

FORM ADV WRAP FEE BROCHURE

O2Funds.inc

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This wrap fee program brochure provides information about the qualifications and business practices of O2Funds.inc ("O2Funds"). If you have any questions about the contents of this brochure, please contact us at (650) 427-9003. 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.

O2Funds is registered as an investment adviser with the SEC. However, registration as an investment adviser does not imply a certain level of skill or training. Additional information about O2Funds is also available on the SEC's website at www.adviserinfo.sec.gov. You can search this site by a unique identifying number known as a CRD number. O2Funds's CRD number is 305756.

Item 2: Material Changes

Investment advisers must update the information in their brochure at least annually. We will deliver a brochure or summary each year to existing clients within 120 days of the close of O2Funds's fiscal year.

This brochure has been prepared for O2Funds' initial registration with the SEC and therefore there are currently no material changes to be reported.

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Item 4: Services, Fees and Compensation

O2Funds, Inc. (“O2 Funds”) is an investment management firm that actively evaluates and invests in options-based strategies on behalf of its clients. O2Funds currently offers clients a choice of two different strategies based on clients’ general market sentiment. O2Funds will ask clients to consider investment objectives and risk tolerance before they select their desired protection level, which is not customized for individual clients any further. O2Funds will confirm that it believes the client’s selection is appropriate prior to making any investments. The general goal of each strategy is to provide clients with an upfront understanding of the potential investment outcomes provided by investing in options. Specifically, clients will participate in range-bound strategies that more or less track certain indices and deliberately partially limit upside to impose the client’s desired downside and risk management protection.

O2Funds is registered with the SEC under rule 203A-2(e) of the Investment Advisers Act of 1940 (the “Act”) and therefore conducts business solely through an online advisory platform. O2Funds will provide each client with an investment questionnaire to determine whether their goals align with our investment practices. Clients can open the app to fill out the questionnaire and pick a managed option strategy most suitable to their investment goals. If the client’s goals do not align with our investment practices, we will be unable to accept them as clients and suggest they find a different investment adviser. Otherwise, the site will collect the clients’ information and allow O2Funds to invest them in the selected portfolio.

O2Funds invests in separately managed accounts on a discretionary basis. The underlying securities that client accounts are invested in are generally the same. However, the expiration date, strike price, and types of options strategies might differ depending on the desired protection level, account size, and investor’s initial investment date.

O2Funds charges a flat non-negotiable annual 1.00% wrap fee calculated and billed in advance on a monthly basis (e.g. monthly fee = account size x 1.00% / 12). Approximately 90% of this fee is for O2Funds’ advisory services and clients will pay no fees in addition to this wrap fee.

Clients should be aware that the wrap fee program may cost either more or less than purchasing such services separately or from another source. For example, if many trades are placed in a client’s account, a non-wrap fee program that charges fees on a trade-by-trade basis might be more costly, or vice versa. However, the cost for a client participating in a wrap fee program stays the same regardless of the number or type of trades placed.

O2Funds does not compensate anyone for referrals to the wrap fee program.

Item 5: Account Requirements and Types of Clients

O2Funds offers its services primarily to individuals, though high net worth individuals and small businesses may also be appropriate for the strategies. The minimum account size for participation in the wrap fee program is \$15,000 since O2Funds needs a sufficient amount of capital in each account to achieve the desired amount of coverage and leverage.

Item 6: Portfolio Manager Selection and Evaluation

O2Funds only uses its internal team to provide advisory services related to the wrap fee program as described in Item 4 above.

O2Funds does not charge performance-based fees.

Methods of Analysis, Investment Strategies, and Risk of Loss

Method of Analysis. An investment is made only after a thorough analysis of its fundamentals. After a thorough research process has been conducted, we formulate an options strategy based on an index or a company's stock. Since O2Funds will not open strategies that could incur unlimited loss (e.g. short naked calls), the client will never incur unlimited liability. Once O2Funds establishes a range of the client's maximum potential loss and maximum potential gain, it opens the options trade if it is appropriate for the client's time horizon and risk tolerance.

Investment Strategy. The goal of the strategies, generally, is to minimize risk and maximize gains over the long term, keeping in mind that a key to maximizing gains over the long term is to minimize the size and frequency of loss events. After clients provide details of their financial background, O2Funds will ask them about their risk tolerance (conservative, moderate, or aggressive). Next, O2Funds will ask the client to pick a market outlook. Clients who believe the market is on an upward trajectory in the next 12 months and would like to participate in most market upside while having some downside protection can pick the "Track market movement" option. Clients who believe the market is on a downwards trajectory in the next 12 months and would like to look for an opportunistic way to generate some returns while having more significant downside protection can pick the "Hedge market movement" option. If clients have a longer time horizon, then they will be offered the ability to roll over their investment into another strategy after the initial 12-month period.

For example, if clients select the "track market movement" option, the goal of O2Funds would be to deliver exposure to SPDR S&P 500 ETF Trust ("SPY") upside performance up to a cap, and partially protect principal by providing downside protection levels over the outcome period. Clients can select between three options that represent their comfortable max protection level (e.g. 9%, 12%, or 15%), which relate to different levels of risk tolerance. Each downside protection level comes with a corresponding upside cap level. O2Funds will then invest in a basket of options with varying strike prices, but same expiration (which would be approximately one year). This practice gives each investment

a defined buffer level and upside growth potential over an outcome period. The cap and buffer level are set at the time of clients' selection and will remain the same over the one-year investment period. At the end of each period, the client will become enrolled in a new position that tracks the latest market movements with new upside cap, but with the same downside protection percentage previously selected by the client, unless the client has logged into their account and updated their profile. The investment strategy is the same if clients select the "hedge market movement" option, except the goal would be to expose clients to downside performance down to a cap, and partially protect principal by providing upside protection levels over the outcome period.

Risk Factors. Though O2Funds always makes sure to avoid options trades that would incur unlimited loss potential, it is important for clients to note that investing in securities will always involve a risk of loss that clients should be prepared to bear. Past performance does not guarantee future results, and there is no guarantee that your investment objectives will be achieved.

For more information about the risks associated with options trading, clients are encouraged to review the Characteristics and Risks of Standardized Options Trading, which can be found at <https://www.theocc.com/components/docs/riskstoc.pdf>

Voting Client Securities

O2Funds only invests in options in client accounts. Since options are derivatives of underlying securities, they have no voting rights and, therefore, O2Funds does not vote on behalf of or provide proxy voting advice to its clients.

Item 7: Client Information Provided to Portfolio Managers

Upon onboarding clients, O2Funds collects their investing experience, annual income, net worth, investment time horizon, risk tolerance, and market outlook (whether it is bullish or bearish). Clients are asked to come to the website every six months to review and update their profile as necessary.

Item 8: Client Contact with Portfolio Managers

Since O2Funds is registered as an Internet-Only Adviser, there are certain restrictions placed on clients' ability to contact and consult with their portfolio managers. Clients must receive investment advice exclusively through O2Funds' interactive website, which means that O2Funds' team cannot directly interact with clients to elaborate or expand upon the investment advice provided by its interactive website. However, O2Funds provides extensive educational and resource information for clients on its website and welcomes additional questions or suggestions for instructional content to be published in the future. O2Funds does have support staff available to assist with technical issues, primarily related to account access.

Item 9: Additional Information

Disciplinary Information

Neither Nika Sharifvaghefi nor O2Funds has been involved in any legal or disciplinary action in the past 10 years.

Other Financial Industry Activities and Affiliations

Nika Sharifvaghefi has no other financial industry affiliations or other arrangements that are material to its advisory business or its clients.

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

O2Funds maintains a code of ethics adopted pursuant to SEC Rule 204A-1. The code of ethics explains procedures for buying and selling securities for ourselves, directors, officers, employees, and other affiliated persons. O2Funds will provide a copy of the code of ethics to any client or prospective client upon request.

In some cases, we buy or sell the securities ourselves that we are recommending to our clients. However, because of this, some potential conflicts could arise. We could potentially purchase securities for ourselves and then use our client's money to drive up the price. To prevent this, we either purchase or sell our securities in bulk and then allocate to each account.

Review of Accounts

O2Funds reviews clients' accounts on a continual basis through an automated process. O2Funds CEO, Nika Sharifvaghefi, holds the role of supervising reviews. During each review, we analyze the performance and allocation of the securities within the account. Notwithstanding the foregoing, O2Funds does not participate in principal transactions with or cross transactions between client accounts.

The O2Funds online advisory platform is available to clients all day, every day. Clients can review the performance of their portfolios anytime when they log onto their online accounts. Due to the automated process of portfolio reviews, performance updates are made automatically in real-time.

Client Referrals and Other Compensation

O2Funds does not compensate any parties for client referrals and does not receive any other compensation.

Financial Information

O2Funds does not require the prepayment of more than \$1,200 in fees per client six months or more in advance. O2Funds has discretionary authority over its clients' accounts. Nika Sharifvaghefi does not have any financial obligations that would impair her ability to meet her contractual ability to her clients at this time. Nika Sharifvaghefi has not been the subject of bankruptcy protection in the last 10 years.