



## FORM ADV PART 2A

# Firm Brochure

March 19, 2024

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This brochure provides information about the qualifications and business practices of SkyOak Wealth, LLC. If you have any questions about the contents of this brochure, please contact us at 248-358-6500. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority.

Additional information about SkyOak Wealth, LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

Please note that registration as an investment advisory firm does not imply a certain level of skill or training.

## **Item 2      Material Changes**

We have made the following material changes since our last annual amendment from February 2023:

As of December 31, 2023, we have 496,890,801 of discretionary assets under management and \$130,572 of non-discretionary assets under management. We have an additional \$40,182,826 of assets under administration. Our total assets under management and administration are \$537,204,199.

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## **Item 4      Advisory Business**

### **About the Firm**

SkyOak Wealth, LLC, a Michigan Limited Liability Company, (sometimes “SkyOak,” the “Firm,” or “Advisor”) is a licensed investment advisor. We offer wealth management, investment management, comprehensive financial planning, retirement plan advisory, financial consultation and family office services to our clients through our advisory representatives. SkyOak Wealth, LLC is owned by Brandt Holdings Corp, Agility Partners, Inc., Simmons Holdings Corp., Gill Advisory Services, LLC and the Kenneth G. Brandt Revocable Living Trust. Jeremy Brandt is the sole owner of Brandt Holdings Corp. Michael Ashker (51%) and Kathryn A. Jobson (49%) own Agility Partners, Inc. Craig Simmons is the sole owner of Simmons Holdings Corp. Kenneth Brandt’s ownership in SkyOak Wealth is held through the Kenneth G. Brandt Revocable Living Trust and D. Bradley Gill’s ownership in SkyOak is through Gill Advisory Services, LLC.

As wealth management advisors, we provide a range of investment and planning solutions for individuals, families, corporations, retirement funds, endowments and foundations. Our services are described in greater detail below.

### **Investment Management Services**

Our investment management services are customized to each client based on their financial circumstances, current and future income needs, investment objectives and risk profiles. At the onset of a new client relationship, a member (or members) of our team will meet with you to discuss your financial situation, review your investment holdings and gather pertinent information about your circumstances. Based upon a review of this data and after understanding your financial goals and needs, we will recommend an appropriate investment and asset allocation strategy for your investment portfolio. Our interactions with you will be ongoing and will include topics such as your current and changing income or spending needs, current and future lifestyle changes or expectations, your risk tolerance, your family situation, work-related expectations and other factors affecting your financial life situation.

Our investment management services include our providing you with discretionary investment models and strategies that are consistent with your stated investment objectives. We will manage, monitor, rebalance and re-allocate your investments on an ongoing basis in accordance with your objectives. We will conduct investment reviews with you to evaluate investment performance and to update your financial circumstances as necessary. These investment reviews will generally run on an annual basis, but the frequency can differ based on client preference.

You may impose restrictions on your investments in certain securities or certain types of securities. Our investment management accounts are managed on a discretionary basis in accordance with their objectives. Specific securities that are bought and sold, as well as dollar values and diversification, are determined by us in each of the investment model portfolios that we manage. Each client will typically

end up with their own customized mix of a blended portfolio.

As of December 31, 2023, we have 496,890,801 of discretionary assets under management and \$130,572 of non-discretionary assets under management. We have an additional \$40,182,826 of assets under administration. Our total assets under management and administration are \$537,204,199.

### **Comprehensive Financial Planning and Financial Consultation Services**

Central to our client engagement process, SkyOak provides comprehensive financial planning services and/or project-based financial consultation services. While our planning services are typically integrated into a client's overall advisory service and included in our management fee, we also provide similar planning-based services for a flat fee or on an hourly fee basis.

Unless provided in connection with the investment management services described above, clients engaging SkyOak to provide financial planning or consultation services will generally be required to enter into a separate written agreement with SkyOak setting forth the terms and conditions of the planning engagement and describing the scope of the services to be provided. Financial planning/ consultation clients are not required to become investment management clients of the Firm.

The Firm's financial planning/financial consultation-only clients are responsible for implementing their own investment activities which may be based on recommendations made by SkyOak. Planning-only clients retain absolute discretion over all their own implementation decisions. These clients remain free to accept or reject any of the firm's recommendations. SkyOak may recommend its own investment management services or those of its professional staff or other professionals to implement recommendations. Financial planning and consultation clients are notified and advised that a potential conflict of interest does exist if the Firm recommends its own investment management services to implement financial plan recommendations. Moreover, if a client elects to act on any of the recommendations, the client is under no obligation to affect the transactions through SkyOak as the investment advisor.

### **Personal Wealth Manager Services & Family Office Services**

At the heart of any wealth management or family office is investment management and oversight. However, as a personal wealth manager or family office client, we will also assist you with additional services such as philanthropic management, estate and wealth transfer, life management and budgeting, risk management, asset protection and insurance services.

### **Corporate Retirement Services**

SkyOak and several of its advisors specialize in designing, implementing and managing corporate retirement plans. Depending on your situation, a SkyOak advisor will consult with you, provide education and information to you and recommend what they believe will best serve the needs of your organization (I.E. finding the best plan(s) and platform for you and/or your company). SkyOak may be engaged as a 3(21) non-discretionary or 3(38) discretionary fiduciary advisor. SkyOak will often collaborate with other

providers such as record-keepers and third-party administrators in order to provide all necessary elements of a more integrated solution and services to its corporate retirement clients.

### **Other Information Related to our Advisory Services**

In performing its services, SkyOak relies upon the information received from its client or from their professional legal and accounting advisors and is not able nor required to independently verify such information. Clients must promptly notify us of any material changes in their financial situation or shift in their investment objectives that would necessitate a review or revision by our advisors of the client's portfolio and/or financial plan.

As an investment advisory firm, we act as a fiduciary to our clients, meaning we owe them a duty and obligation to put their needs ahead of our own.

To the extent any client is a retirement plan or other employee benefit plan subject to the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and depending on the investment management services provided by us, the Firm may be considered an ERISA Fiduciary.

We do not sponsor or provide portfolio management services to wrap fee programs offered by broker-dealers or others.

### **Termination**

Either party may terminate services by providing thirty business days' written notice. The Firm does not assess any fees related to a termination but is entitled to all management fees earned up to the date of termination. Any earned fees owed to SkyOak will be collected and billed against the client's account on a pro-rata basis as determined by the amount of time remaining in the calendar quarter.

Clients who terminate within five business days of entering into a written advisory agreement are entitled to a full refund of any pre-paid fees. Any transaction costs charged by the executing broker or custodian for establishing the custodial account or for trades occurring during those five days are non-refundable.

## **Item 5 Fees and Compensation**

As set forth below, client fees depend upon the scope of each client's level of engagement. SkyOak offers its services on a fee basis which may include any combination of the following:

- Investment Management Services based on the amount of investable assets under management.
- Self-Directed IRA Services and Administration based on the amount of self-directed assets.
- Financial Planning or Financial Consultations based on a fixed, hourly or recurring fee.
- Personal Wealth Manager Services or Family Office Services based upon a percentage of assets or net worth. This fee can be fixed and/or based on an hourly charge.

- Corporate Retirement Services.
- Other services fees which may be more unique or one-off and depend upon the special needs of the client. Each of these fees, if and when they arise, will be disclosed to clients.

### **Investment Management Services Fees**

For its investment management services, SkyOak charges an annual fee based on a percentage of investable assets under management. SkyOak's annual investment management fee is prorated and charged either quarterly or monthly, in advance, based upon the market value of the assets on the last day of the previous quarter or monthly assessment date. For new accounts, SkyOak charges a fee based on the value of assets placed in the account, prorated to the portion of the calendar quarter or month during which the assets were under management by the Firm.

Through our initial consultation and review process with prospective clients, we strive to determine the most appropriate fee level for each client given their situation, investment style, scope of service and other relevant data. In doing so, we consider a wide variety of factors related to our advisory services.

These include, but are not limited to, the projected amount of time necessary to manage the account(s), the asset value of the account(s), the number of accounts in the overall household, the asset mix, the investment style, any required ancillary services such as goals-based planning, the advisor (or team of advisors) who will be servicing the account(s), and any other factors in the scope of work required. From this analysis, we will arrive at a suggested fee level. After discussion and review with our prospective client we then arrive at a mutually acceptable advisory fee level. Because of these wide-ranging variables, our fee may vary from as low as 0.050% to as high as 1.95%.

The client's investment management fee to SkyOak is determined as described above, with some exceptions negotiated on a case-by-case basis at SkyOak's discretion. Services provided for the above fees are for investment advice, asset management, due diligence, monitoring of investments, reporting of asset holdings, valuations and performance reviews. SkyOak, in its sole discretion, may negotiate to charge a lower annual fee or lesser investment management fee based upon, among other criteria, anticipated future portfolio growth, anticipated future additional portfolio contributions, dollar amount of assets to be managed, related accounts, account composition, pre-existing client relationship, account retention and/or pro bono activities. The Investment Management and Service Agreement is effective as of the date signed by the client.

SkyOak, in its sole discretion, may negotiate to charge a lesser management fee based upon the criteria outlined above.

To the extent that a client authorizes the use of margin, and margin is thereafter employed by our portfolio managers in the management of the client's portfolio, the market value of the client's account and corresponding fee payable by the client to SkyOak may be increased. In addition to understanding and assuming the additional principal risks associated with the use of margin, clients using margin are advised of the potential conflicts of interest whereby the client's decision to employ margin may correspondingly increase the management fee payable to the Firm. Accordingly, the decision as to

whether to employ margin is at the sole discretion of client.

### **Financial Planning and Financial Consulting Services Fees**

For its financial planning and other financial consultation services that are apart from or beyond its investment management services, SkyOak charges fees that are dependent upon the complexity of a client's requirements, the number of meetings, client objectives and the extent to which outside professionals are consulted for estate planning, accounting and other professional services. Fees are assessed in accordance with the following schedule:

<b>SkyOak's Financial Planning &amp; Financial Consulting Fee Schedule</b>	
Initial Financial Plan	\$1,500- \$10,000
Annual Retainer for Ongoing Financial Planning Engagement	50% of Initial Plan Cost
Hourly Financial Planning or Consulting	\$200-\$600 / Hour
Retainer Payable upon Commencement of Agreement	50%

A retainer equal to 50% of the estimated fees is payable at the commencement of the financial planning or other financial consultation. Ongoing fees are payable as invoiced and/or automatically charged annually. Additional consulting services and fees will be governed by a separate agreement and no charges will be assessed to the client without his or her consent. Client consent is effective as of the date the client signs the agreement.

### **Private Wealth Manager Services & Family Office Services Fees**

SkyOak's Private Wealth Manager (PWM) and Family Office services fees are calculated as annual flat fees, hourly fees, a percentage of net worth or as a combination of any of these fee calculation methods, depending upon the services provided. Our annual, hourly and/or flat fees are dependent upon the complexity of a client's requirements, the number of meetings, client objectives services SkyOak is providing and the extent to which outside professionals are consulted for estate planning, accounting and other professional services.

If a PWM or Family Office client seeks discretionary asset management by SkyOak in which SkyOak actively manages or has discretion over trading and making investment decisions, there may be an additional Investment Management Agreement & fee in addition to the PWM and Family Office services fee above.



The PWM and Family Office services fee schedule is as follows:

Private Wealth Manager & Family Office Service Fee Schedule	
Hourly Fee	\$300/hour minimum
Percentage of Net Worth Fee	0.18 to 0.48%
Retainer Payable upon Commencement of Agreement	25% of estimated total cost or annual fee

## CORPORATE RETIREMENT PLANS

The Fee will be determined by reference to the value of assets held in custody by the Plan's custodian and will represent a pro rata portion of an annual fee. In addition, if Client engages Advisor as a 3(38) Discretionary Fiduciary, any additional fees associated with that service, as fully disclosed to and agreed to by Client, are included in this Asset Under Management (AUM) fee.

Our Corporate Retirement Plans Advisory fee is determined based upon factors such as, but not limited to, the level of requested services, size of plan and level of fiduciary service. The annual fee ranges from .50% to 1.25%.

## Other Fees

Commissions Earned. In the course of providing its financial planning or investment management services, SkyOak also may recommend insurance solutions. SkyOak principals and employees are licensed insurance agents and may recommend an insurance product to a client. Should you opt to purchase insurance, the agent may receive a commission CUSTODIAN AND BROKERAGE FEES. Clients incur certain charges imposed by their custodians and other third parties such as, but not limited to, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Additionally, clients will incur charges by the executing broker-dealer in the form of brokerage commissions and transaction fees on the investment transactions entered into for their account(s). All of these charges, fees and commissions are in addition to Advisor's investment management fee. SkyOak does not receive any compensation from these additional fees.

FUND DISCLOSURES & FEES. Mutual funds, closed-end funds, exchange traded funds and alternative investment funds are investment vehicles. The investment strategies, objectives and types of securities held by such funds vary widely. In addition to the advisory fee charged by SkyOak, clients indirectly pay for the expenses and advisory fees charged by the funds in which their assets are invested.

All such funds incur operating expenses in connection with the management of the fund. Investment funds pass some or all of these expenses through to their shareholders (the individual investors in the funds) in the form of management fees. The management fees charged vary from fund to fund. In addition, funds charge shareholders (individual investors in the funds) other types of fees such as early redemption or transaction fees. These charges also vary widely among funds. As a result, clients will still pay management fees and other, “indirect” fees and expenses as charged by each mutual fund (or other fund) in which they are invested.

**SEPARATELY MANAGED ACCOUNTS.** Within the investment allocation, SkyOak may use separately managed accounts which sometimes are handled by an independent, third party professional money manager (the “Manager”) and held at the custodian, Charles Schwab Institutional, unless specified otherwise. In such cases, the client will enter into a separate fee arrangement with the Manager in which clients will be charged by the Manager with whom their assets are invested. The Manager’s quarterly or monthly fee will be deducted from the client’s account directly. This Manager fee is in addition to the investment advisory fee charged by SkyOak.

SkyOak offers its clients its own proprietary actively traded portfolio accounts in addition to offering other outside separately managed accounts as mentioned above.

#### **GENERAL FEE DISCLOSURES**

We believe our investment management fees are competitive with the fees charged by other investment advisors for comparable services. However, comparable services may be available from other sources for lower fees than those charged by SkyOak.

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

We do not accept performance-based fees.

### **Item 7 Types of Clients**

SkyOak provides investment management services, financial planning, financial consulting services, corporate retirement plan advisory services, personal wealth manager services, family office services, and certain specialty administrative services to individuals, corporations and high net worth individuals and their respective trusts and estates’ businesses; charitable foundations; and individual retirement accounts. Our account minimum is \$200,000. This minimum may be negotiated by the Advisor on the basis of anticipated additional contributions, related accounts, or other reasonable factors.

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

#### **METHODS OF ANALYSIS**

In building portfolios, SkyOak utilizes widely accepted portfolio management techniques to construct

investment portfolios based on a client's investment objectives, risk tolerance and time horizon. Once an asset allocation is agreed upon, the portfolio is actively managed at the advisor's discretion. Other strategies such as dollar cost averaging, rebalancing, and/or dividend reinvestment may be used at the discretion of the Advisor, SkyOak offers customized income portfolios for clients with products, securities, and managers that vary based upon the client's individual situation. Income strategies are designed for purchasing longer term securities to provide ongoing income and are generally not designed for active trading. For growth portfolios, SkyOak offers discretionary balanced and equity portfolios as well as separately managed accounts. SkyOak's discretionary actively managed investment strategy, utilizes a combination of fundamental, trend, and technical analysis. Investments are selected through a screening process. SkyOak maintains several actively managed individual equity and ETF strategies. The stocks and/or ETFs are selected to align with the corresponding strategy and a historical correlation/predictability with the proprietary active management platform.

Fundamental analysis involves analyzing real data, including overall economic and company-specific information available to determine the value of a particular investment. Technical analysis involves analyzing statistics provided by market activity such as past prices and volume to identify patterns that can be used to predict future activity. The firm utilizes a wide range of subscription based third-party research materials, company annual reports and other regulatory filings, as well as financial publications, both in print and online (including newspapers and periodicals).

## **INVESTMENT STRATEGY**

We strive to provide customized solutions for our clients to align their wealth management with their values, interests and goals. It is important that each investment portfolio is designed by taking into consideration each client's investment history, portfolio size, current and future income needs, time horizon, risk tolerance, and liquidity needs.

SkyOak offers advice regarding the above and is then authorized to effect securities transactions in equities; municipal, government and corporate bonds; investment company products (i.e. mutual funds, exchange-traded funds, closed-end funds) and Alternative Investments mentioned below. We may also provide insurance solutions where appropriate. SkyOak may also provide advice about any type of investment held in a client's portfolio at the beginning of the advisory relationship.

Depending on the client, we may utilize a core-satellite approach to portfolio management which allows us to blend our investment strategies to offer greater diversification while addressing changes in the global economy. We view one of our primary roles as an investment advisor as that of risk manager.

Mitigating and balancing risk in client portfolios is achieved through careful evaluation of market trends, by participation in markets when they are deemed to be favorable and by responding when trends shift to become unfavorable. This is accomplished by attempting to seek out the best performing asset classes and investment styles in any given market cycle. We try to be responsive to what the market is doing. We do not attempt to guess what the market is going to do. SkyOak takes an active role in managing assets with its actively managed strategies. Our core portfolios, which may or may not be utilized with each client, are designed to maintain a longer-term asset allocated exposure in a blended portfolio. Not all

clients will have a core allocation. Each core–satellite allocation is different and based upon each client’s risk tolerance, preferences, goals and conditions as outline above.

### **Alternative Investments**

In addition to these types of investments the Firm also provides investment advice regarding alternative investments to qualified clients for whom such investments are deemed suitable. These alternative investments may include, but are not limited to, venture capital limited partnerships, private equity, managed future funds, real estate, land, Real Estate Investment Trusts (REITs), real assets, and third- party funds.

### **INVESTMENT RISKS**

All securities investments carry risk, including the risk that an investor may lose a part or all of his or her initial investment. Risk refers to the uncertainty that the actual returns the investor realizes could differ from the expected return. Risks may be systematic, referring to factors that affect the returns on all comparable investments and that affect the market as a whole. Systematic risks include market risk, interest rate risk, reinvestment rate risk, purchasing power risk and exchange rate risk. Unsystematic risks depend on factors that are unique to the specific investment security. These risks include business risk and financial risk. **Here are some of the general risks associated with parts of our investment strategy:**

**Short-term purchases** – On occasion, generally only for tax management purposes, we may determine to buy or sell securities in a client’s account and hold them for less than a year. Some of the risks associated with short-term trading that could affect investment performance are increased commissions and transaction costs to the account and increased tax obligations on the gains in a security’s value.

**Bond Pricing** – The price of bonds depends in part on the current rate of interest. Rising interest rates decrease the current price of bonds because current purchasers requires a competitive yield. As such, decreasing interest rates increase the current value of bonds with an associated decrease in bond yield. We may decide to exchange to a lower or higher duration bond or to another asset class due to an interest rate risk that could affect investment performance.

**Inflation** - Inflation is the loss of purchasing power through a general rise in prices. If an investment portfolio is designed for current income with a real rate of return of 4% and inflation were to rise to 5% or higher, the account would see a loss of purchasing power and create a negative real rate of return.

**Price Fluctuation** - Security prices do fluctuate (except for cash or cash equivalents); clients must accept that risk associated with the fluctuations or change to a more appropriate investment portfolio in alignment with their risk tolerance.

**Reinvestment of Dividends** - An investor can choose to reinvest interest, dividends and capital gains to accumulate wealth. This may be an appropriate strategy for a portfolio designed for capital growth. However, the reinvested earnings could result in a lower or a higher rate than was initially earned. In SkyOak’s actively traded portfolios, we do not reinvest stock dividends; dividends are paid in cash to the

account as received.

**Mutual Funds with Foreign Asset Holdings** – Any investments in mutual funds that make foreign investments are subject to the uncertainty of changes in the foreign currency value. The client generally will bear more risk and may earn a substantially higher return or a substantially lower return.

**Margin Trading** – SkyOak does not advocate leverage as a part of its investment strategy. In rare cases, and generally only for short term financing considerations, clients may elect to assume a margin balance on their investment accounts. Schwab requires a percentage of assets under management to be pledged as collateral for the margin amount. Clients risk that in a falling market, the pledged collateral may be insufficient to cover a margin call by Schwab. Thus, all margin decisions are left to the client.

**Alternative Asset Classes** – Many alternative investments are illiquid, which means that the investments can be difficult to trade. Consequently, such holdings may limit a client's ability to dispose of such investments in a timely manner and at an advantageous price.

**Private Equities** – SkyOak may purchase or recommend the inclusion of shares in non-publicly traded equities in the accounts of accredited clients. These companies will generally have little available information on their financial status, capital structure or revenues, resulting in increased risk of loss, including total loss. In addition, these securities may be highly illiquid or may experience losses of liquidity – resulting in an inability to sell said equities or sales prices that are substantially below the purchase or market price. SkyOak, unless otherwise expressly agreed, will value these positions at their purchase price for any accounting purposes, which may not reflect losses that would be realized if the position was sold. A particular risk is that SkyOak will base its account values for billing purposes on these positions' purchase prices (unless another methodology is agreed upon with the client), leading to a potential motivation to overvalue said equities. Finally, SkyOak may have clients who are executives of said firms or have other financial relationships that may create conflicts of interest. Where such conflicts exist, SkyOak will disclose these conflicts in written format to the clients who hold such securities or for whom we intend to purchase such securities under our discretion prior to any transactions.

## **Item 9      Disciplinary Information**

SkyOak has no disciplinary history and consequently is not subject to any disciplinary disclosures.

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

Neither our management persons nor the Adviser has an application pending to register as:

- A broker-dealer or a registered representative of a broker-dealer;
- A futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

Some of our advisory representatives are licensed as insurance agents and may earn commissions should

clients choose to purchase any insurance products through them. We primarily place insurance products when they are part of a strategic asset allocation solution for a client. Many times insurance products are necessary to help clients achieve their stated goals. When advisory clients are offered or sold insurance products, a potential conflict of interest will exist. Clients are advised that they are under no obligation to purchase insurance products from our advisory representatives.

In addition to our disclosure obligation, we believe that these conflicts are addressed naturally through our other obligations, including;

- Our duty to have a reasonable, independent basis for our investment advice;
- Our primary role as a fiduciary;
- Our duty to ensure that the advice we offer is appropriate, given your individual objectives, needs, and circumstances; and
- Our duty to be loyal to clients.

Although we may refer our clients to other professionals such as attorneys or accountants for estate planning, tax, or other matters, neither the Firm nor its principals or employees are affiliated with any law or accountancy firm.

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

Associated persons may buy or sell securities for their own accounts. In no case can an associated person transact in a manner that gives them a price or outcome advantage. As a firm we seek to ensure that associated persons or their family members do not personally benefit in any way from short-term market effects of recommendations or discretionary investments made for and on behalf of our clients. If a violation is uncovered, corrective actions will be taken. If violations are intentional, harsher disciplinary actions will be enforced which may result in the termination of an employee.

Further, we have adopted a Code of Ethics to instruct our personnel of their ethical obligations and to provide rules and guidelines governing their personal securities transactions. Our Firm and our personnel owe a duty of loyalty, fairness and good faith to our clients. The obligation to adhere to these rules includes not only to the specific provisions of the code but also to the general principles of our Code. Our Code covers a range of topics including general ethical principles, reporting of personal securities trades, exceptions to reporting securities trading, reportable securities, initial public offerings, private placements and reporting ethical violations. We inform and educate our associates on the Code; we review and enforce these rules to the best of our ability; we constantly monitor and amend when necessary; and remain vigilant in our supervisory role. We will provide a copy of our Code of Ethics to any client or prospective Client upon request.

## **Item 12 Brokerage Practices**

## **Broker/Dealer Selection**

We recommend that clients establish brokerage accounts with either Charles Schwab & Co., Inc. ("Schwab") or RBC Clearing & Custody ("RBC"), which are registered broker-dealers, to maintain custody of your assets and to affect trades for your accounts.

We are independently owned and operated and not affiliated with either entity.

## **SCHWAB AND RBC**

Schwab and RBC provide us with access to institutional trading and custody services, which are typically not available to Schwab or RBC retail investors. We may have an incentive to recommend Schwab or RBC because of the access they provide. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them. Schwab and RBC's services include brokerage, custody, research and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

Schwab and RBC make available to us other products and services that benefit us but may not benefit your accounts. Some of these other products and services assist us in managing and administering your accounts. These include software and other technology that:

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

Many of these services generally may be used to service a substantial number of our accounts, including accounts not maintained at these Custodians.

Schwab Institutional also makes available to us other services intended to help us manage and further develop our business enterprise. These services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance and marketing. In addition, Schwab may make available, arrange and/or pay for these types of services rendered to us by independent third parties. Schwab Institutional may discount or waive fees it would otherwise charge for some of these services or pay all or part of the fees of a third-party providing these services to us.

We endeavor to act in your best interest. Our recommendation that you maintain your assets at Schwab may be based in part on the benefit to us of the availability of some of the foregoing products and services and not solely on the nature, cost or quality of custody and brokerage services provided by

Schwab. This creates a conflict of interest.

### **Directed Brokerage**

Clients may select another custodian. Not all advisers would require or suggest that you use a particular custodian. If you choose a different custodian, we may not be able to achieve the most favorable execution of transactions. It may cost you more or less money. In particular, you may pay higher brokerage commissions or receive less favorable prices. Information about the various fees associated with custody and trading is available from Schwab as detailed in its custodial agreements and/or account opening documents. Clients who direct brokerage should understand that similar brokerage services may be obtained from other broker-dealers at lower costs and possibly with more favorable execution.

In a limited number of cases, clients may direct SkyOak to place all orders for securities transactions with a specific broker-dealer (directed brokerage). In these cases, SkyOak is not obligated to, and will generally not, solicit competitive bids for each transaction or seek the lowest commission rates for the client. As such, the client may pay higher commission costs, higher security prices and higher transaction costs than it otherwise would have had it not directed SkyOak to trade through a specific broker. In addition, the client may be unable to obtain the most favorable price on transactions executed by SkyOak as a result of SkyOak's inability to aggregate/bunch the trades from this account with other client trades.

As a result of the special instruction, SkyOak may not execute client securities transactions with brokers that have been directed by clients until non-directed brokerage orders are completed. Accordingly, clients directing brokerage may not generate returns equal to clients that do not direct brokerage.

Due to these circumstances, there may be a disparity in commission rates charged to a client who directs SkyOak to use a particular broker and performance and other differences from other similarly managed accounts.

### **Best Execution**

We endeavor to obtain the most favorable execution for each transaction executed on behalf of client accounts. We are not obligated to obtain the best net price or lowest brokerage commission on any particular transaction.

When selecting broker-dealers, our objective is to obtain best execution. The expected transaction costs, commissions, and custodial fees are principal factors, but the selection also considers the ease of doing business, the custodian's reliability and financial security, and the services provided by the custodian.

Based upon an evaluation of these factors, SkyOak may execute client trades through broker-dealers that charge fees that are higher than the lowest available fees. SkyOak may select broker-dealers whose fees are greater than those charged for similar investments if SkyOak determines that brokerage services and research materials provided by that broker-dealer warrant the payment of higher fees. SkyOak reviews transaction results periodically to determine the quality of execution provided by the various broker-dealers through which SkyOak executes transactions on behalf of clients.



## **Soft Dollar Arrangements and Other Conflicts**

SkyOak is not a party to any soft dollar arrangements. A soft dollar arrangement is an agreement through which an executing broker agrees to provide or pay for research or brokerage services, based on the use of brokerage commissions earned from client trades.

As noted above in this section regarding Schwab, we may, on occasion, receive research or discounts on software from our custodians. These discounts are typically offered to firms who fit a common profile. We do not receive these discounts because of a particular event or request. Such discounts are accepted with the intent to benefit all clients, and the value of these discounts is not considered in the process of selecting securities to purchase for client accounts.

## **Aggregation of Trades and Potential Conflicts**

We may combine orders into block trades when more than one account is participating in the trade as is often the case with our discretionary accounts. This blocking or bunching technique is designed to be fair and equitable to all clients and all advisors. We engage in block trading when it is consistent with our duty to seek best execution and is in compliance with the terms of our investment advisory agreements. In most cases, when dealing with discretionary accounts, trades are likely to be -- but not always -- placed in a block order derived from our assessing the number of shares required to buy or sell on behalf of our client(s) to bring their account(s) into balance of their selected investment model or models. Our associated person's trades may be included in these block trades as long as the details of their inclusion is included prior to the execution of the order, thus including their allocation on a pre-trade basis.

Equity trades are executed as a block trade based upon fairness to client, both in the participation of their account, and in the allocation of orders for the accounts of more than one client. Allocations of all orders are performed in a timely and efficient manner. All managed accounts participating in a particular block execution receive the same execution price (average share price) for the securities purchased or sold in a trading day. There may be situations in which multiple custodians are sent block trade instructions at approximately the same time but are then executed at different times by the custodian. As a result, different execution prices could be possible.

Any portion of an order that remains unfilled at the end of a given day may be re-entered on the following day as a new order with a new daily average price to be determined at the end of that following day. The key oversight mechanism in our block trading practice is the pre-designation of the allocation of shares for all parties.

During the course of the trading day, non-block orders or individual orders may become necessary in certain situations. We restrict our associates to front run any block orders, but there are times in which independent orders may come at different times and at different prices. Our intent is to track all such situations and transactions either prospectively or retrospectively. We feel that prospective permission is untenable and may actually disadvantage a client who is intending to act on an intraday price movement in a stock. These situations arise rarely, and we are constantly monitoring them.

Because we have multiple advisors who manage accounts, trades in the same security may occur on the same day or in a series of days at different prices given the market at the moment each trade is executed. You are advised that this may occur.

### **Allocation of Opportunities and Potential Conflicts**

Due to the low liquidity of certain securities, position and pricing availability may be limited. Open limit orders are worked until they are either completely filled, partially filled, or canceled. This may span the course of several days.

- If an order is filled in its entirety, securities purchased in the aggregated transaction will be allocated among the accounts participating in the trade in accordance with the allocation statement.
- If an order is partially filled, the securities will be allocated pro rata based on the allocation statement. We may allocate trades in a different manner than indicated on the allocation statement (non-pro rata) only if all managed accounts receive fair and equitable treatment. It is our policy, to the greatest extent practicable, to allocate investment opportunities over a period of time on a fair and equitable basis relative to all clients.
- In the event of an order not being fully filled or being terminated for any variety of reasons, we will seek to allocate shared on a pro-rata basis or depending on the reason for the terminated order, may move to subsequently fill it and apply the same average pricing methodology. The Firm is not obligated to acquire for any client account any security that the Firm or its owners, officers, employees or affiliated persons may acquire for their own accounts or for the account of any other client.

### **Important Note about Trade Errors**

In the event a trade error occurs, the trade error will be corrected. We will rectify the error and ensure the account is not disadvantaged. If an investment gain results from the correcting trade, the gain will remain in your account unless the same error involved other client account(s) that should have received the gain, it is not permissible for you to retain the gain, or we confer with you and you decide to forego the gain (e.g., due to tax reasons). If the gain does not remain in your account and Charles Schwab & Co, Inc. ("Schwab") is the custodian, Schwab will donate the amount of any gain \$100 and over to charity. If a loss occurs greater than \$100, Advisor will pay for the loss. Schwab will maintain the loss or gain (if such gain is not retained in your account) if it is under \$100 to minimize and offset its administrative time and expense. Generally, if related trade errors result in both gains and losses in your account, they may be netted.

## **Item 13      Review of Accounts**

Accounts are generally reviewed with clients no less than annually for time horizon, goals, and objectives by the Advisory Representative working with the account. Additional reviews can be triggered by client

requests or extreme market conditions. Reviews are done in person or over the phone and do not necessarily include any written reports to clients.

Clients who have selected financial planning and consulting services will receive ongoing financial analyses only as requested by the client and as agreed to by SkyOak.

Clients receive an annual report from SkyOak that includes relevant account and/or market-related information such as an inventory of account holdings and performance. Clients also receive monthly statements from the custodian of their account(s) showing all holdings, contributions, withdrawals and other activities to their accounts. Clients are advised to regularly compare the reports received from SkyOak with the statements received from the custodian to verify holdings.

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

We receive an economic benefit from Schwab in the form of the support products and services it makes available to us and other independent investment advisors whose clients maintain their accounts at Schwab. We benefit from the products and services provided because the cost of these services would otherwise be borne directly by us, and this creates a conflict. You should consider these conflicts of interest when selecting a custodian. These products and services, how they benefit us, and the related conflicts of interest are described further in Item 12- Brokerage Practices.

In addition to our disclosure obligation, we believe that these conflicts are also addressed naturally through our other obligations, including the following duties we execute:

- Have a reasonable, independent basis for our investment advice;
- Ensure that the advice we offer is appropriate, given your individual objectives, needs, and circumstances; and
- Remain loyal to clients.

## **Item 15      Custody**

We have limited custody of client funds only to the extent that we deduct fees from your accounts. We are also deemed to have custody of those accounts for which our clients established standing letters of authorization to move money to third parties from their accounts.

Your qualified custodian maintains custody of your assets and will send account statements, no less than quarterly, directly to you. Those statements show the deduction of your advisory fee. You should carefully review those statements and should contact us promptly if you identify any errors.

## **Item 16      Investment Discretion**

For our investment management accounts, we request that you give us discretionary authority to

manage your accounts by signing a written power of attorney built into your advisory agreement. This discretion includes the ability to make decisions to purchase or sell securities without consulting you - the client. You may place reasonable restrictions on specific securities that we may purchase or sell. Subject to the Firm's investment strategy and the client's investment objectives, our portfolio managers are given full discretion to determine:

- Types of investments;
- Which securities to buy;
- Which securities to sell;
- The timing of any buys and sells;
- The number of securities to buy or sell; and
- The broker-dealer to be used in the discretion

This discretion may be limited by client investment guidelines and by any investment restrictions set by the client.

## **Item 17      Voting Client Securities**

We do not vote proxies on your behalf. You retain that right unless you make other arrangements with the custodian of your assets. You will receive proxies or other solicitations directly from the custodian of your assets. You may contact us with questions about proxies.

## **Item 18      Financial Information**

We have no financial condition that is reasonably likely to impair our ability to meet contractual commitments to you. We have not been the subject of a bankruptcy petition at any time.