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SEC Form ADV Part 2A – Appendix  
8/29/2019

This wrap fee program brochure provides information about the qualifications and business practices of One Charles Private Wealth Services, LLC (“One Charles”). If you have any questions about the contents of this brochure, please contact us at (617) 337- 4206. 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 One Charles also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). References herein to One Charles as a “registered investment adviser” or any reference to being “registered” does not imply a certain level of skill or training.

## Item 2. Material Changes

The following material changes to the operations of One Charles Private Wealth Services, LLC ("**One Charles**") have occurred since our last annual updating amendment, on 03/27/2019:

On July 1, 2019 One Charles completed the acquisition of TMD & Associates, Inc. Related to this acquisition, the following material changes were made to this brochure.

### Item 4

Information regarding the management of One Charles was updated to include Todd Douma.

### Item 4 and Item 6

Provisions were included regarding the providing of wealth management and discretionary investment management services by One Charles on a non-wrap fee program basis. In addition, information was included regarding limited-scope financial planning and consulting services, as well as services to ERISA plans and corporate clients. The services for ERISA plan clients include discretionary investment management services, non-discretionary investment management services and retirement plan consulting services. Furthermore, the services provided to ERISA plan clients may be provided using the trade names CuraFin Advisors.

### Item 6 – Methods of Analysis, Investment Strategies and Risk of Loss

Additional information was added regarding non-traditional investments that may be utilized by One Charles' for client accounts, as well as margin. Furthermore, additional information regarding the characteristics and risks associated with fixed income securities and investments in overseas markets has been included. Information regarding the following risk factors has also been included: Availability of and Ability to Acquire Suitable Investments; Availability and Accuracy of Information; Trading Risk; Investment Strategies; Limits on Hedged Strategies; Currency Risk; Business Risk; Lack of Liquidity; Inflation and Interest-Rate Risk; Options; and Brokers and Custody.

### Item 9 – Other Financial Industry Activities and Affiliations

The Aaron Coates CPA affiliation has been discontinued as Mr. Coates is no longer a Related Person to One Charles.

In addition, information was included regarding One Charles generally recommending that clients utilize the custody, brokerage, and clearing services of Fidelity Institutional Wealth Services or TD Ameritrade Institutional, a division of TDA Ameritrade, Inc., member FINRA/SIPC, and benefits that One Charles receives from those unaffiliated entities.

Furthermore, information has been included regarding lodging and food expenses received by One Charles from Flat Rock Global, LLC and that relate to the acquisition of TMD & Associates, Inc.

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## Item 4. Services, Fees and Compensation

### Focus Financial Partners, LLC

One Charles has been a SEC-registered investment adviser since 2017. One Charles' registration as an investment adviser does not imply a certain level of skill or training.

One Charles is part of the Focus Financial Partners, LLC ("Focus LLC") partnership. Specifically, One Charles is a wholly-owned subsidiary of Focus Operating, LLC ("Focus Operating"), which is a wholly-owned subsidiary of Focus LLC. Focus Financial Partners Inc. ("Focus Inc.") is the sole managing member of Focus LLC and is a public company traded on the NASDAQ Global Select Market. Focus Inc. owns approximately two-thirds of the economic interests in Focus LLC.

Focus Inc. has no single 25% or greater shareholder. Focus Inc. is the managing member of Focus LLC and has 100% of its governance rights. Accordingly, all governance is through the voting rights and Board at Focus Inc. As of the end of 2018, investment vehicles affiliated with Stone Point Capital, LLC ("Stone Point") had a greater than 25% voting interest in Focus Inc., and Stone Point had the right to designate two of seven directors on the Focus Inc. Board. As of the end of 2018, investment vehicles affiliated with Kohlberg Kravis Roberts & Co. L.P. ("KKR") had a less than 25% voting interest in Focus Inc., and KKR had the right to designate one of seven directors on the Focus Inc. Board.

Focus LLC also owns other registered investment advisers, broker-dealers, pension consultants, insurance firms, and other financial service firms (the "Focus Partners"), most of which provide wealth management, benefit consulting and investment consulting services to individuals, families, employers, and institutions. Some Focus Partners also manage or advise limited partnerships, private funds, or investment companies as disclosed on their respective Form ADVs.

### One Charles Management

Paul A. Squarcia founded One Charles Private Wealth, the Firm's predecessor, in 2015 after more than 15 years of service at a global wealth management and investment banking firm where he led a staff of financial advisors in providing wealth management solutions for affluent clients and businesses. One Charles became a Focus partner firm in 2017.

One Charles is managed by Mr. Squarcia pursuant to a management agreement between OCPW Management, LLC and One Charles. Mr. Squarcia and Mr. Todd Douma serve as officers of One Charles and are responsible for the management, supervision and oversight of the Firm.

As of July 31, 2019, One Charles manages \$798,430,000 on a discretionary basis and \$20,062,000 on a non-discretionary basis.

While this brochure generally describes the business of One Charles, certain sections also discuss the activities of its personnel, including its officers, partners, directors (or other persons occupying a similar status or performing similar functions), employees or any other person who provides investment advice

on behalf of One Charles and is subject to the Firm's supervision or control (each, a "***Supervised Person***").

## **Our Services**

One Charles provides wealth management and discretionary investment management services. One Charles allocates client assets among various third-party managers, no-load and load-waived mutual funds, exchange-traded funds (ETFs), US state and local bonds, and various alternative investment managers/private funds. The Firm's portfolio management services are offered on a "wrapped" basis, meaning that clients pay a single Program fee for investment advice provided by One Charles and for custody and execution services provided through the Program broker. The Program fee is not all inclusive; clients are responsible for additional fees and expenses incurred when investing their assets, such as fees charged by independent managers, mutual fund fees and expenses, ETF expenses, execution fees and trade away fees for transactions executed away from the wrap program broker, mark-ups and mark-downs embedded in fixed income transactions, and miscellaneous items such as transfer taxes, odd lot differentials, exchange fees, interest charges, American Depository Receipt agency processing fees, trustee fees, and any charges, taxes or other fees mandated by any federal, state or other applicable law or otherwise agreed to with regard to client accounts.

The current annual Program fees are negotiable and can be up to 1.5%, based upon various objective and subjective factors. As a result, One Charles' clients could pay diverse fees based upon the market value of their assets, the complexity of the engagement, and the level and scope of the overall investment advisory and/or consulting services to be rendered. Because of these factors, the services to be provided by One Charles to any particular client could be available from other advisers at lower or higher fees. All clients and prospective clients should be guided accordingly.

The fees we charge and compensation we receive for investment advisory services varies depending on the products and services offered, as outlined below. A portion of these fees is applied towards platform administrative costs and certain transactional costs incurred for providing investment advisory services and is deducted from the amount received by One Charles. All fee arrangements are negotiable and One Charles may agree to waive, reduce, or cover the fees it charges or other applicable fees or costs either on an ongoing or a one-time basis.

Fees are billed by us quarterly, in advance, according to the rate clients have negotiated with One Charles based on the fair market value of the client's portfolio as reported to us by the independent custodian at which assets are held.

Certain clients of One Charles receive wealth management and discretionary investment management services on a non-wrap fee basis. These clients transitioned to One Charles pursuant to One Charles' acquisition of TMD & Associates, Inc. on July 1, 2019. Refer to the One Charles Form ADV Part 2A for information regarding the provision of portfolio management services by One Charles on a non-wrap fee basis.

## Item 5. Account Requirements and Types of Clients

We provide advisory services to a variety of clients, including individuals, business entities, trusts, estates, charitable organizations, and pension and profit-sharing plans.

One Charles typically requires clients to place at least \$400,000 under the firm's management as a condition to establishing an advisory relationship. One Charles, in its sole discretion, may waive or reduce its minimum asset requirement based upon certain criteria such as: anticipated future earning capacity, anticipated future additional assets, related accounts, account composition, or as negotiated with clients.

## Item 6. Portfolio Manager Selection and Evaluation

### **Types of Advisory Services Offered**

One Charles provides wealth management and discretionary investment management services. One Charles allocates client assets among various third-party managers, no-load and load-waived mutual funds, exchange-traded funds (ETFs), and various alternative investment managers.

One Charles tailors its advisory services to accommodate the needs of its individual clients and continually seeks to manage its clients' portfolios in a manner consistent with their specific investment profiles. Clients are advised to promptly notify One Charles if any changes occur in their financial situation or if they wish to place any limitations on the management of their portfolios. Clients may request reasonable restrictions on the management of their accounts if One Charles determines, in its sole discretion, the conditions will not materially impact the performance of a portfolio strategy.

In addition to the wealth management and discretionary investment management services made available pursuant to the Program, One Charles also provides the following advisor services.

### **Wealth Management and Discretionary Investment Management Services – Non-Wrap Program**

One Charles also makes available wealth management and discretionary investment management services in a non-wrap fee program structure.

### **Limited-Scope Financial Planning and Consulting Services**

One Charles may also provide one-time, non-discretionary topic-specific consultation and administrative services regarding investment and/or other financially-related needs of its clients. This may include advice on limited-scope wealth management matters as well as non-traditional areas such as business acquisition/sales or business operations. In general, these are consulting needs that fall outside the scope of a client's financial plan.

### **Retirement Plan Services (ERISA Plans – Corporate Clients)**

One Charles provides discretionary investment management, non-discretionary investment management and retirement plan consulting services to qualified company-sponsored retirement

plans including, 401(k) Plans, 403(b) Plans, pensions and profit sharing plans. ("Plan Client" or "Plan"). Each Plan Client will select the services to be provided in writing as part of the investment fiduciary and retirement plan consulting agreement ("Retirement Plan Agreement"). One Charles will provide specific investment advice to Plan Clients regarding the selection of investment manager(s) and/or investment vehicles available to the Plan within the platform provided by the Plan's custodian. One Charles may also provide administrative support, service provider support, investment monitoring support and participant services as described in the Retirement Plan Agreement, as applicable. The services provided to Plan Clients may be provided using the trade name CuraFin Advisors.

#### *Discretionary Investment Management Services for Plan Clients*

One Charles will provide discretionary investment management services to certain Plan Clients as a fiduciary under Section 3(38) of the Employee Retirement Income Security Act of 1974 ("ERISA") and thus will serve as an "investment manager" pursuant thereto. Upon reviewing the investment objectives, risk tolerance and goals of the Plan Client set forth in the Plan's investment policy statement ("IPS"), the sponsor of each Plan Client (the "Plan Sponsor") will determine which of the following discretionary services, if any, One Charles will provide to the Plan Client: (a) the selection, monitoring and replacement of designated investment alternatives, (b) the creation and maintenance of model asset allocation portfolios, and/or (c) the selection, monitoring and replacement of qualified default investment alternatives. These services may be provided using the trade name CuraFin Advisors.

#### *Non-Discretionary Investment Management Services for Plan Clients*

One Charles will also provide non-discretionary investment management services to certain Plan Clients, serving as a "fiduciary" as defined by Section 3(21) of ERISA. After reviewing the investment objectives, risk tolerance and goals of the plan set forth in the Plan's IPS, One Charles will make recommendations to the Plan Sponsor but the Plan Sponsor will ultimately be responsible for implementing those recommendations. If the Plan does not have an IPS, One Charles may provide recommendations to the Plan Sponsor to assist it in establishing an IPS. If the Plan has an existing IPS, One Charles will review it for consistency with the Plan's objectives. If the IPS does not represent the objectives of the Plan based on One Charles's understanding of the objectives, One Charles will recommend revisions to align the IPS with the Plan's objectives. The Plan Sponsor of each Plan Client will determine which of the following services, if any, One Charles will provide to the Plan Client: (a) advice on designated investment alternatives, (b) advice on model asset allocation portfolios, and/or (c) advice on qualified default investment alternatives. These services may be provided using the trade name CuraFin Advisors.

#### *Retirement Plan Consulting Services*

One Charles will also provide retirement plan consulting services designed to assist the sponsor in meeting his or her fiduciary duties to administer the Plan in the best interest of the Plan's participants and their beneficiaries. Such services are not fiduciary services under ERISA. The Plan Sponsor of each Plan Client receiving consulting services will determine which of the following services One Charles



will provide to the Plan Client: (a) administrative support, (b) oversight of relationships with the Plan's service providers, (c) investment monitoring support, and/or (d) participant services.

### **Service as ERISA Fiduciary**

One Charles is a fiduciary under the Employee Retirement Income Security Act of 1974, as amended ("ERISA") with respect to investment management services and investment advice provided to ERISA plan clients, including ERISA plan participants. One Charles is also a fiduciary under the Internal Revenue Code (the "IRC") with respect to investment management services and investment advice provided to ERISA plans, ERISA plan participants, IRAs and IRA owners (collectively, "Retirement Account Clients"). As such, One Charles is subject to specific duties and obligations under ERISA and the IRC that include, among other things, prohibited transaction rules which are intended to prohibit fiduciaries from acting on conflicts of interest. When a fiduciary gives advice in which it has a conflict of interest, the fiduciary must either avoid or eliminate the conflict or rely upon a prohibited transaction exemption (a "PTE").

### **Tailored Services - The *Circle of Care***

At One Charles Private Wealth, the Circle of Care is our proprietary approach to wealth preservation and protection. Our clients want more than advice solely on their portfolio. They want advisors who help them with all the complexities they face financially. Your finances are connected to your whole life, so we work with your finances where they impact you, not in the abstract.

Wealth protection and preservation start with an overall assessment of your current life situation and goals. By understanding the risks pertaining to your wealth and lifestyle, we can better manage them. By looking at your goals, we understand what you want to accomplish with your money. To increase the likelihood of achieving your objectives, we combine risk mitigation and risk-taking strategies. Then we aggressively pursue estate planning and other risk management techniques.

### **Performance Based Fees and Side-by-Side Management**

One Charles does not charge performance-based fees and so does not on this basis have a conflict of interest in the side-by-side management of client accounts.

### **Methods of Analysis, Investment Strategies and Risk of Loss**

One Charles manages clients' investment portfolios on a discretionary or non-discretionary basis by allocating assets among various third-party managers, no-load and load-waived mutual funds, exchange-traded funds (ETFs), and various alternative investment options. One Charles may also incorporate non-traditional investments such as private placements, pooled investment vehicles, private equity, oil and gas partnerships, real estate, and hard-money lending.

When appropriate to the needs of the client, One Charles may recommend the use of margin. Because this investment strategy involves a certain degree of additional risk, it will only be recommended when it is consistent with the client's stated tolerance for risk.

In managing client portfolios as listed above, the Firm analysis may include, but not be limited to, forward looking asset class valuation, asset class momentum and individual security analysis, such as, fundamental, technical and cyclical analysis.

### **Risk of Loss**

Investing in securities involves risk of loss that clients should be prepared to bear. We do not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. We cannot offer any guarantees or promises that your financial goals and objectives will be met. Past performance is in no way an indication of future performance.

Investing in equity securities generally involves becoming an owner in the issuer company and participating fully in its economic risks. The value of equity securities of public and private, listed and unlisted companies and equity derivatives generally varies with the performance of the issuer and movements in the equity markets. As a result, clients may suffer losses if they invest in equity instruments of issuers whose performance diverges from our expectations or if equity markets generally move in a single direction.

The market value of fixed income securities will generally fluctuate inversely with interest rates and other market conditions prior to maturity. Fixed income securities are obligations of the issuer to make payments of principal and/or interest on future dates, and include, among other securities: bonds, notes and debentures issued by corporations; debt securities issued or guaranteed by the U.S. government or one of its agencies or instrumentalities, or by a non-U.S. government or one of its agencies or instrumentalities; municipal securities; and mortgage-backed and asset-backed securities. These securities may pay fixed, variable, or floating rates of interest, and may include zero coupon obligations and inflation-linked fixed income securities. The value of longer duration fixed income securities will generally fluctuate more than shorter duration fixed income securities.

Investments in overseas markets also pose special risks, including currency fluctuation and political risks, and it may be more volatile than that of a U.S. only investment. Such risks are generally intensified for investments in emerging markets.

### **Mutual Fund Securities –**

Investing in mutual funds carries inherent risk. The major risks of investing in a mutual fund include the quality and experience of the portfolio management team and its ability to create fund value by investing in securities that have growth, the amount of individual company diversification, the type and amount of industry diversification, and the type and amount of sector diversification within specific industries. In addition, mutual funds can be tax inefficient in certain circumstances, which may result in clients paying capital gains taxes on fund investments while not having yet sold the fund.

### **Exchange-Traded Funds**

ETFs are investment companies with shares that are bought and sold on a securities exchange. An ETF can either hold a portfolio of securities designed to track a market segment or index or be actively managed. Specifically, ETFs, depending on the underlying portfolio and its size, can have wide price (bid and ask) spreads, thus diluting or negating any upward price movement of the ETF or enhancing any downward price movement. Also, ETFs require more frequent portfolio reporting by regulators and are thereby more susceptible to actions by hedge funds that could have a negative impact on the price of the ETF. Certain ETFs may employ leverage, which creates additional volatility and price risk depending on the amount of leverage utilized, the collateral, and the liquidity of the supporting collateral. Further, the use of leverage (i.e., employing the use of margin) generally results in additional interest costs to the ETF. Certain ETFs are highly leveraged and therefore have additional volatility and liquidity risk. Volatility and liquidity can severely and negatively impact the price of the ETF's underlying portfolio securities, thereby causing significant price fluctuations of the ETF.

### **Option Overlay/Collateral Yield Enhancement**

We recommend that certain clients invest in an index option-based overlay strategy which seeks to generate incremental cash flow and improve risk-adjusted returns on existing portfolio holdings. The strategy seeks to generate returns by “harvesting” the time decay of option premiums by actively managing a portfolio of short-dated index option spreads on the S&P500 index. This strategy involves writing options to generate premiums while simultaneously purchasing further out-of-the-money options to contain and quantify risk. The seller of an option, who has the obligation to deliver to the purchaser a security or other instrument at the agreed-upon “strike” price, under certain circumstances risks incurring substantial and immediate losses. Specifically, if the sellers’ options are “uncovered” (meaning the seller does not own the underlying security), the seller could suffer substantial losses to the extent the S&P500 index moves substantially higher (when selling calls) or lower (when selling puts) than the agreed upon “strike” price. These risks are mitigated by the client’s equity portfolio holdings, but the value of client’s portfolio holdings will not fully correlate with movements in the S&P500. Purchases of out-of-the-money options serve as further risk mitigation, but hedges sometimes fail, especially during periods of sudden and unanticipated market movements. Investing in this strategy is speculative and involves varying degrees of risk, including substantial degrees of risk in some cases. Assets tied to this strategy may be leveraged which may increase the risk of investment loss. The performance of this strategy may be volatile.

### **Use of Independent Managers**

One Charles selects Independent Managers to manage a portion of certain clients’ assets. In these situations, One Charles conducts due diligence of such managers, but such recommendations rely on

the Independent Managers' ability to successfully implement their investment strategies. In addition, One Charles does not have the ability to supervise the Independent Managers on a day-to-day basis.

### **Use of Private Collective Investment Vehicles**

One Charles recommends that certain clients invest in or have portfolio exposure to privately placed collective investment vehicles (e.g., hedge funds, private equity funds, etc.). The managers of these vehicles have broad discretion in selecting the investments. There are few limitations on the types of securities or other financial instruments which may be traded and no requirement to diversify. Hedge funds may trade on margin or otherwise leverage positions, thereby potentially increasing the risk to the vehicle. In addition, because the vehicles are not registered as investment companies, there is an absence of regulation. There are numerous other risks in investing in these securities, including the risk of illiquidity. Clients should consult each fund's private placement memorandum and/or other documents explaining such risks prior to investing.

### **Cybersecurity**

The computer systems, networks and devices used by One Charles and service providers to us and our clients to carry out routine business operations employ a variety of protections designed to prevent damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches. Despite the various protections utilized, systems, networks, or devices potentially can be breached. A client could be negatively impacted because of a cybersecurity breach.

Cybersecurity breaches can include unauthorized access to systems, networks, or devices; infection from computer viruses or other malicious software code; and attacks that shut down, disable, slow, or otherwise disrupt operations, business processes, or website access or functionality. Cybersecurity breaches may cause disruptions and impact business operations, potentially resulting in financial losses to a client; impediments to trading; the inability by us and other service providers to transact business; violations of applicable privacy and other laws; regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs; as well as the inadvertent release of confidential information.

Similar adverse consequences could result from cybersecurity breaches affecting issuers of securities in which a client invests; governmental and other regulatory authorities; exchange and other financial market operators, banks, brokers, dealers, and other financial institutions; and other parties. In addition, substantial costs may be incurred by these entities to prevent any cybersecurity breaches in the future.

### **Availability of and Ability to Acquire Suitable Investments**

While One Charles believes that many attractive investments of the type in which an account may invest are currently available and can be identified, there can be no assurance that such investments will be available at any given time, or that available investments will meet the account's investment

criteria. In such event, One Charles may be unable to find a sufficient number of attractive investment opportunities to meet its clients' investment objectives.

### **Availability and Accuracy of Information**

One Charles will select investments on the basis of information and data derived from a number of sources, including due diligence materials and public regulatory filings. Although One Charles intends to evaluate all such information and data and seek independent corroboration when One Charles considers it appropriate and when it is reasonably available, One Charles in many cases will not be in a position to confirm the completeness, genuineness or accuracy of such information and data.

### **Trading Risk**

Substantial risks are involved in the trading of securities. Market movements can be volatile and are difficult to predict. U.S. Government activities, particularly those of the Federal Reserve Board, can have a profound effect on interest rates that, in turn, substantially affect securities and futures prices, as well as the liquidity of such markets. Politics, recession, inflation, employment levels, trade policies, international events, war, acts of terrorism and other unforeseen events can also have significant impacts upon the prices of securities. A variety of possible actions by various government agencies also can inhibit the profitability of the investments or can result in losses. Such events, which can result in huge market movements and volatile market conditions, create the risk of catastrophic losses. Various techniques may be employed to attempt to reduce a portion of the risks inherent in the strategies utilized by One Charles. The ability to achieve the desired effect through a particular technique is dependent upon many factors, including the liquidity of the market at the desired time of execution. Thus, a substantial risk remains that the techniques employed by One Charles cannot always be implemented or effective in reducing losses.

### **Investment Strategies**

There can be no assurance that any investment method employed by One Charles will produce profitable results. Profitable investing is often dependent on anticipating trends. In addition, markets experiencing random price fluctuations, rather than defined trends or patterns, may generate a series of losing investments. There have been periods in the past when the markets have been subject to limited and ill-defined price movements, and such periods may recur. Any factor that may lessen major price trends (such as governmental controls affecting the markets) may reduce the prospect for future profitability. Any factor which would make it difficult to execute trades, such as reduced liquidity or extreme market developments resulting in prices moving the maximum amount allowed in a single day could also be detrimental to profits or cause losses. Increases in margin levels on securities may occur in the future. Such increased margin and other potential regulatory changes may adversely impact investment strategies. Future investment proceeds may be reinvested at a potentially lower rate of return.

### **Limits on Hedged Strategies**

One Charles may engage in hedging strategies in order to manage risk by investing in specialized ETFs and mutual funds which may use short sales, options, swaps, caps and floors, futures and forward contracts and other derivatives in an effort to protect assets from losses resulting from fluctuations in market prices. Hedging against a decline in the value of portfolio positions does not eliminate fluctuations in the values of portfolio positions or prevent losses if the values of such positions decline, but establishes other positions designed to gain from those same developments, thus offsetting the decline in the portfolio positions' value.

### **Currency Risk**

Currency risks arise from changes in the relative valuation of currencies, which can create unpredictable gains and losses when the profits or dividends from an investment are converted from a foreign currency into U.S. dollars. Clients can reduce currency risk by using hedges and other techniques designed to offset any currency-related gains or losses.

### **Business Risk**

These risks are associated with a particular industry or a particular company within an industry. When investing in stock there is always a certain level of company or industry specific risk that is inherent in each investment. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. For example, if a company's employees go on strike or the company receives unfavorable media attention for its actions, the value of the company may be reduced. 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.

### **Lack of Liquidity**

One Charles may invest in illiquid securities or securities subject to substantial restrictions on transfer on behalf of its clients. There may not always be a public market for the investments made on behalf of One Charles's clients. One Charles's clients may not be able to acquire securities or sell securities promptly after a decision has been made to do so because of the illiquid nature of the investment. The markets for securities may be illiquid, making purchases or sales of securities or commodities at desired times, at prices or in desired quantities difficult or impossible. The liquidity of the market may also be affected by a halt in trading on a particular securities exchange or exchanges. Illiquid markets may make it difficult to get an order executed at a desired price. Clients may not be able to liquidate their investments quickly, thus, extending the period in which a client may receive the proceeds from their investment or may result in a decrease in the value of a particular investment.

### **Inflation and Interest-Rate Risk**

Portfolio impacts of inflation can be evaluated in the long-term, short term and the overall impact. The inflation risk in the long-term, the most common evaluation period of inflation, is the chance that the cash flows from an investment will not be worth as much in the future because of changes

in purchasing power due to inflation. Unlike other forms of risk, inflation cannot be avoided by investing conservatively. Various economic factors affect the level and direction of interest rates in the economy, but inflation is one of the most influential. Interest rates typically climb when the economy is growing, and fall during economic downturns. When interest rates rise, yields on existing bonds become less attractive, causing their market values to decline. With respect to fixed income securities, there is the risk that future proceeds from investments may be invested at a lower interest rate.

### **Options**

The purchase of a call or put option subjects a client to the risk of loss of his or her entire investment in the option if the price of the underlying security does not increase above the exercise price of the call option, or it declines below the exercise price of the put option, as the case may be, by more than the premium paid. The risk of loss on a call option can be offset, in whole or in part, by a short sale of the underlying security. If the underlying security is held, the loss on a put option will be offset, in whole or in part, by the gain on the security.

### **Brokers and Custody**

There is a possibility that brokerage firms and/or banking institutions at which One Charles maintains custody of a client's assets may encounter financial difficulties including bankruptcy, fraud and/or insolvency. There is potential direct and indirect exposure to losses as a result of such an institution's financial difficulties. There can be no assurances as to what effect such a brokerage firm's or banking institution's failure would have on the assets.

This is not a complete list of risks involved with investing. Investing in securities and other investment products involves inherent risks, including the possible loss of the total principal amount invested, which clients should be prepared to bear. Clients who are investing in mutual funds or exchange traded products should refer to the underlying fund's prospectus for additional risk disclosure. Although we seek to achieve the investment objectives and financial goals of our clients, past investment performance does not guarantee future results and we are unable to make any guarantees to clients with respect to avoiding monetary losses.

### **Voting Client Securities**

When you own certain securities, such as shares in a corporation, you may have the right to exercise a vote with respect to various matters involving the management of the company that issued the securities you own. Rather than voting on these matters directly, you may grant a "proxy" to enable another person or entity to vote on these matters on your behalf.

One Charles does not: (i) vote proxies related to any investments held in client accounts; or (ii) participate in any legal proceedings involving investments held in client accounts, or that involve the sponsors or issuers of any investments (including bankruptcy proceedings). Unless other arrangements are made between One Charles and our clients, we will send all proxy and legal proceeding related documents we receive to our clients so that they may act upon the materials.

## Item 7. Client Information Provided to Portfolio Managers

One Charles currently acts as the portfolio manager. While we do not expect this to change in the foreseeable future, clients generally grant One Charles the authority to discuss certain non-public information with third parties—including potential independent managers who we may engage to manage their accounts. Depending upon the specific arrangement, the firm may be authorized to disclose various personal information including, without limitation: names, phone numbers, addresses, social security numbers, tax identification numbers, and account numbers. One Charles may also share certain information related to its clients' financial positions and investment objectives in an effort to ensure that the independent managers' investment decisions remain aligned with its clients' best interests. This information is communicated on an initial and ongoing basis, or as otherwise necessary, within a reasonable amount of time, to the management of its clients' portfolios.

## Item 8. Client Contact with Portfolio Managers

One Charles does not impose restrictions on its clients' ability to correspond with its employees and investment adviser representatives.

## Item 9. Additional Information

### **Disciplinary Information**

Neither One Charles nor any of its investment adviser representatives have been involved in any legal or disciplinary actions related to the firm's advisory business.

### **Other Financial Industry Activities and Affiliations**

#### **Broker-Dealer - Registered Representatives**

As discussed below, certain of the Firm's advisory personnel are registered representatives of PKS.

#### **Individual Insurance Agents**

As discussed below, certain of One Charles' advisory personnel maintain insurance licenses through PKS or otherwise maintain individual insurance licenses outside of PKS.

#### **Purchaser Representative**

Todd Douma acts as a purchaser representative for clients investing in certain private placements. Neither Mr. Douma nor One Charles is compensated by the sponsor(s) of these private placements. One Charles may be reimbursed by sponsor(s) for administrative expenses associated with its role as purchaser representative.

#### **SmartAsset**

As stated earlier in this Brochure, One Charles is a wholly owned subsidiary of Focus. Focus is also one of several minority investors in SmartAsset, which seeks to match prospective advisory clients



with investment advisers in exchange for a non-success-based fee paid by the investment adviser. Focus has one director on SmartAsset's board as well as a board observer. One Charles's payment of a fee to SmartAsset benefits SmartAsset's investors, including Focus, our parent company.

#### **Affiliation with Focus Financial**

Focus, the sole owner of One Charles, also owns the Focus Partners, among whom include other registered investment advisers, broker-dealers, pension consultants, insurance firms, and financial services firms. The Focus Partners provide wealth management, benefits consulting, and investment consulting services to individuals, families, employers, and institutions. Some Focus Partners also manage or advise limited partnerships, private funds, or investment companies as disclosed on their respective Form ADV.

As noted above in response to Item 4, certain investment vehicles managed by Stone Point collectively are principal owners of Focus LLC and Focus Inc., and certain investment vehicles managed by KKR collectively are minority owners of Focus LLC and Focus Inc. Because One Charles is an indirect, wholly-owned subsidiary of Focus LLC and Focus Inc., the Stone Point and KKR investment vehicles are indirect owners of One Charles. None of Stone Point, KKR, or any of their affiliates participates in the management or investment recommendations of our business.

One Charles has recommended, and may in the future recommend, that certain clients invest in products or investment vehicles that are managed or sponsored directly by KKR, or one of their respective affiliates (each vehicle, an "**Owner-Affiliated Fund**"). Any fees charged by Owner-Affiliated Funds will be paid indirectly or directly to KKR or their affiliates. Because KKR is an indirect owner of One Charles, KKR, or its affiliates will benefit financially if One Charles recommends investments in an Owner-Affiliated Fund. One Charles will only recommend an investment in an Owner-Affiliated Fund when the Firm believes the investment is in the best interest of the relevant client.

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

One Charles has adopted a Code of Ethics for all supervised persons of the firm that emphasizes the high standard of business conduct it expects from all personnel and highlights the fiduciary duty both the firm and its personnel owe to clients. It also imposes confidentiality requirements related to client information and contains prohibitions on insider trading, restrictions on accepting significant gifts (along with required reporting of certain gifts and business entertainment items), and personal securities trading procedures and reporting requirements, among other topics. The Code of Ethics also requires each supervised person to annually, and as it is amended, acknowledge and agree to its terms.

Subject to restrictions in the Code of Ethics, One Charles' employees may buy and sell the same securities that may be recommended to clients. The Code of Ethics is designed to ensure that the personal securities transactions of our employees do not interfere with our ability to render advisory services that are in the best interests of our clients. Certain classes of securities have been deemed exempt from the Code of Ethics based on our determination that transactions in these types of securities would not materially interfere with the best interests of our clients. There is a possibility

that employees could benefit from a client's market activity in a security held by an employee. As required by the Code of Ethics, employee trading is monitored by review of quarterly transaction reports and annual holdings report to reasonably prevent and detect conflicts of interest between One Charles and our clients.

Current or prospective clients may request a copy of our Code of Ethics by contacting Susan Abbass, Chief Compliance Officer, at 602-279-2020 or at [sabbass@ocpws.com](mailto:sabbass@ocpws.com).

### **Review of Accounts**

The investment adviser representatives at One Charles periodically review individual client accounts. In addition, client accounts are reviewed in connection with regularly scheduled meetings with clients. These meetings occur on at least an annual basis, but can be scheduled to occur more frequently. All clients are encouraged to review financial planning issues, investment objectives, and account performance with One Charles on no less than an annual basis. Clients are also advised to inform One Charles of any interim changes in their investment objectives or financial situations. One Charles may conduct account reviews on another than periodic basis upon the occurrence of certain events, such as a change in a client's investment objectives or financial situation or market corrections.

At least quarterly, clients receive written transaction confirmation notices and account statements directly from the broker-dealer, custodian, or program sponsor holding their accounts. One Charles may also provide a written periodic report summarizing account activity and performance. Clients are encouraged to compare any reports received from One Charles to those they receive from the custodians holding their assets.

### **Client Referrals and Other Compensation**

Several of the Firm's advisory personnel have maintained their status as an associated person of a broker-dealer by becoming registered representatives of Purshe Kaplan Sterling Investments, Inc. ("PKS"), a FINRA member broker-dealer. The affiliation with PKS enables them to continue to service and be compensated for the sale of brokerage products initially recommended to clients before founding or joining One Charles. They have also maintained insurance licenses with PKS which enables them to receive commissions for sales of insurance policies recommended to advisory clients. Furthermore, other advisory personnel of One Charles maintain insurance licenses outside of PKS, which also enables them to receive commissions for sales of insurance policies recommended to advisory clients. The receipt of brokerage compensation or insurance commissions by advisory personnel is a conflict of interest, as the commissions provide an incentive to recommend products based on the compensation received, rather than on a client's needs. The Firm's personnel are not making new, initial recommendations that clients purchase brokerage products. Insurance policies are recommended when the Firm's personnel believe they are in the client's interest, and clients always have the option to purchase insurance and investment products through other brokers or agents not affiliated with One Charles.

As discussed above, Focus is One Charles' parent company. From time to time, Focus holds partnership meetings and other industry and best-practices conferences, which typically include One Charles, other Focus Partners, and external attendees. These meetings are first and foremost intended to provide training or education to personnel of Focus firms, including One Charles. However, the meetings do provide sponsorship opportunities for asset managers, asset custodians, vendors and other third-party service providers. Sponsorship fees allow these companies to advertise their products and services to Focus firms, including One Charles. Although participation of Focus Partners' personnel in these meetings is not preconditioned on the achievement of a sales target for any conference sponsor, this practice could nonetheless be deemed a conflict as the marketing and education activities conducted, and the access granted, at such meetings and conferences could cause One Charles to focus on those conference sponsors in the course of our duties. Focus attempts to mitigate any such conflict by allocating the sponsorship fees only to defraying the cost of the meeting or future meetings and not as revenue for itself or any affiliate, including One Charles. Conference sponsorship fees are not dependent on assets placed with any specific provider or revenue generated by such asset placement.

The following entities have provided conference sponsorship to Focus in the last year:

- BlackRock, Inc.
- Fidelity Brokerage Services
- Orion Advisor Services, LLC
- Charles Schwab & Co., Inc.

We pay a flat fee to participate in an online matching program that seeks to match prospective advisory clients with investment advisers. The program, which is operated by SmartAsset, provides information about investment advisory firms to persons who have expressed an interest in such firms. The program also provides the name and contact information of such persons to the advisory firms as potential leads. The flat fee we pay for being provided with potential leads varies based on certain factors, including the size of the person's portfolio and the fee is payable regardless of whether the prospect becomes our advisory client.

In relation to the acquisition of TMD Associates, Inc. Flat Rock Global, LLC ("Flat Rock") will be assuming travel/lodging and food expenses for various personnel of One Charles as part of an offsite meeting. Flat Rock is an alternative asset manager that services the investment adviser market place. The receipt of these expenses as part of the offsite meeting creates a potential conflict of interest. Through the execution of its policies and procedures and this disclosure, One Charles addresses this potential conflict of interest. In addition, One Charles works so that investment related decisions are not affected, directly or indirectly, by such received payment of expenses.

One Charles generally recommends that clients utilize the custody, brokerage, and clearing services of Fidelity Institutional Wealth Services ("**Fidelity**") or TD Ameritrade Institutional, a division of TDA

Ameritrade, Inc., member FINRA/SIPC ("**TDA**") for investment management accounts. One Charles is not affiliated with either Fidelity or TDA.

#### *Benefits Received From Fidelity*

Because One Charles provides investment management services to clients who maintain assets at Fidelity, Fidelity provides One Charles with access to computer software and related systems support at no cost which allows us to better monitor client accounts maintained at Fidelity. This software and support is not provided in connection with securities transactions of clients.

The software and related systems support benefits One Charles but does not directly benefit clients. One Charles Financial receives the following benefits from Fidelity:

- Receipt of duplicate client confirmations and bundled duplicate statements;
- Access to a trading desk that exclusively services its institutional traders;
- Access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and
- Access to an electronic communication network for client order entry and account information.

Fidelity additionally previously paid qualifying start up and transition costs for One Charles.

#### *Benefits Received from TDA*

One Charles participates in the TDA institutional advisor Program (the "TDAI Program") and One Charles may recommend TDA to clients for custody and brokerage services. There is no direct link between One Charles' participation in the TDAI Program and the investment advice it gives to clients, although One Charles receives economic benefits through its participation in the program that are typically not available to TDA retail investors. These benefits include the following products and services (provided without cost or at a discount): (a) receipt of duplicate client statements and confirmations; (b) research-related products and tools; (c) consulting services; (d) access to a trading desk serving One Charles participants; (e) access to batch trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); (f) the ability to have advisory fees deducted directly from client accounts; (g) access to an electronic communications network for One Charles order entry and account information; (h) access to mutual funds with no transaction fees and to certain institutional money managers; and (i) discounts on compliance, marketing, research, technology and practice management products or services provided to One Charles by third-party vendors.

TDA retains and pays for consultants that One Charles may contact for business related items such as operational efficiency and website design. For further assistance, these consultants may also refer One Charles to third-party vendors of which they already have an existing relationship. Some of the products and services made available by TDA through the TDAI Program may benefit One Charles but may not benefit all of its client accounts. These products or services may assist One Charles in managing and administering client accounts, including accounts not maintained at TDA. Other services made available by TDA are intended to help One Charles manage and further

develop its business enterprise. The benefits received by One Charles or its personnel through participation in the TDAI Program do not depend on the amount of brokerage transactions directed to TDA.

In addition, TDA is providing assistance to One Charles related to the acquisition of TMD & Associates, Inc. Specifically, for a period of one year from the date of the acquisition TDA will assume the costs incurred by One Charles for the maintenance of any client account on the Orion Advisors Services, LLC (“Orion”) practice management system. This cost assumption is for any clients of the Firm maintained on the Orion system that have transferred their custodial account relationship to TDA.

#### *Conflict of Interest*

In fulfilling the duties One Charles owes to clients we endeavor at all times to put the interests of our clients first. Clients should be aware, however, that the receipt of economic benefits from Fidelity and TDA creates a conflict of interest since these benefits could influence our choice of Fidelity or TDA broker-dealer over other broker-dealer/custodians that do not furnish similar software, systems support or services.

One Charles does not consider whether it will receive client referrals in connection with selecting or recommending broker-dealers.

#### **Financial Information**

We do not solicit fees of more than \$1,200, per client, six months or more in advance. One Charles is not aware of a financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary authority over client accounts. One Charles has not been the subject of a bankruptcy petition.