxy policy. In the event a non-standard voting issue is solicited, analysis by the investment team will be done to ensure the proper vote is cast to benefit our clients' best economic interest. Broadridge maintains electronic copies of annual reports for viewing. On a quarterly basis, OPCM's proxy administrator will access our proxy voting record and forward the report to the CCO or a Senior Managing Director for review.

OPCM's written agreement states our position to vote proxies. ERISA clients may contact our CCO to obtain information on the proxies voted on their behalf as well as to request a copy of OPCM's policies and procedures for proxy voting.

## **Item 18 - Financial Information**

---

### **Financial Condition**

OPCM does not have any financial impairment that will preclude the firm from meeting contractual commitments to clients.

OPCM does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance and therefore is not required to provide, and has not provided, a balance sheet.

## **Item 19 - Class Action Lawsuits**

---

### **Claim Filing**

OPCM engages Chicago Clearing Corporation (CCC) to provide class action litigation monitoring and securities claim filing services on behalf of our clients. Clients will be responsible for filing their own class action claims for any securities that were held prior to the commencement of the relationship with the firm. Unless you affirmatively "Opt-Out" from the service, we will provide our client data to CCC on an annual basis for class action filing services.

CCC's sole business is securing class action claims. CCC monitors each claim our clients have, collects the applicable documentation, interprets the terms of each settlement, files the appropriate claim form,

interacts with the administrators and distributes the client awards on the client's behalf. CCC charges a contingency fee of 20% which is subtracted from each client settlement award.

## Item 20 - Business Continuity

---

### General

OPCM has a Business Continuity Plan in place that provides steps to mitigate and recover from the loss of office space, communications, services or key people. OPCM understands our clients rely on our systems and services for the management of their portfolios.

---

### Disasters

The Business Continuity Plan covers natural disasters and man-made disasters such as loss of electrical power, fire, bomb threats, communications line outage, and Internet outage. We back up electronic files daily and archive offsite.

OPCM will notify our clients in the event of an emergency as follows:

- We will record a message on our main telephone lines for our San Francisco and Menlo Park Offices.
- We will post a message on OPCM's Website.
- We will send clients who have elected electronic communications, an e-mail message to their e-mail address on file.

In the event of an emergency, OPCM employees have remote access to e-mails and have remote access to OPCM's communication system to stay in contact with our clients until our systems are restored.

---

### Alternate Offices

We have identified alternate offices to support ongoing operations in the event the main office is unavailable. It is our intention to contact all clients within five days of a disaster that dictates moving our office to an alternate location.

OPCM's Primary Offices:

580 California Street, Ste. 1900  
San Francisco, CA 94104  
Phone: (415) 362-5637  
Fax: (415) 362-5996

535 Middlefield Road, Ste. 160  
Menlo Park, CA 94025  
Phone: (650) 854-5100  
Fax: (650) 854-5661

Secondary/Alternate Offices:

- Carmel, CA
- Reno, NV

---

### Loss of Key Personnel

OPCM assigns a back-up portfolio manager to each account in the event one of our portfolio managers is unable to fulfill their investment functions due to disability or death. In addition, the firm has an investment team that would continue to oversee the primary investment strategies of the firm, which limits the risk any one individual has in making investment decisions. In the event of a loss of personnel, the firm has cross trained our operations staff, client service staff and portfolio management staff.

Employees in other offices would be able to cover the responsibilities of the key employee until the firm is able to hire a replacement for the position.

## **Item 21 - Information Security Program**

---

### Information Security

OPCM maintains an information security program to reduce the risk that your personal and confidential information may be breached.

---

### Privacy Policy

For the information you entrust to us, we are committed to maintaining the confidentiality, integrity and security of your personal information. Our policy is not to disclose any non-public personal information about you to anyone while you are an active or inactive client, except as permitted or required by law, or as required to maintain and manage the account in accordance with the investment management objectives and guidelines agreed upon. With your permission, we disclose limited information to attorneys, accountants, and mortgage lenders with whom you have established a relationship. You may opt out from our sharing information with these nonaffiliated third parties by notifying us at any time by telephone, mail, fax, email, or in person. With your permission, we share a limited amount of information about you with your qualified custodian in order to execute securities transactions on your behalf.

We maintain a secure office to ensure that your information is not placed at unreasonable risk. We employ a firewall barrier, secure data encryption techniques and authentication procedures in our computer environment. We have access controls in place on client information systems, including controls to authenticate and permit access only to authorized individuals. The firm also has access restrictions at physical locations containing client information, such as buildings, computer facilities and records storage facilities to permit access only to authorized individuals. In addition, dual control procedures and segregation of duties are in place for individuals who maintain client portfolios and manage the hedge fund. The firm also monitors systems with client information.

We do not provide your personal information to mailing list vendors or solicitors. Federal and state securities regulators may review our company records and your personal records as permitted by law. Personally identifiable information about you will be maintained while you are a client, and as required thereafter for our records that we are required to maintain by federal and state securities laws. We will notify you in advance if our privacy policy is expected to change.

The types of information we receive and collect from clients are from the following sources:

- Investment advisory contracts, client questionnaires, custodial account applications and related forms.
- Information we receive from you during meetings, telephone conversations, or electronically via e-mail.
- Information about your securities transactions with Osborne Partners Capital Management, LLC or other advisory firms including broker/dealers/financial service firms that may be providing services to you or for your account.
- Information we receive on your behalf from other third-party service providers.

We disclose your non-public personal information to only the following persons:

- The companies you authorize us to use in order to manage your account, for example, the custodian of your account.

- The companies we use in conjunction with managing your account, for example, broker-dealers.
- When authorized by you, other investment advisors, accountants or estate attorneys that also provide advice to you in connection with your investments.

We are required by law to deliver this *Privacy Notice* to you annually, in writing, either electronically or in physical copy. A full copy of OPCM's privacy policies and procedures is available at any time upon request by contacting our CCO.