

## Form ADV Part 2A



Occam Capital® Management, LLC

1303 Marsh Road, Ste 4, Pittsford, NY 14534

(585)218-0310 or (877)218-3979

[www.occamcapital.com](http://www.occamcapital.com)

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This Brochure provides information about the qualifications and business practices of Occam Capital® Management, LLC (“Occam Capital®”). If you have any questions about the contents of this Brochure, please contact us at 585-218-0310 or [www.occamcapital.com](http://www.occamcapital.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Occam Capital® is registered as an investment adviser with the United States Securities and Exchange Commission (SEC). Registration of an Investment Adviser does not imply any level of skill or training. Additional information about Occam Capital® also is available at the SEC’s website – [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) . The information included in this brochure is intended to provide you with information that may be useful to you in evaluating the services that we provide and to compare our services with those of other advisory firms.

## ITEM 2 – MATERIAL CHANGES

There have been no material changes to this brochure since our last annual amendment on March 24, 2017.

You may request our Brochure by contacting Priscilla Baker Jones, Managing Director at 585-218-0310 or pbakerjones@occamcapital.com. Our Brochure is also available on our website [occamcapital.com](http://occamcapital.com), also free of charge.

Additional information about Occam Capital® is also available via the SEC's website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

### ITEM 3 – TABLE OF CONTENTS

Item 1- Cover Page.....	1
Item 2- Material Changes.....	2
Item 3-Table of Contents.....	3
Item 4-Advisory Business.....	4
Item 5-Fees and Compensation.....	6
Item 6-Performance-Based Fees and Side-By-Side Management.....	9
Item 7-Types of Clients.....	10
Item 8-Methods of Analysis, Investment Strategies and Risk of Loss.....	11
Item 9-Disciplinary Information.....	18
Item 10-Other Financial Industry Activities and Affiliations.....	19
Item 11-Code of Ethics.....	20
Item 12-Brokerage Practices.....	22
Item 13-Review of Accounts.....	28
Item 14-Client Referrals and Other Compensation.....	29
Item 15-Custody.....	30
Item 16-Investment Discretion.....	31
Item 17-Voting Client Securities.....	32
Item 18-Financial Information.....	34
Item 19-Class Action Policy.....	35
Item 20-Trade Error Policy.....	36

## ITEM 4 – ADVISORY BUSINESS

Occam Capital® Management, LLC was founded on July 1, 1998 by Priscilla Baker Jones, principal owner and Chief Executive Officer. The firm provides investment management and consulting services to a variety of clients.

### Investment Management Services

Each client engagement for investment management services involves the execution of an investment advisory agreement and a limited power of attorney, which authorize the firm to manage the client's assets on a discretionary basis. The portfolio management process begins with an evaluation of the specific investment needs of a client, based on these factors, among others: the client's tolerance for risk, investment time horizon, cash flow needs, tax considerations, and such reasonable restrictions as a client wishes to impose on the management of the account. Client imposed restrictions generally involve limitations on the type of security rather than the amount of a security which can be purchased for the account. Such restrictions are agreed upon in advance and reviewed on a periodic basis. Following the evaluation process, investment objectives are formulated and the investment portfolio is constructed and tailored to the specific needs of the client.

Subject to the investment objectives of our clients, we generally structure client portfolios to consist of large-capitalization domestic and international equities and investment grade taxable and tax-exempt bonds. Portfolios can include, among other things, medium-capitalization (mid-cap) and small-capitalization (small-cap) stocks as well as such other securities we select. For example, we can include debt instruments that are below investment grade. Smaller portfolios are structured to include mutual funds and exchange traded funds (ETFs).

Occam Capital® does not participate in wrap-fee programs.

As of December 31, 2017, Occam Capital® Management had the following assets under management:

Discretionary	\$63,155,606.00 USD
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Non-Discretionary:	\$0.00 USD
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#### Consulting Services

In addition to the investment management services described above, we provide consulting services. We generally provide these services pursuant to a Consulting Service Agreement with the individual(s) or corporation that specifies the investment services, reports, and/or analyses that are to be furnished, on an hourly basis, and a time limit for completion of the services.

## ITEM 5 – FEES AND COMPENSATION

### Investment Management Services

We bill fees for services to be provided on a quarterly basis in advance, calculated as a percentage of assets under management as of the previous quarter end in accordance with the fee schedule set forth below. Clients elect to be billed directly for fees or to authorize Occam Capital® to directly debit fees from client accounts. We do not prorate management fees for each capital contribution and withdrawal made during the applicable calendar quarter. Accounts initiated or terminated during a calendar quarter will be charged a prorated fee. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable.

#### INVESTMENT ADVISORY FEE SCHEDULE

##### Client Annual Fee Schedule

##### Equity and Balanced Accounts

1.00% of first \$1,000,000

.75% in excess of \$1,000,000

##### Fixed Income Accounts

.60% of first \$1,000,000

.50% in excess of \$1,000,000

- Generally, accounts are subject to an annual minimum fee of \$1,200
- For the purpose of the minimum annual fee, families of related accounts are treated as one account
- All fees are paid quarterly in advance, based upon the market value of the assets at the

end of each quarter

- Occam Capital® Management, LLC reserves the right to negotiate, and under certain circumstances, to waive the fee schedule.

The client has the right to terminate the IAA without penalty within five (5) business days after the date of execution of the agreement. If the IAA is terminated after the first five days, the client will be reimbursed for unearned, prepaid fees on a pro rata basis.

The fees described above cover fees only for services that we provide. The fees do not cover any other fees and/or costs which will be incurred by the client in connection with the implementation of a client's investment program, including, but not limited to, the following which are imposed by brokers and/or custodians: custodial fees, ADR management fees, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions.

Under circumstances where mutual funds and/or exchange-traded funds (ETFs) are purchased for a client's portfolio, the client will pay the fees and expenses associated with an investment in those products. Because most mutual funds are purchased on a no-load or load-waived basis, there is generally no sales charge or transaction fee involved in the purchase of mutual funds. Nevertheless, mutual funds have ongoing expenses (e.g. management fees) which clients pay indirectly on an ongoing basis. We do not receive compensation of any kind from mutual funds or their affiliates under circumstances where mutual funds or ETFs are purchased for a client's portfolio. Clients are encouraged to read the prospectus for each mutual fund and/or ETF which provides detailed information about such expenses.

Item 12 further describes the factors that Occam Capital® considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (e.g., commissions).

## Consulting Services

We charge clients for consultation services at hourly rates, which currently are \$200 per hour for principals and \$75 per hour for assistants. Clients can specify a maximum fee to be paid for our consultation services. In those situations, we will inform the client when our fee for services reaches a mutually agreed upon dollar amount. Upon receipt of such notification, the client has the option to cancel the agreement and, upon payment of consulting fees due through the date of cancellation, terminate our services without any further obligation. Payment is due upon completion of services rendered.



## ITEM 6 – PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

Occam Capital® does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client) and therefore, side-by-side management is not applicable.

## ITEM 7 – TYPES OF CLIENTS

Occam Capital® provides portfolio management and consulting services to individuals, high net worth individuals, pension and profit-sharing plans. The services that we provide to individuals includes management of trusts, estates, 401(k) plans, and IRAs. Subject to certain exceptions, Occam Capital® requires a minimum of \$200,000 for new portfolio management accounts.

## ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

As we explained in Item 4, our investment process begins with an analysis of several factors which include, among others, a client's tolerance for risk. This analysis is utilized in connection with the formulation of an Investment Policy Statement that takes the client's tolerance for risk into account. Nevertheless, investing in securities involves a risk of loss that clients should be prepared to bear.

### Principal Investment Strategies

Once an Investment Policy Statement has been developed for a client, the investment process continues with the development of recommendations for the purchase, sale or retention of portfolio securities. This process begins by combining a top-down global economic overview with a bottom-up process, using primarily traditional methods of financial analysis to select individual securities. Our strategies for selecting equity securities and fixed-income securities are described in detail below.

Our top-down process begins with an analysis of global economic indicators such as Gross Domestic Product (GDP), productivity, inflation, interest rates, currency exchange rates, fiscal and monetary policies, and energy prices to help us identify worldwide regions/industries/sectors that may provide long term investment opportunity.

The universe from which we select equity investments typically consists of between 300 and 400 stocks. Once we have identified those industries and/or companies for investment consideration, we utilize a bottom-up fundamental value approach in narrowing our securities selection. Fundamental analysis involves an analysis of the financial statements of a company. This methodology requires that we delve into revenues, earnings, amount of debt, expenses, cash flow, and all other aspects of a company's finances.

As value investors, we are looking for companies that are temporarily out-of-favor, and appear to be undervalued by the market or trading below their intrinsic value (underlying perception of

the true value of a business). Value investors tend to go against market trends. We attempt to capitalize on market misperceptions and overreactions – stock prices that may not correspond with the company’s long-term fundamentals – resulting in an opportunity to profit by buying when the stock price is perceived to be low.

In structuring client portfolios, we will invest in stocks without regard to market capitalization. We invest in the securities of small-cap, mid-cap and large-cap issuers. Generally, we invest for the long-term (1-5 years) seeking to achieve long-term appreciation as the marketplace realizes the value of our stock selections over time. Our strategy is to include a core group of stocks that pay dividends and also have, in our opinion, substantial growth potential. Under circumstances where a client’s risk tolerance permits, we will include small-cap and mid-cap stocks in an effort to achieve potential greater capital appreciation. Newer, smaller companies may offer greater opportunities for capital appreciation, but they are subject to greater price fluctuation and they involve a substantially greater risk of loss.

We look to sell securities when we believe that they are no longer undervalued or when we believe that another security presents a more attractive opportunity.

Our fixed income investment strategy involves a focus on core/high quality instruments and interest rate anticipation. We invest primarily in individual investment grade taxable or tax-exempt bonds. We will also invest in taxable or tax-exempt bonds that are rated below investment grade under circumstances where we believe that there is potential for an improved credit rating.

Interest rate anticipation is based on expected future changes to the U.S. Treasury yield curve. We use quality spread analysis within each maturity section to determine whether a specific security is overvalued or undervalued relative to the comparable maturity of a U.S. Treasury security.

Our selection of bonds takes into consideration credit risk, yield, maturity, income needs and the possible tax implications of a particular bond for the client. We typically will diversify bond

portfolios by purchasing bonds of different issuers and laddering maturities. By constructing portfolios to include multiple individual bonds rather than an interest in a bond fund, we seek to realize a full return of principal by holding the bonds to maturity, regardless of interest rate fluctuations.

We may also use technical analysis in connection with the timing of a purchase or sale of a security. Technical analysis is based on trends and sentiment changes (can help to predate and predict trend changes). Investors' emotional responses to price movements lead to recognizable price chart patterns. Historical price patterns are used to predict future patterns.

#### Principal risks of investing with Occam Capital®

Investing with Occam Capital® is subject to investment risks, including the possible loss of some or all of the principal amount invested. There can be no assurance that we will be able to meet client investment objectives. Generally, the portfolios that we construct are subject to the following additional risks:

Market Risk. Market risk involves the day-to-day fluctuations in prices at which a security can be bought or sold. The market price of securities, as a function of supply and demand, is based in part on the expectations and sentiment of investors. These expectations and sentiment, in turn are shaped by a variety of economic, social and political factors, both domestic and international. Expectations are not always correct and they are constantly changing. For example, if investors are expecting a recession, stock prices go down because expectations for earnings decline. Market prices of bonds are affected by anticipated changes in interest rates. The longer the maturity on a bond, the greater its exposure to market risk.

Interest Rate Risk. Interest rates, the competitive cost of money, affect all investments. Bond prices carry an interest rate risk because if bond prices rise (yields fall), bonds already trading in the market place will not remain competitive unless their yields and prices are adjusted to reflect the current market. When interest rates go up, bond prices come down to bring the

interest rates on bonds already trading in the market place in line with the higher interest rates on new bonds. The opposite is also true. When interest rates decline, bond prices will go up. Long-term bonds are more affected by price fluctuations as a result of interest rate changes than are short-term bonds; therefore, longer maturities carry a greater interest rate risk. Preferred stock prices, because they have long maturity dates or none at all, also have an inverse relationship to interest rates.

Common stocks are also affected by interest rates. For example, some companies borrow heavily. As interest rates rise, their borrowing costs also increase. As more money is needed to pay down debt, less money is available for other corporate purposes. Earnings may decline, which can result in a possible decline in the price of the stock.

Maturity Risk. Maturity risk is another factor that can affect the value of the bond holdings in client accounts. Occam Capital® does not have a limitation policy regarding the length of maturity of its bond holdings. In general, the longer the maturity of a bond holding, the greater its sensitivity is to changes in interest rates. Conversely, the shorter the maturity, the lower the yield, but less volatility in price movements.

Investment–Grade Securities Risk. Debt securities are rated by national bond rating agencies. Securities rated BBB by Standard & Poor’s (S&P) or Fitch, Inc. (Fitch) or Baa by Moody’s Investor Service, Inc. (Moody’s) or higher are considered investment–grade securities. We invest in various rated investment-grade securities including securities rated Baa by Moody’s or BBB by S&P or Fitch. While these rated securities are considered investment-grade, they are somewhat riskier than more highly rated investment-grade debt securities (those rated A or better by S&P and Aa or better by Moody’s) because they are regarded as having only an adequate ability to pay principal and interest, are considered to lack outstanding investment characteristics, and are speculative. Such investment-grade securities will be subject to higher credit risk and are subject to greater fluctuations in value than higher-rated securities.

Credit Risk. Credit risk is the risk that the issuer or guarantor of a debt security will be unable or unwilling to make a timely principal and/or interest payment, or for whatever reason will be unable or unwilling to honor its financial obligations. If the issuer or guarantor fails to repay principal the client's income can be reduced. If the issuer or guarantor fails to repay principal, the value of that security can be reduced. Clients are subject to credit risk to the extent that their investment portfolios include debt securities.

Below Investment-Grade Securities Risk. Debt securities rated below BBB by S&P or Fitch and Baa by Moody's are considered speculative in nature and are subject to certain risks with respect to the issuing entity and to greater market fluctuations than higher rated debt securities. They are usually issued by companies without long track records of sales and earnings, or by companies with questionable credit strength. For a below investment-grade company to borrow money, they typically pay a higher rate of interest to compensate investors for accepting the higher level of risk. The market for these high-yield bonds is less liquid than that of higher rated securities and adverse conditions could make it difficult at times to sell certain of these bonds.

Sector Focus Risk. Sector risk is the possibility that securities within the same group of industries will decline in price due to sector-specific market or economic developments. If we invest a portion of a client's portfolio more heavily in a particular sector, the value of that portion of the portfolio may be especially sensitive to factors and economic risks that specifically affect that sector. This strategy could result in increased portfolio volatility as compared to a portfolio that is invested in a broader range of industries. In addition, some sectors may be subject to greater government regulation than other sectors; therefore, changes in regulatory policies for those sectors may have a material effect on the value of securities issued by companies in those sectors. The extent to which Occam Capital® invests more heavily in a particular sector will vary, based on client objectives and risk tolerance.

Foreign Securities Risk. We invest in foreign securities via American Depositary Receipts (ADRs). ADRs are shares of non-US companies that trade in U.S. dollars on U.S. stock

exchanges. An ADR represents a specified number of shares in a foreign stock. The purchase of foreign securities through ADRs may help to reduce administrative and duty costs that would otherwise be applied to each transaction. Capital gains and dividends are paid in U.S. dollars. The purchase of ADRs does not eliminate the currency and economic risks that accompany investing in another country. Foreign markets, particularly emerging markets, are less liquid, more volatile, and subject to less governmental supervision than US markets. There can be difficulties enforcing contractual obligations. Adverse political and economic developments or changes in the value of foreign currency can make it difficult to sell a security and, therefore, can have a negative impact on the value of a security.

Management Style Risk. Depending on economic and market conditions, different types of securities will shift in and out of favor with stock market investors. Our returns from the types of stocks purchased will at times be better or worse than the returns from other types of stocks (e.g., large-cap, mid-cap, small-cap, value, growth, momentum, etc.). Each type of stock tends to go through cycles of performing better or worse than the stock market in general. The performance of our client portfolios can be better or worse than that of stock portfolios/funds that focus on other types of stocks or have a broader investment style.

Marketability Risk. The marketability or liquidity of a security is the ease with which it can be bought and sold. Securities in a corporation that are closely held (a majority of the shares are held by a few individuals) or that have a thin float (small number of shares outstanding) are not readily marketable. Not enough securities of these companies are traded on a regular basis to maintain an active market. If the market in a security is thin (not many shares are available for trading), it becomes difficult to buy or sell the security without disrupting the market.

Small Capitalization and Medium Capitalization Stock Risk. Small capitalization and mid-capitalization stocks are subject to more risk than stocks of larger companies. They can have lower liquidity, greater volatility, and less public information available. Mid-capitalization companies may not, but small capitalization companies do not have a long track record of sales and earnings (or may have none at all currently), or have questionable credit strength.



Investing in mid and small-cap companies has the potential to offer greater opportunity for capital growth, but carries greater risk. Investments in small-cap companies should be considered speculative.

Economic and Social Risk. World events play a role in investment risk. International developments can greatly affect the market as a whole, an industry, or individual securities. An example of this is the effect news releases from OPEC have on the market in general, oil stocks as a group, and the major international oils in particular. As the U.S. government responds to global and domestic events, its fiscal and monetary policies help to shape the course of the stock and bond markets. Legislation that influences or directs our lives or the flow of money (taxes, entitlement programs, dividends) has an effect on the market. Economic and social conditions affect consumer demand – about 65%-70% of our GDP.

## ITEM 9 – DISCIPLINARY INFORMATION

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of the firm or the integrity of its management. Occam Capital® has no information to disclose in response to this Item.

ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Not Applicable.

## ITEM 11 – CODE OF ETHICS

Occam Capital® has adopted a Code of Ethics for all supervised persons of the firm that describes its high standard of business conduct, and its fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at Occam Capital® must acknowledge the terms of the Code of Ethics annually, or as amended.

We anticipate that, in appropriate circumstances and to the extent consistent with clients' investment objectives, we will cause accounts over which we have management authority to effect, and will recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which we, our affiliates and/or clients, directly or indirectly, have a position of interest. Our supervised persons are required to follow our Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of the firm and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for Occam Capital's clients. Our Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of Occam Capital® will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code certain classes of securities have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interest of our clients. In addition, the Code requires pre-clearance of many transactions, and restricts trading in close proximity to client trading activity. Nevertheless, because the Code of Ethics, in some circumstances, would permit employees to invest in the same securities as clients, there is a possibility that employees benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code of Ethics, and to reasonably prevent conflicts of interest between the firm and its clients.

Certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis when consistent with our obligation of best execution. In such circumstances, the affiliated and client accounts will share commission costs equally and receive securities at a total average price. We will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the Order.

Clients or prospective clients may request a copy of the firm's Code of Ethics, free of charge, by contacting Priscilla Baker Jones.

As disclosed in Occam Capital's Investment Advisory Agreement with its clients, the firm, its employees and its related persons purchase or sell securities that it also recommends to clients. As set forth in Occam Capital's Code of Ethics and Personal Trading Policy, employees are prohibited from placing transactions that put their interests ahead of clients. Client transactions will be executed prior to those of employees or related persons. Employees of the firm must sign a statement acknowledging that they have read, understand, and will comply with the policies and procedures set forth in our Code of Ethics and Personal Trading Policy. Occasionally, employees or related persons take a position opposite those of a client due to client objectives being different from those of the employee or related person. The Managing Director reviews employee account transactions monthly, if not quarterly. Occam Capital® will provide a copy of the code to any client or prospective client upon request.

## ITEM 12 – BROKERAGE PRACTICES

Generally there are no limitations on our authority to select brokers or dealers or commission rates to be paid. Brokers are selected based on their ability to execute transactions, commission rates charged, clearance and settlement capability, financial stability, and research services provided.

### Directed Brokerage

Under circumstances where a client directs Occam Capital® to use a specific broker for execution purposes, our ability to obtain the best execution and negotiate commissions will be materially adversely affected. In such circumstances, we request a discount of brokerage commissions. However, we cannot guarantee that brokerage commissions will be discounted. Moreover, a directed brokerage arrangement results in an inherent limitation upon the securities available for purchase in a client account. For example, a broker to whom trades are directed as a result of client's directive may have a limited bond inventory or difficulty in obtaining allocations of new security offerings. In such instances we will be unable to purchase desired securities for a client account.

A directed brokerage arrangement could also limit the ability of the client to participate in and benefit from the economies associated with block trades. Moreover, clients who direct Occam Capital® to use a specific broker for execution purposes must recognize that such directives present conflicts of interest with other clients of the firm. If the directive results in an inability to include the directing client's transaction in a block trade, Occam Capital® will execute the directing client's transaction last. Clients who wish to enter into directed brokerage arrangements should be aware of the potential for adverse execution quality and should be aware that Occam Capital® customarily utilizes a lower cost trading platform.

Under circumstances where a client has been referred to Occam Capital® by a broker and the client directs Occam Capital® to affect all trades through that broker, Occam Capital® has a conflict of interest between its duty to the client to obtain the most favorable commission rates and its desire for future referrals from that broker. We will address that potential conflict by disclosing to the referred client: (1) that the firm has an economic incentive to effect trades through the referring broker; and (2) that a more cost-effective trading platform is available to the client. As a matter of policy, Occam Capital® does not direct brokerage to registered representatives of broker-dealers in return for client referrals.

#### The Custodian and Brokers That We Recommend

Occam Capital® does not maintain custody of client assets. However, we can be deemed to have custody of your assets if you give us authority to withdraw assets from your account. See Item 15 (Custody). As a matter of policy, we require that your assets be maintained in an account at a “qualified custodian,” generally a broker-dealer or bank. We recommend that our clients appoint Charles Schwab & Co., Inc. (Schwab), a registered broker-dealer, member SIPC, as the qualified custodian and that most securities transactions be placed with Schwab for execution purposes. Schwab will hold your assets in a brokerage account and buy and sell securities when we instruct them to. While we recommend that you use Schwab as custodian/broker, you will decide whether to do so and will open your account with Schwab by entering into an account agreement directly with them. We do not open the account for you, although we will assist you in doing so. Even though your account is maintained at Schwab, we can still use other brokers to execute trades for your account as described below. See “Your Brokerage and Custody Costs”. We are independently owned and operated and are not affiliated with Schwab.

#### How We Select Custodians/Brokers

We seek to recommend a custodian/broker who will hold your assets and execute transactions on terms that are, overall, most advantageous when compared to other available providers and

their services. We consider a wide range of factors, including, those set forth below. At this time, we have concluded that Schwab meets the criteria that we have established. We re-evaluate the capabilities of Schwab (as compared to the capabilities of other service providers) on a periodic basis.

- Combination of transaction execution services and asset custody services  
(generally without a separate fee for custody)
- Capability to execute, clear, and settle trades  
(buy and sell securities for your account)
- Capability to facilitate transfers and payments to and from accounts  
(wire transfers, check requests, bill payment, etc.)
- Breadth of available investment products  
(stocks, bonds, mutual funds, exchange-traded funds [ETFs], etc.)
- Availability of investment research and tools that assist us in making investment decisions
- Quality of services
- Competitiveness of the price of those services  
(commission rates, margin interest rates, other fees, etc.) and willingness to negotiate the prices)
- Reputation, financial strength, and stability
- Prior service to us and our other clients
- Availability of other products and services that benefit us, as discussed below  
(see “Products and Services Available to Us From Schwab”).

#### Your Brokerage and Custody Costs

For client accounts maintained at Schwab, Schwab generally does not charge the client separately for custody services, but is compensated by charging the client commissions or other fees on trades that it executes or that settle into his or her Schwab account. Schwab is also compensated by earning interest on the uninvested cash in your account in Schwab’s Cash



Features Program. Schwab's commission rates applicable to our client accounts were negotiated based on the condition that our clients collectively maintain a total of at least \$10 million of their assets in accounts at Schwab. This commitment benefits our clients because the overall commission rates paid are lower than they would be otherwise. In addition to commissions, Schwab charges you a flat dollar amount as a "prime broker" or "trade away" fee for each trade that we have executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into your Schwab account. You will incur these "trade away" fees in addition to the commissions or other compensation you pay the executing broker-dealer. Because of this, in order to minimize your trading costs, we believe that it is prudent to have Schwab execute most trades for your account. We have determined that having Schwab execute most trades is consistent with our duty to seek "best execution" of your trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above. See "How We Select Brokers/Custodians."

#### Products and Services Available to Us from Schwab

Schwab Advisor Services™ and referred to herein as "Schwab" is Schwab's business unit that serves independent investment advisory firms like Occam Capital®. Schwab provides us and our clients with access to its institutional brokerage— trading, custody, reporting, and related services. Many of these services are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our clients' accounts, while others help us manage our business. Schwab's support services generally are available on an unsolicited basis (we don't have to request them) and at no charge to us. A more detailed description of Schwab's support services is set forth below.

#### Services Provided to Us That Benefit You

Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab's services described in this paragraph generally benefit you and your account.

#### Services Provided to Us That May Not Directly Benefit You

Schwab also makes available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts. They include investment research, both proprietary research and third party research. We may use this research to service all or a substantial number of our clients' accounts, including accounts not maintained at Schwab, or we may not use it at all. In addition to investment research, Schwab also makes available software and other technology that:

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

#### Services Provided to Us That Generally Benefit Only Us

Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:

- Educational conferences and events

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

#### Our Interest in Recommending That Clients Use Schwab's Custody and Brokerage Services

The availability of these services from Schwab benefits us because we do not have to produce or purchase them. Our continued receipt of these services is not contingent upon us committing any specific amount of business to Schwab in trading commissions.

While it appears that there is a conflict of interest, we believe our recommendation of Schwab as custodian and broker is in the best interests of our clients. Our recommendation is motivated primarily by the scope, quality, and price of Schwab's services rather than by our receipt of services that benefit only the firm.

#### Trade Aggregation and Allocation

Trade aggregation is the adding together or "bunching" of orders to purchase or sell the same security as one large trade order. Fairness is the basic principal underlying our trade aggregation and trade allocation policies. We strive to treat all clients in a fair manner. When allocating securities among client accounts, we will take into account the following considerations among others: suitability of a particular security for a particular account, tax consequences, transaction costs, liquidity, and current portfolio composition.

We determine the allocations of a particular security among client accounts prior to placing the trade with the broker. When practical, we "bunch" client trades in the same security in a single order (a "block") in an effort to obtain best execution at the best security price available.

We intend to apply the firm's trade aggregation and trade allocations policies consistently. However, if it appears that application of these policies results in unfair or inequitable treatment to some or all of the firm's clients, we will deviate from these policies.

### ITEM 13 – REVIEW OF ACCOUNTS

The Portfolio Manager is responsible for routine reviews of each account. Reviews are frequent, generally on a daily basis, and in no particular sequence. In addition to routine reviews, individual circumstances such as changes in client's financial situation, changes in client objectives and/or risk tolerance, or market fluctuations may trigger a review.

Account reviews are conducted quarterly, semi-annually, annually or at any regular interval agreed upon with the client. We encourage clients to meet with their portfolio manager at least once a year for an "in person" review. Client performance reports include a portfolio appraisal, time-weighted, total-return percentages for the most recent calendar year and for the period since inception of the account, and reports in dollar terms showing money deposited/withdrawn and gain/loss for the account for the most recent calendar year and since the inception of the account. There is no limit to the number of accounts assigned to one portfolio manager.

Client reports are provided on a quarterly basis. Quarterly reports include current holdings and a detailed transaction summary. Generally, we review client account investment performance no less than annually. Clients are encouraged to contact us any time they have questions or concerns.

#### ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION

Occam Capital® has a program, pursuant to which referral fees are paid to third parties that refer business to us. Each third party fee is negotiated and paid on a quarterly basis upon receipt by Occam Capital® of the client's quarterly investment management fee. The client's investment management fee is not increased by the amount of the referral fee. Employees of Occam Capital® can receive incentive compensation in addition to their salaries for referring assets to Occam Capital®. All referral fee arrangements are structured to comply with applicable regulations under the Advisers Act of 1940. Occam Capital® does not direct brokerage to registered representatives of broker-dealers in return for client referrals.

Occam Capital® receives 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. These products and services, how they benefit us, and the related conflicts of interest are described in Item 12 – Brokerage Practices. The availability to us of Schwab's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

## ITEM 15 – CUSTODY

Under government regulations, Occam Capital® is deemed to have custody of your assets if, for example, you authorize us to instruct your qualified custodian (broker-dealer or bank) to deduct our management fees directly from your account. Your qualified custodian maintains actual custody of your assets. You will receive account statements directly from your custodian at least quarterly and in most cases monthly. They will be sent to the email or postal mailing address you provided to your custodian. You should carefully review those statements promptly when you receive them. We also urge you to compare your custodial account statements to the quarterly statements/portfolio reports you will receive from Occam Capital®. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities. Occam Capital® follows the industry standard practice of calculating and including dividend and fixed income accruals in total market value, while some custodians do not.

## ITEM 16 – INVESTMENT DISCRETION

Occam Capital® provides investment management services on a discretionary basis. Each client enters into an Investment Advisory Agreement (IAA) with the firm, pursuant to which he or she appoints the firm as investment manager. Each client executes a limited power of attorney that provides the firm with discretionary trading authority (authority to decide which securities to buy and sell for the client) over specific client assets. In all cases, however, it is expressly understood that investment discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account.

When selecting securities and determining amounts, Occam observes the investment policies, limitations and restrictions of the clients for which it advises. Investment guidelines and restrictions are agreed upon and documented in each client's investment policy statement. See Item 4.

Generally, no limitations are imposed upon Occam Capital® in regard to the amount of securities bought or sold.

## ITEM 17 – VOTING CLIENT SECURITIES

Clients may obtain a copy of Occam Capital's complete proxy voting policies and procedures upon request. Clients can obtain information from us about how we voted any proxies on behalf of our account(s).

Occam Capital® views seriously its responsibility to exercise voting authority over securities that form part of our clients' portfolios. Proxy statements increasingly contain material issues involving shareholder rights and corporate governance, among others, which deserve careful review and consideration. The Investment Advisers Act of 1940 Rule 206(4)-6 imposes a number of requirements on investment advisers that have voting authority with respect to securities held in their clients' accounts. The SEC states that the duty of care requires an adviser with voting authority to monitor corporate actions and to vote proxies. To satisfy its duty of loyalty, Occam Capital® must cast the proxy votes in a manner consistent with the best interests of our clients, and must never put our own interests above those of our clients.

These written policies and procedures are designed to reasonably ensure that Occam Capital® votes proxies in the best interest of clients for whom it has voting authority; and describes how we address material conflicts between Occam Capital's interests and those of its clients with respect to proxy voting.

The Managing Director is responsible for deciding what is in the best interest of each particular client when determining how proxies are voted. Occam Capital® defines the best interest of the client to mean best long-term economic interest of the shareholders of the company. Because circumstances differ between clients, some clients contractually reserve the right to vote their own proxies or contractually direct us to vote their proxies in a certain manner.

The Managing Director is responsible for monitoring corporate actions. The Operations Department is responsible for ensuring the notifications from the custodians and/or information from other electronic surveillance systems is recorded in the portfolio management/accounting system.



#### A. Proxy Voting Process

Custodians for new accounts have incorporated specific sections of their agreements for client authorization regarding responsibility for proxy voting. In the few cases where new account applications do not include such authorization, if the client directs Occam Capital® to vote proxies with respect to portfolio securities, a letter will be sent informing the custodian that Occam Capital® will be responsible for voting proxies on behalf of the client.

The Chief Compliance Officer (“CCO”) at Occam Capital® is responsible for:

- (1) Maintaining the proxy policies and procedures;
- (2) Obtaining the appropriate guidance from the Managing Director on how to vote;

And for determining when a potential conflict of interest exists (see below section).

The operations department is responsible for:

- (1) Determining which accounts Occam Capital® has proxy voting responsibilities for;
- (2) Maintaining documents created that were material to the voting decision;
- (3) Maintaining records of all communications received from clients requesting information on how their proxies were voted and Occam's responses;
- (4) Notifying clients how they can obtain voting records and policies and procedures;
- (5) And when effective, for implementing appropriate proxy voting disclosures.

#### B. Resolving Potential Conflicts of Interest

The CCO is responsible for identifying potential conflicts of interest in regard to the proxy voting process. In instances where a potential conflict of interest exists, the CCO will obtain client consent before voting. The CCO will provide the client with sufficient information regarding the shareholder vote and Occam Capital’s potential conflict so that the client can make an informed decision whether or not to consent.

## ITEM 18 – FINANCIAL INFORMATION

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about their financial condition. Occam Capital® has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.

## ITEM 19 – CLASS ACTION POLICY

From time to time, Occam Capital® clients are entitled to participate in legal proceedings such as class actions against issuers of securities held in client accounts. As a matter of policy, Occam Capital® does not assume any responsibility to advise or to otherwise act on behalf of its clients in such legal proceedings. The decision to participate in a class action lawsuit and the responsibility to complete documentation relating to such matters rests with the client who may or may not elect to engage professional assistance.

## ITEM 20 – TRADE ERROR POLICY

Occam Capital® has adopted a policy that requires the firm to take reasonable steps in an effort to ensure clients are made whole following a trade error. From time-to-time we can make an error in submitting a trade order. When this occurs, Occam Capital® places a correcting trade with the broker-dealer which has custody of your account. 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 can confer with you and you decide to forgo 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, Occam Capital® 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 can be netted.

Generally broker-dealers other than Schwab have adopted policies that hold Occam Capital® responsible for the full amount of any losses resulting from our order error losses. In the event a client chooses to not accept an order error gain, it is the broker-dealers discretion to handle. Occam Capital® receives no payment for order error gains refused by a client.