

Oak Capital Advisors
Informational Brochure
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This brochure provides information about the qualifications and business practices of Oak Capital Advisors. If you have any questions about the contents of this brochure, please contact me at 214-443-0571 or by email at shancock@oakcap.net. 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 Oak Capital Advisors also is available on the SEC's website at www.adviserinfo.sec.gov.

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Description of the Firm

Oak Capital Advisors (OCA) is a sole proprietorship organized to provide investment management advisory services to individuals, their families and other related investment portfolios. Corporations, partnerships, public and private foundations may also be served. OCA is wholly owned by Scott W. Hancock.

Mr. Hancock provides advice to each client about the mix of assets in their investment portfolio as well as the securities used to implement the proposed asset allocation. Mr. Hancock has a limited discretionary authority to place orders in the client's brokerage account to put the agreed-upon plan in place.

As of December 31, 2023, OCA managed \$138,271,920 in client assets for individuals, corporations, foundations and retirement plans.

OCA has a clearly and simply defined approach to its asset management advice. Core investments will be in Exchange Traded Index Funds (ETFs) that track an index such as the S&P 500 or the Bloomberg Barclays U.S. 1–5 Year Corporate Bond Index. Where appropriate, individual holdings of stocks and bonds may be employed. There is a focus on minimizing all costs, including the OCA asset management fee. The investment approach intends to seek reasonable returns while fitting the volatility of the portfolio – particularly large declines in value – to the risk tolerance of the client.

Mr. Hancock was born in 1951. He received a BA in Government from the University of Texas in Austin followed by an MBA from the University of Texas in Austin in 1978. Upon graduation, Mr. Hancock joined Goldman, Sachs & Co where he worked with individual clients and institutional investors for twenty years. In 1998, Mr. Hancock joined UBS Timber Investors (a unit of UBS Global Asset Management), and subsequently became an Executive Director to serve on its investment committee and to head Client Services. In 2003, Mr. Hancock founded Maple Hill Capital Management, an independent investment advisory firm. In 2004, Mr. Hancock joined Bessemer Trust Company, NA as a Managing Director leading their Dallas office. In February 2012 Mr. Hancock formed Oak Capital Advisors.



Services Offered

OCA provides investment advice and management regarding a client's mix of asset classes and as well as specific investments. In order to do so, OCA learns the investment goals and risk tolerance for each client or portfolio and monitors the client's performance continually with regular quarterly reporting. In addition to recommending the mix of assets, OCA suggests individual securities or funds to be purchased or sold to implement the agreed-upon asset allocation. OCA may recommend, from time-to-time and depending upon broad market conditions, changes in the asset allocation mix.

If a client selects OCA to act as their investment advisor, the client will authorize OCA to have limited discretion to place orders in their brokerage account. Notwithstanding this grant of limited discretion, the client retains final control over their investment accounts.

Clients may cancel their agreement with OCA at any time with no penalties or accrued fees. OCA may cancel its relationship with a client with 30 days written notice.

Fees and Compensation

Fees are solely based upon the value of the assets under supervision. OCA compensation comes only from the fee charged. OCA receives no compensation from any other source.

The fee for services is 0.26% (26 basis points) of the market value of each client account at the end of each calendar quarter (the last business day of March, June, September and December) divided by four. Fees are charged in arrears – that is, after services have been provided and not before.

Clients authorize OCA to deduct fees from their brokerage account. Fees to be deducted are generally withdrawn within ten days after the end of each quarter.

Clients will incur other costs. The custodian (typically an institutional brokerage firm) may charge custody fees to a client – although the current broker Charles Schwab & Company – does not charge custody fees at this time. When a client invests in a mutual fund or ETF, that fund will charge internal fees. Such fees vary widely. Clients may also pay commissions and other transaction costs to the broker.



Performance-Based Fees and Side-By-Side Management

OCA does not charge or receive performance-based fees.

OCA does not engage in side-by-side management practices. While clients may hold the same or similar securities, there are no transactions arranged directly between different client portfolios or entered that benefit one portfolio at the expense of another.

Types of Clients

OCA provides services to individuals and their related families and other entities. This may include pension and profit sharing plans as well as public or private foundations and corporations or partnerships.

Investment Process and Risks

Investing, other than in insured certificates of deposit or short-term government guaranteed debt, carries some risk of losing money. OCA's investment process is a simple one, and it is focused on seeking reasonable returns while attempting to reduce the financial risks inherent in investing. OCA believes these goals are best achieved through holding a mix of asset classes that intend to reduce the overall price volatility of the portfolio. Reducing volatility may reduce total investment returns.

Extensive research, beginning with the work of Brinson, Hood and Beebower in 1986 (Financial Analysts Journal, July/August 1986, "Determinants of Portfolio Performance"), demonstrates the importance of the investment mix, or asset allocation to investment performance. The researchers believe the level of returns an investor receives is significantly influenced by the asset allocation. When working with clients, OCA creates an asset mix intending to meet the client's investment goals and tolerance for losing money.

Can any active manager of an asset class consistently outperform the relevant benchmark? William Sharpe, in his piece "The Arithmetic of Active Management" (Financial Analysts Journal, January/February 1991) leaves little doubt as to the low probability of success in pursuing active management over passive (index tracking) management. Sharpe is not alone in his thinking.

Since 2001, Standard & Poor's has accumulated the investment performance of all reporting active managers of almost every asset class in a semi-annual comparison report called SPIVA (S&P Indices Versus Active or SPIVA®). The SPIVA report demonstrates the widespread inability of many if not most managers over three,



five, ten and twenty year periods to outperform their benchmarks. The SPIVA report shows how the odds of repeatedly beating the relevant benchmark are low.

Index ETFs afford an investor an effective and cost efficient way to hold each desired asset class. OCA builds portfolios that passively track the one or more of the stock market segments as defined by Standard and Poors or the bond market segments as defined by Bloomberg/Barclay.

The primary goal is to produce reasonable returns with somewhat reduced price volatility. OCA recognizes there may be a cost for lower volatility; that is, reduced volatility may lead to a lower total rate of return.

Clients have other than financial risks when hiring the firm. For example, OCA may go out of business, or its principal could die or become unable to continue operating the business. You should discuss impairment and other business continuity risks with OCA before retaining the firm as your investment advisor.

Disciplinary Information

There are no disciplinary events to disclose.

Financial Affiliations

Mr. Hancock, as the principal officer and sole proprietor of OCA, is not affiliated with a broker/dealer or bank and does not anticipate such an affiliation.

Code of Ethics

When OCA accepts a request to provide investment advisory service to a client, the relationship comes with an explicit duty to act with the highest fiduciary responsibility – the client's best interests always come first. All compensation is transparent and fully disclosed. All compensation is fee-based. There are no hidden costs to clients.

All clients are treated fairly regarding securities transactions, with no client favored over another. Transactions are held to a minimum, generally occurring when funds are added or withdrawn and when portfolios are rebalanced due to market movement or changes in investment goals. Should different clients trade in the same security on the same day, generally every trade is entered upon the same trade blotter and executed nearly simultaneously. However, there is a possibility of other clients trading in the same security on the same or different day, and those executions will likely take place at a different price. While clients could receive different execution prices with the same security due to timing, there should not be a material impact upon long-term performance.



Generally, Mr. Hancock and related parties do not trade in the same security on the same day as a client. If through oversight same day trades occur, Mr. Hancock or a related party would receive the same as or a worse price than the client. Mr. Hancock and related parties do not engage in opposite transactions with any client. Clients do not engage in opposite transactions with each other.

Mr. Hancock and related parties may own the same securities as in client accounts or that he recommends to his clients. Mr. Hancock does not recommend securities transactions to the advantage of his own holdings. Conflicts of interest that arise between Mr. Hancock's accounts and those of his clients are avoided by transparency and disclosure. That is, should a conflict of interest arise, the affected client is informed of the conflict of interest.

A copy of OCA's code of ethics is available to clients and prospective clients upon request.

Brokerage Practices

OCA does not engage in any soft dollar exchange of services with a brokerage firm. Brokerage firms will be used strictly based on value received for the costs incurred for their transaction services and custody services. No other exchange of services or recommendations from brokers based upon client commissions or fees take place.

Since OCA implements a client's asset allocation including the purchase or sale of individual securities, OCA has chosen an institutional brokerage firm (TD Ameritrade Institutional – a Charles Schwab Company) to act both as custodian and broker. There has been significant consolidation in the universe of brokers that serve the independent registered investment adviser market, and the choices among major firms has narrowed to a handful. OCA believes the TD Ameritrade Institutional/Charles Schwab firm to be the service leader among the remaining major firms offering such services.

Account Reviews

In addition to each client's brokerage statement and online access, OCA publishes and distributes quarterly reports summarizing the client's asset allocation, beginning value, ending value and notable cash flows, holdings and investment returns versus appropriate benchmarks. The client may request less frequent reporting, but there is at least one report per year.

Client meetings take place in person or by telephone on an ongoing basis. The quarterly reporting cycle triggers most meetings, but there are monthly, weekly and in some cases even daily conversations. Client meetings include a review of



investment objectives, changes in circumstances, risk profile, investment performance and the market and economic outlook. Often the calls or meetings concern a specific change in the client's financial or personal life.

Client Referrals

OCA appreciates referrals from all sources but does not compensate for referrals.

Custody

OCA never acts as a custodian. Clients use an independent, third-party custodian. OCA does not offer or participate in any Wrap program. Fees are charged in arrears.

Investment Discretion

OCA accepts limited discretion over a client's account. This limited discretion does not extend to the right to move money or securities away from a client's control.

The limited discretion only allows the execution of trades or, with the specific instruction of a client, the movement of assets between a client's accounts or to a related bank account.

To grant limited discretion, the client must affirm by signing the advisory contract and complete the necessary forms provided by the brokerage firm.

Voting Client Securities

OCA encourages clients themselves to vote their securities. OCA will vote on behalf of a client if asked to do so and with instruction from the client.

Financial Information

OCA has no financial condition that would impair its ability to meet contractual commitments to its clients.

