

# **O'Sullivan Creel Wealth Advisors, LLP**

316 South Baylen Street, Suite 300  
Pensacola, Florida 32501  
Phone: (850) 435-7400  
Fax: (850) 470-5545

**September 30, 2011**

## **Form ADV Part 2A Brochure**

O'Sullivan Creel Wealth Advisors, LLP is an investment adviser registered with the Securities and Exchange Commission (hereinafter "SEC"). An "investment adviser" means any person who, for compensation, engages in the business of advising others, either directly or through publications or writings, as to the value of securities or as to the advisability of investing in, purchasing, or selling securities, or who, for compensation and as part of a regular business, issues or promulgates analyses or reports concerning securities. Registration with the SEC or any state securities authority does not imply a certain level of skill or training.

This brochure provides information about the qualifications and business practices of O'Sullivan Creel Wealth Advisors, LLP. If you have any questions about the contents of this brochure, please contact us at (850) 444-7213. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about O'Sullivan Creel Wealth Advisors, LLP is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Material Changes - Item 2**

The purpose of this page is to inform Clients of any material changes since the previous version of this Disclosure Brochure.

This is our firm's first ADV Part 2A Disclosure Brochure and therefore we have not made any material changes. We review and update our brochure at least annually to make sure that it remains current.

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#### Advisory Business - Item 4

O'Sullivan Creel Wealth Advisors, LLP (hereinafter "OCWA") is a registered investment adviser based in Pensacola, Florida. We are a limited liability partnership formed under the laws of the State of Florida. We have been providing investment advisory services since 1998. O'Sullivan Creel, LLP, J. Mort O'Sullivan, Larry K. Hicks and Daniel Kopack, Jr. are the partners of OCWA. Daniel Kopack, Jr. is the Chief Compliance Officer of the Firm.

The following paragraphs describe our services and fees. You may see the term Associated Person throughout this Brochure. As used in this Brochure, this term refers to anyone from our Firm who is an officer, employee, or an individual providing investment advice on behalf of our Firm. Such persons are properly registered as investment adviser representatives in all required jurisdictions.

In order to provide the appropriate service to the Client, at the start of the Client's relationship with OCWA, OCWA may request the Client complete a questionnaire detailing every aspect of the Client's current financial circumstances, investment objectives, and any other relevant information necessary to develop a Client's Investment Policy Statement. OCWA's recommendations, advice and, ultimately, decisions will be based on the information provided by the Client. Any changes to the Client's circumstances should be communicated by the Client to OCWA at the earliest opportunity of the Client. Based on the information gathered from the Client, OCWA may recommend a Financial Planning Program, a Investment Management Program, or a Wealth Management Program, which is a bundled service that includes financial planning, investment advice and management.

#### **Financial Planning Program**

Should the initial one-on-one consultation reveal the need for financial planning in a concentrated area that could directly affect the performance of the Client's investment strategy, a targeted financial plan can be provided at the election of the Client. Also, broad based financial planning, retirement planning, and estate and tax planning can be performed by OCWA or by another entity selected by the Client.

A targeted financial plan involves specialized analysis and evaluation in one or more core areas of financial needs as presented by the Client. In general, a targeted financial plan encompasses one or more of the following areas of concern:

- Personal: Family records, budgeting, personal liability, estate information and financial goals.
- Taxes & Cash Flow: Income tax and spending analysis and planning for past, current, and future years. OCWA may illustrate the impact of various investments on Client's current income tax and future tax liability.
- Death & Disability: Cash needs at death, income needs of surviving dependents, estate planning and income analysis.
- Retirement: Analysis of current strategies and investment plans to help Clients achieve their retirement goals.
- Insurance: Review existing policies to ensure proper coverage.

OCWA gathers the necessary information to complete the particular area(s) of analysis through a financial profile and personal interview(s). Information gathered could include the Client's financial

status, a list of assets, insurance policies, wills and/or trust documents, monthly expenses and other information based on the Client's current status and future goals. Related documents supplied by the Client are carefully reviewed and discussed with the Client.

With respect to financial planning recommendations, Clients are solely responsible for determining whether to follow any advice given or recommendations made by OCWA. Clients are solely responsible for implementation of any action upon such advice. Clients who decide to proceed with our recommendations, may do so either through our investment advisory services or by using the advisory/brokerage Firm of their choice.

#### **Investment Management Program**

Investment management refers to the management of Client funds or securities. Assets are usually held in what is called a portfolio. Determining the types and quantities of securities to hold in a portfolio is referred to as portfolio management.

OCWA provides investment management services on a discretionary basis for Clients by designing customized investment solutions tailored to fit each Client's situation. Based on the Investment Policy Statement developed from the Client Questionnaire and/or pre-advisory consultations with the Client to determine his or her investment objectives, risk tolerance, and time horizon, we will implement an appropriate investment strategy. Such investment strategies include: (i) directly managing Client assets through investment company products for wealth accumulation and capital preservation and/or (ii) matching the particular needs of the Client with a pre-selected group of quality, third-party money managers or mutual funds for the provision of investment management and asset allocation.

Discretionary portfolio management services means that once the portfolio has been agreed upon, the ongoing supervision and management of the portfolio will be our responsibility. This authority is granted to us by our Clients in a written agreement. Discretionary authority allows our Firm to decide on the types and the quantity of the securities and to place buy or sell orders for Client accounts without obtaining prior Client approval for each transaction. Clients may limit this authority by setting a limit on the type of securities that can be purchased for their account. All restrictions or guidelines must be provided to us in writing.

OCWA maintains recommended asset allocation models used to build or restructure Client portfolios and a list of mutual funds and third-party money managers it generally recommends. However, tailoring a Client's portfolio can include securities the Client chooses not to sell and incorporating specific Client circumstances as well as consideration of any Client restrictions or requests.

In the course of managing our Clients' accounts, OCWA generally uses independent, third-party money managers, mutual funds and exchange traded funds, among other investment products. OCWA's Investment Committee performs ongoing investment research on the funds recommended by OCWA to its Clients. The funds are added to or removed from the list on the basis of any or all of the following criteria: historical performance measured against its asset class peer group and respective benchmark, risk-adjusted performance, turnover ratio, tax-efficiency, manager tenure, management style and philosophy, expense ratio, and any relevant news regarding changes to any of the aforementioned categories.

Clients should refer to the third-party money manager's disclosure document, the fund's prospectus or subscription agreement, and offering memorandum for a full disclosure of the manager's or fund's investment goals, risks and associated expenses.

In certain circumstances, based on the Clients' goals and objectives, OCWA may purchase or maintain individual positions in marketable securities for Clients. Portfolios are managed on a discretionary basis, where OCWA will have the authority to supervise and direct the portfolio without prior consultation with the Client. Clients will have the opportunity to place reasonable restrictions on the types of investments which will be made on their behalf. Clients will retain individual ownership of all securities.

Where assets are managed by unaffiliated advisers (third party advisers), these advisers **will** assume investment discretionary and trading authority over the managed account. OCWA will not manage or obtain investment discretion or trading authority over the assets in any Client's managed account. However, OCWA may assume discretionary authority to hire and fire managers and reallocate the Client's assets to other managers, where such action is deemed to be in the best interest of the Client.

However, we construct our Clients' investment portfolios, we monitor the portfolios' performance on a continuous basis, and rebalance the portfolio as changes occur in market conditions, the Client's financial circumstances, or both.

For all services the Client is responsible for notifying OCWA in writing of any material changes in the Client's investment objectives, financial needs, financial circumstances or financial situation, and any material change in the information in the Client's investment policy statement or questionnaire, as applicable.

#### **Wealth Management Program**

OCWA offers a broad based Wealth Management Program that provides the Client with coordinated and ongoing financial planning, investment advice, and management. The Wealth Management Program includes all of the services described in detail above. OCWA performs a thorough assessment of the Client's complete financial picture and subsequently delivers a comprehensive financial plan that outlines strategies regarding investments, combined with strategies to improve cash flow, reduce or defer income taxes, and preserve capital through tax, estate, and retirement planning. The following areas can be addressed during the course of the wealth management program: cash flow, debt restructuring, estate planning techniques, education funding, philanthropic matters, and risk management & insurance analysis.

#### **Additional Disclosures on Third Party Money Managers**

OCWA has entered into agreements with various other third party investment advisers for the provision of certain investment advisory services. Factors considered in the selection of a third party advisor include but may not be limited to: i) OCWA's preference for a particular third party advisor; ii) the Client's risk tolerance, goals and objectives, as well as investment experience; and, iii) the amount of Client assets available for investment. In order to assist Clients in the selection of a third party advisor, an Associated Person of OCWA will typically gather information from the Client about the Client's financial situation, investment objectives, and reasonable restrictions the Client wants to impose on the management of the account.

The third party adviser customizes the Client's portfolio by blending traditional investment strategies with an allocation to asset classes. The investment strategy adopted by the third party adviser may embrace value, growth or contrarian investing styles. Generally, securities transactions will be decided upon and executed by the third party adviser on a discretionary basis. This means that the manager selected will have the ability to buy and sell securities in the Client's account without obtaining the Client's approval. OCWA and its Associated Persons will not manage, or obtain discretionary authority over the assets in accounts participating in these programs; however, Clients may grant OCWA the discretionary authority to hire and fire such third party managers. Generally, Clients may not impose restrictions on investing in certain securities or types of securities in accounts managed by a third party adviser.

Associated Persons of OCWA will periodically review reports provided to the Client. An Associated Person of OCWA will contact the Client at least annually, or more often as agreed upon with each Client, to review the Client's financial situation and objectives, communicate information to the third party adviser managing the account as necessary, and to assist the Client in understanding and evaluating the services provided by the third party adviser. Clients will be expected to notify OCWA of any changes in their financial situation, investment objectives, or account restrictions.

The third party adviser may offer wrapped or non-wrapped pricing options. Wrap pricing structures allow the Client to pay an all-inclusive fee for management, brokerage, clearance, custody and administrative services. In a non-wrap pricing structure, the third party adviser's fee may be separated from the advisory fee charged by OCWA. Transaction costs may also be charged for the execution and clearance of advisory transactions directed by such Third Party Advisory Services. A complete description of the programs and services provided, the amount of total fees, the payment structure, termination provisions and other aspects of each program are detailed and disclosed in: i) the third party adviser's Form ADV Part 2A; ii) the program wrap brochure (if applicable) or other applicable disclosure documents; iii) the disclosure documents of the portfolio manager(s) selected; or, iv) the third party adviser's account opening documents. A copy of all relevant disclosure documents of the third party adviser and of the individual portfolio manager(s) will be provided to anyone interested in these programs/managers.

#### **Assets Under Management**

As of 09/12/2011, we manage approximately \$190,000,000 in Client assets on a discretionary basis.

#### **Fees and Compensation - Item 5**

OCWA charges fees based on a percentage of assets under management, hourly charges and fixed fees (not including subscription fees) for its advisory services. At the sole discretion of OCWA these fees are negotiable.

#### **Financial Planning Program Fees**

OCWA's fees for a broad based financial plan or a targeted financial plan, are determined by the size, complexity, and nature of each Client's personal and financial situation and the amount of time it will

take to analyze and summarize their finances will impact the cost to complete such plan.

Broad Based Financial Plans \$3,000 - \$5,000

Targeted Financial Plans \$1,500 - \$5,000

Hourly Consultations \$150 - \$300 per hour

If the Client engages OCWA for additional investment advisory services, OCWA may offset all or a portion of its fees for those services based upon the amount paid for financial planning services.

Prior to engaging OCWA to provide financial planning services, the Client will generally be required to enter into a written agreement with the Firm. The agreement will set forth the terms and conditions of the engagement and describe the scope of the services to be provided and the portion of the fee that is due from the Client. Generally, the fee will be payable upon completion of the contracted services.

#### **Investment Management Program Fees**

The Investment Management Program fee will be charged as a percentage of assets under management and generally follows the schedule below:

<b>Client's Assets Under Management</b>	<b>Fee (as a percentage of assets)</b>
First \$2,000,000	1.00%
Next \$3,000,000	0.75%
Next \$5,000,000	0.60%
Next \$15,000,000	0.50%
Next \$25,000,000	0.40%
Balance above \$50 million	0.30%

OCWA will quote a specific fee to each Client based on both the nature and total dollar value of that account, subject to a minimum annual management fee of \$4,000. OCWA normally imposes a minimum account size of \$400,000 to be included in the Investment Advisory Program. However, OCWA may, at its discretion, negotiate fees and/or minimums under certain circumstances. The fees are paid quarterly in advance and are based upon the value of the account on the last day of the previous calendar quarter. For the first billing quarter, if account is not opened at the beginning of the quarter, the fee will be based upon a pro-rata calculation of the aggregate market value of the Client's assets under management. Additional assets deposited into the account during the quarter will be charged a pro-rata fee based upon the number of days remaining in the current quarterly period. Fee adjustment will be made for partial withdrawals within a billing period.

#### **Wealth Management Program Fees**

OCWA charges a single fee for any or all of the services provided as part of the Wealth Management Program. The fee will be charged as a percentage of assets under management and generally follows the schedule below:

<b>Client's Assets Under Management</b>	<b>Fees(as a percentage of assets)</b>
First \$2,000,000	1.00%
Next \$3,000,000	0.75%
Next \$5,000,000	0.60%



Next \$15,000,000	0.50%
Next \$25,000,000	0.40%
Balance above \$50 million	0.30%

OCWA will quote a specific fee to each Client based on both the nature and total dollar value of that account, subject to a minimum annual management fee of \$15,000. OCWA normally imposes a minimum account size of \$1,500,000 to be included in the Wealth Management Program. However, OCWA may, at its discretion, negotiate fees and/or minimums under certain circumstances. The fees are paid quarterly in advance and are based upon the value of the account on the last day of the previous calendar quarter. For the first billing quarter, if account is not opened at the beginning of the quarter, the fee will be based upon a pro-rata calculation of the aggregate market value of the Client's assets under management. Additional assets deposited into the account during the quarter will be charged a pro-rata fee based upon the number of days remaining in the current quarterly period. Fee adjustment will be made for partial withdrawals within a billing period.

### **Third Party Money Manager Fees**

OCWA will perform management searches of various independent registered investment advisers ("TPAs") for referral to OCWA Clients. The management fees charged by the TPA are disclosed in the TPA's disclosure documents. These fees may or may not be negotiable. Clients may be required to sign an agreement directly with the TPA(s) selected. The Client or the TPA, in accordance with the provisions of those agreements, may terminate the advisory relationship. If the TPA is compensated in advance, the Client will typically receive a pro rata refund of any prepaid advisory fees upon termination of an advisory agreement.

### **General Information and Other Disclosures on Fees**

Clients who choose to have OCWA's fee deducted directly from their account must provide written authorization. The qualified custodian holding the Client's funds and securities will send an account statement at least quarterly. This statement will detail account activity. Clients should review each statement for accuracy.

Our annual fee is exclusive of, and in addition to brokerage commissions, transaction fees, and other related costs and expenses which will be incurred by the Client. However, we will not receive any portion of the commissions, fees, and costs. Please see Item 12 – Brokerage Practices for further information on brokerage and transaction costs.

The fees OCWA charges may be negotiable based on the amount of assets under management, complexity of Client goals and objectives, and level of services rendered. The fees are charged as described above and are not based on a share of capital gains of the funds of an advisory Client.

All fees paid to OCWA for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds or exchange traded funds to their shareholders. These fees and expenses are described in each fund's prospectus. These fees generally include a management fee, other fund expenses, early redemption fee and a possible distribution fee. If the fund also imposes sales charges, a Client may pay an initial or deferred sales charge.

A Client could invest in a mutual fund directly, without the services of OCWA. In that case, the Client

would not receive the services provided by OCWA which are designed, among other things, to assist the Client in determining which mutual fund or funds are most appropriate to each Client's financial condition and objectives. Accordingly, the Client should review both the fees charged by the funds and the fees charged by OCWA to fully understand the total amount of fees to be paid by the Client and to thereby evaluate the advisory services being provided.

#### **Termination**

Clients have five (5) full business days after entering into an agreement with the Firm in which to cancel and obtain a full refund of any prepaid fees. Either party may at anytime upon receipt of thirty (30) days' written notice terminate our services. This allows us sufficient time to finalize transactions and enable the delivery of final statements and release of documents. Upon termination of the Wealth Management or Investment Management agreement, the Firm will refund the advisory fee pro-rata based on the number of days left in the period. Refunds do not apply for Financial Planning Clients, since fees are payable in arrears.

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

We and our Associated Persons do not accept performance based fees. Performance based fees are based on a share of capital gains on or capital appreciation of the Client's assets.

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

We offer investment advisory services to individuals, pension and profit sharing plan participants, trusts, estates, charitable organizations, corporations, and other business entities.

Generally, We require a minimum of \$400,000 to subscribe to our Investment Management Program and a minimum of \$1,500,000 to subscribe to our Wealth Management Program. At our sole discretion we may waive these requirements. This requirement can be met by combining two or more accounts owned by the Client or related family members.

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

The following are different methods of analysis that we may use when providing Clients with investment advice:

- Charting – charting is a technique that attempts to forecast future market moves by studying historical data on charts.
- Fundamental Analysis – fundamental analysis is a technique that attempts to determine a security's

value by focusing on underlying factors that affect a company's actual business and its future prospects. The term refers to the analysis of the economic well-being of a financial entity as opposed to only its price movements.

- **Technical Analysis** – technical analysis is a technique that relies on the assumption that current market data (such as charts of price, volume, and open interest) can help predict future market trends, at least in the short term. It assumes that market psychology influences trading and can predict when stocks will rise or fall.
- **Cyclical Analysis** – cyclical analysis is a technique that looks at cycles, specifically analyzing the way prices follow certain patterns and trends.

In addition to the above methods of analysis, accounts managed by third party advisers may be subject to the investment strategy and philosophy of the third party adviser.

We may use one or more of the following investment strategies when advising Clients on investments:

- **Long Term Purchases** – securities held for over a year.
- **Short Term Purchases** – securities held for less than a year.
- **Trading** – securities are sold within 30 days.
- **Covered Options** – This is a strategy in which an investor writes an option contract while at the same time owning an equivalent number of shares of the underlying stock.
- **Margin Transactions** – margin strategies allow an investor to purchase securities on credit and to borrow on securities already in their custodial account. Interest is charged on any borrowed funds for the period of time that the loan is outstanding.
- **Short Sales** – This is the selling of a stock that the seller doesn't own. More specifically, a short sale is the sale of a security that isn't owned by the seller, but that is promised to be delivered.

The investment advice provided along with the strategies suggested by OCWA will vary depending on each Client's specific financial situation and goals. This brief statement does not disclose all of the risks and other significant aspects of investing in financial markets. In light of the risks, Clients should fully understand the nature of the contractual relationship(s) into which you are entering and the extent of your exposure to risk. Certain investing strategies may not be suitable for many members of the public. Clients should carefully consider whether the strategies employed will be appropriate for Clients in light of their experience, objectives, financial resources and other relevant circumstances.

**General Investment Risk:** All investments come with the risk of losing money. Investing involves substantial risks, including complete possible loss of principal plus other losses and may not be suitable for many members of the public. Investments, unlike savings and checking accounts at a bank, are not insured by the government to protect against market losses. Different market instruments carry different types and degrees of risk and Clients should familiarize themselves with the risks involved in the particular market instruments they intend to invest in.

**Loss of Value:** There can be no assurance that a specific investment will achieve its investment objectives and past performance should not be seen as a guide to future returns. The value of investments and the income derived may fall as well as rise and investors may not recoup the original amount invested. Investments may also be affected by any changes in exchange control regulation, tax laws, withholding taxes, international, political and economic developments, and government, economic

or monetary policies.

**Interest Rate Risk:** Fixed income securities and funds that invest in bonds and other fixed income securities may fall in value if interest rates change. Generally, the prices of debt securities rise when interest rates fall, and their prices fall when interest rates rise. Longer term debt securities are usually more sensitive to interest rate changes.

**Credit Risk:** Investments in bonds and other fixed income securities are subject to the risk that the issuer(s) may not make required interest payments. An issuer suffering an adverse change in its financial condition could lower the credit quality of a security, leading to greater price volatility of the security. A lowering of the credit rating of a security may also offset the security's liquidity, making it more difficult to sell. Funds investing in lower quality debt securities are more susceptible to these problems and their value may be more volatile.

**Foreign Exchange Risk:** Foreign investments may be affected favorably or unfavorably by exchange control regulations or changes in the exchange rates. Changes in currency exchange rates may influence the share value, the dividends or interest earned and the gains and losses realized. Exchange rates between currencies are determined by supply and demand in the currency exchange markets, the international balance of payments, governmental intervention, speculation and other economic and political conditions. If the currency in which a security is denominated appreciates against the US Dollar, the value of the security will increase. Conversely, a decline in the exchange rate of the currency would adversely affect the value of the security.

**Futures and Options:** Options and futures contracts on securities carry a high degree of risk. The amount of the initial margin is small relative to the value of the futures contract so that transactions are "leveraged" or "geared". A relatively small market movement will have a proportionately larger impact which may work for or against the investor. The placing of certain orders which are intended to limit losses to certain amounts may not be effective because market conditions may make it impossible to execute such orders. Transactions in options also carry a high degree of risk. Selling ("writing" or "granting") an option generally entails considerably greater risk than purchasing options. Although the premium received by the seller is fixed, the seller may sustain a loss well in excess of that amount. The seller will also be exposed to the risk of the purchaser exercising the option and the seller will be obliged either to settle the option in cash or to acquire or deliver the underlying investment. If the option is "covered" by the seller holding a corresponding position in the underlying investment or a future on another option, the risk may be reduced.

#### Disciplinary Information - Item 9

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of us or the integrity of our management. There is no history of legal or disciplinary events by our Firm, our principals or advisory representatives.

#### Other Financial Industry Activities or Affiliations - Item 10

OCWA is a licensed independent insurance agency whereby its agents can offer life insurance and fixed annuities from a variety of product sponsors. The Firm expects that Clients to whom it offers advisory services may also be Clients for whom the Firm acts as an insurance agency. Clients are instructed that the fees paid to the Firm for advisory services are separate and distinct from the commissions earned for placing the Client in insurance products. Clients to whom the Firm offers advisory services are informed that they are under no obligation to use the Firm or its associated persons for insurance services.

O'Sullivan Creel, LLP, a General Partner of OCWA is a full service CPA firm providing a wide range of accounting services to individuals and business Clients. Employees of O'Sullivan Creel, LLP may recommend OCWA to their Clients, and conversely O'Sullivan Creel may be recommended to advisory Clients of OCWA. Clients of OCWA are not required to use the services of any affiliated firm. It is possible that some services for individual Clients may be combined to create an overall reduced fee structure.

In certain cases and subject to the terms of the Client's agreement with OCWA, OCWA may discount its fees to the Client by part or all of the fees charged by O'Sullivan Creel, LLP for its tax preparation services. Any such arrangements would be pursuant to Client request. Clients should note that OCWA is not responsible for any losses caused by the actions of O'Sullivan Creel, LLP or any third party recommended by OCWA unless such recommendation is the result of OCWA's willful malfeasance, bad faith or gross negligence.

#### **Recommendation of Other Advisers**

We may recommend that Clients use a third party adviser ("TPA") as part of our asset allocation and investment strategy. OCWA will **not** share in the compensation received by the TPA for the management of the Client's account. Clients are not required to use the services of any TPA we recommend.

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

#### **Description of Our Code of Ethics**

OCWA has adopted a Code of Ethics (the "Code") to address investment advisory conduct. The Code focuses primarily on fiduciary duty, personal securities transactions, insider trading, gifts, and conflicts of interest. The Code includes OCWA's policies and procedures developed to protect Client's interests in relation to the following topics:

- The duty at all times to place the interests of Clients first;
- The requirement that all personal securities transactions be conducted in such a manner as to be consistent with the code of ethics.
- The responsibility to avoid any actual or potential conflict of interest or misuse of an employee's position of trust and responsibility;

- The fiduciary principle that information concerning the identity of security holdings and financial circumstances of Clients is confidential; and
- The principle that independence in the investment decision-making process is paramount.

Clients may request a copy of our Code of Ethics from Daniel Kopack, Jr. our Chief Compliance Officer, by contacting us at our principal office address.

#### **Participation or Interest in Client Transactions**

J. Mort O'Sullivan, a Partner of OCWA, serves on the board of directors of Gulf Power Company ("GPC"). In this capacity, Mr. O'Sullivan has a fiduciary duty to ensure GPC is properly managed. Mr. O'Sullivan's responsibilities at GPC include, but are not limited to, election of the officers and other directors of the company, authorization of the sale and disposition of stock and debt, establishment of short-term and long-term debt parameters, approval of compensation plan, and corporate governance oversight. Our firm, Advisory Representatives and Clients may be invested in GPC.

Since this situation presents a conflict of interest, OCWA has adopted compliance procedures to address this conflict. Prior to serving on the board of directors of GPC, Mr. O'Sullivan obtained a written pre-approval from Daniel Kopack, our Chief Compliance Officer. Mr. Kopack granted this approval after determining that such board service will be consistent with the interests of our Clients and of OCWA, and removed Mr. O'Sullivan from the decision making process with respect to investments in GPC.

#### **Personal Trading Practices**

At times OCWA and/or its Advisory Representatives may take positions in the same securities as Clients, which may pose a conflict of interest with Clients. OCWA and its Advisory Representatives will generally be "last in" and "last out" for the trading day when trading occurs in close proximity to Client trades. We will not violate our fiduciary responsibilities to our Clients. Front running (trading shortly ahead of Clients) is prohibited. Should a conflict occur because of materiality (i.e. a thinly traded stock), disclosure will be made to the Client(s) at the time of trading. Incidental trading not deemed to be a conflict (i.e. a purchase or sale which is minimal in relation to the total outstanding value, and as such would have negligible effect on the market price), would not be disclosed at the time of trading.

#### **Brokerage Practices – Item 12**

OCWA may recommend that Clients establish brokerage accounts with one or more broker-dealers including but not limited to Schwab Institutional division of Charles Schwab & Co., Inc. ("Schwab Institutional"), a registered broker-dealer, member SIPC/NYSE, to maintain custody of the Client's assets and to effect trades for their accounts. There may be transaction charges involved when purchasing or selling securities. OCWA does not share in any portion of the brokerage fees/transaction charges imposed by Schwab Institutional. Additionally the commission/transaction fees charged by Schwab Institutional may be higher or lower than those charged by other broker-dealer/custodians.

Schwab Institutional provides OCWA with access to its institutional trading and operations services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisers at no charge to them so long as a total of at least \$10 million of the

adviser's Clients account assets are maintained at Schwab Institutional. Schwab Institutional services may include research, brokerage, custody, access to mutual funds and other investments that are otherwise available only to institutional investors or would require significantly higher minimum initial investments.

For OCWA Client accounts maintained in its custody, Schwab Institutional generally does not charge separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through Schwab Institutional or that settle into Schwab accounts.

Schwab Institutional also makes available to OCWA other products and services that benefit the Firm but may not directly benefit its Clients' accounts. Many of these products and services may be used to service all or some substantial number of the Firm's accounts, including accounts not maintained at Schwab.

Schwab Institutional's products and services that assist OCWA in managing and administering Clients' accounts include software and other technology that (i) provide access to Client account data (such as trade confirmations and account statements); (ii) facilitate trade execution and allocate aggregated trade orders for multiple Client accounts; (iii) provide research, pricing and other market data; (iv) facilitate payment of OCWA's fees from its Clients' accounts; and (v) assist with back-office functions, recordkeeping and Client reporting.

Schwab Institutional also offers other services intended to help OCWA manage and further develop its business enterprise. These services may include: (i) compliance, legal and business consulting; (ii) publications and conferences on practice management and business succession; and (iii) access to employee benefits providers, human capital consultants and insurance providers. Schwab Institutional may make available, arrange and/or pay third-party vendors for the types of services rendered to OCWA. Schwab Institutional may discount or waive fees it would otherwise charge for some of these services or pay all or part of the educational events or occasional business entertainment of OCWA personnel. In evaluating whether to recommend or require that Clients custody their assets at Schwab, OCWA may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors it considers and not solely on the nature, cost, or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest.

OCWA believes that Schwab Institutional provides the best services at reasonable commission rates. The reasonableness of commissions is based on several factors, including the broker's ability to provide professional services, competitive commission rates, volume discounts, execution price negotiations, the broker's reputation, experience and financial stability of the broker or dealer, and the quality of service rendered by the broker or dealer in other transactions.

Best execution is not measured solely by reference to commission rates. Paying a broker a higher commission rate than another broker might charge is permissible if the difference in cost is reasonably justified by the quality of the brokerage services offered.

#### **Research and Other Soft Dollar Benefits**

Although not considered "soft dollar" compensation, OCWA may receive benefits from Schwab for



research services to include reports, software, and institutional trading support. See the Schwab disclosure above.

OCWA understands its duty for best execution and considers all factors in making recommendations to Clients. These research services may be useful in servicing all OCWA Clients, and may not be used in connection with any particular account that may have paid compensation to the Firm providing such services. While OCWA may not always obtain the lowest commission rate, OCWA believes the rate is reasonable in relation to the value of the brokerage and research services provided.

#### **Brokerage for Client Referrals**

We do not receive Client referrals from broker-dealers and custodians in which we have an institutional advisory arrangement. Also, we do not receive other benefits from a broker-dealer in exchange for Client referrals.

#### **Directed Brokerage**

The Client may direct brokerage to a specified broker/dealer other than the Firm recommended by OCWA. It is up to the Client to negotiate the commission rate, as OCWA will not. The Client may not be able to negotiate the most competitive rate. As a result, the Client may pay more than the rate available through the broker/dealer used by OCWA. In Client directed brokerage arrangements, the Client may not be able to participate in aggregated ("blocked") trades, which may help reduce the cost of execution. Where the Client does not otherwise designate a broker/dealer, OCWA recommends a broker/dealer with competitive commission rates.

#### **Trade Aggregation**

While individual Client advice is provided to each account, Client trades may be executed as a block trade. OCWA encourages its existing and new Clients to use Schwab Institutional. Only accounts in the custody of Schwab Institutional would have the opportunity to participate in aggregated securities transactions. All trades using Schwab Institutional will be aggregated and done in the name OCWA. The executing broker will be informed that the trades are for the account of OCWA's Clients and not for OCWA itself. No advisory account within the block trade will be favored over any other advisory account, and thus, each account will participate in an aggregated order at the average share price and receive the same commission rate. The aggregation should, on average, reduce slightly the costs of execution, and OCWA will not aggregate a Client's order if in a particular instance OCWA believes that aggregation would cause the Client's cost of execution to be increased. Schwab Institutional will be notified of the amount of each trade for each account. OCWA and/or its Advisory Representatives may participate in block trades with Clients, and may also participate on a pro rata basis for partial fills, but only after the determination has been made that Clients will receive fair and equitable treatment.

#### **Review of Accounts - Item 13**

OCWA's Investment Committee is responsible for overall portfolio design and manager selection for Client accounts. Each Client's OCWA representative reviews the Client's account on a quarterly basis based on the Investment Committee's recommendations and the Client's investment objectives and financial circumstances. More frequent reviews may be triggered by economic, political, or market events, or by a



change in the Client's circumstances. OCWA will periodically reassess the appropriateness of the general portfolio design for meeting the Client's stated goals based on the Client's tolerance for risk, time horizon, investment experience and future income needs.

Financial Planning Clients may elect a one-time financial plan (without further reviews) or may elect ongoing financial planning services. If desired by the Client, the financial planning issues can be updated annually or at any point at the request of the Client.

Account custodians are responsible for providing monthly or quarterly account statements, which reflect all positions, the value of said positions, transactions taking place within the dates listed on the statement, debits, credits, and fees associated with the account. Clients receive written evaluations of their portfolios at least quarterly. In addition, account custodians provide confirmation of all trading activity and year-end tax statements, such as 1099 forms. Limited partnerships in which Client assets may be invested have different reporting practices -- some monthly, others quarterly and some annually in the form of a Client's K-1.

OCWA will prepare a comprehensive quarterly summary of Client assets/investments upon completion of the first full quarter of management. These reports will include a summary of the Client's investment holdings, an overall asset allocation model, asset class performance, and overall performance of the portfolio as measured against the appropriate benchmarks.

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

Apart from the research we receive from Schwab Institutional (disclosed in the Research and Other Soft Dollar Benefits section above), we do not receive economic benefits from third parties in exchange for providing investment advice or other advisory services to our Clients.

OCWA has entered into arrangements with unaffiliated persons, whereby such persons may from time to time refer Clients to OCWA. These unaffiliated persons (solicitors) will share in the revenues generated from the resulting relationship as long as the relationship continues. All solicitor agreements are in compliance with the Investment Advisers Act of 1940. In addition, all applicable federal and state laws will also be observed. Clients procured by solicitors will be given full written disclosures describing the terms and fee arrangements between the advisor and the solicitor prior to or at the time of entering into the advisory agreement.

As discussed previously, O'Sullivan Creel, LLP, an affiliated firm, or its associates, may recommend OCWA to their Clients, and conversely O'Sullivan Creel, LLP may be recommended to advisory Clients of OCWA. In either case, the referring party may receive bonus compensation based on the number of successful referrals. As such, Clients should be aware that a conflict of interest is inherent in such an arrangement. However, Clients of one firm are not required to use the services of any affiliated firm. Furthermore, Clients are not charged a higher fee to pay for the compensated referrals. No fee structure for any service is based on any type of fee referral plan. It is possible that some services for individual Clients may be combined to create an overall reduced fee structure.

#### Custody - Item 15

OCWA is deemed to have custody of Client funds for two reasons:

1- OCWA has the authority to deduct advisory fees directly from the Client's account. This fee deduction authority is granted by the Client in the investment advisory agreement.

2- Associated Persons of OCWA may serve as trustees to some accounts that use the firm's investment advisory services. This capacity gives Associated Persons custody over the advisory accounts.

As such, OCWA has retained an unaffiliated accountant to conduct an annual exam of our books and records and report their findings to the SEC.

All Client accounts are held with a bank, broker-dealer, or other independent qualified custodian. Clients will receive account statements on at least a quarterly basis from the independent, qualified custodian holding their funds and securities. Clients should carefully review account statements to ensure they are correct. Minor variations may occur because of reporting dates, accrual methods of interest and dividends, and other factors.

If you have a question regarding your account statement or if you did not receive a statement from your custodian, please contact us at (850) 435-7400.

#### Investment Discretion - Item 16

OCWA manages Client accounts on a discretionary basis. OCWA will manage Client accounts on a discretionary basis if the Client has granted discretionary authority in the Client's investment advisory agreement. Discretionary authority extends to the type and amount of securities to be bought and sold and do not require advance Client approval. However, OCWA does not have the ability to withdraw funds or securities from the Client's account.

Clients may limit our discretionary authority if they wish by, for example, setting a limit on the type of securities that can be purchased for their account. Clients must provide all restrictions or guidelines in writing. Please refer to the "Advisory Business" section in this Brochure for more information on our discretionary management services.

#### Voting Client Securities - Item 17

##### **Proxy Voting**

OCWA does not vote proxies. Clients understand and agree that the Client retains the right to vote all proxies, which are solicited for securities held in the managed accounts. Any proxy solicitations received at OCWA's place of business will be immediately forwarded to the Client for their evaluation and decision.

#### Financial Information - Item 18

We are required in this Item to provide Clients with certain financial information or disclosures about OCWA's financial condition. OCWA does not require or ask for prepayment of more than \$1,200 in fees per Client, six months or more in advance, 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.

#### Requirements of State-Registered Advisers - Item 19

This section is intentionally left blank since our firm is SEC registered.

#### Miscellaneous

##### **Class Action Lawsuits**

From time to time, securities held in the accounts of Clients will be the subject of class action lawsuits. OCWA has no obligation to determine if securities held by the Client are subject to a pending or resolved class action lawsuit. It also has no duty to evaluate a Client's eligibility or to submit a claim to participate in the proceeds of a securities class action settlement or verdict. Furthermore, the Firm has no obligation or responsibility to initiate litigation to recover damages on behalf of Clients who may have been injured as a result of actions, misconduct, or negligence by corporate management of issuers whose securities are held by Clients.

Where the Firm receives written or electronic notice of a class action lawsuit, settlement, or verdict affecting securities owned by a Client, it will forward all notices, proof of claim forms, and other materials, to the Client. Electronic mail is acceptable where appropriate, and the Client has authorized contact in this manner.

##### **Trade Error Correction Procedures**

On infrequent occasions, an error may be made in a Client account. For example, a security may be erroneously purchased for the account instead of sold. In these situations, the Firm generally seeks to rectify the error by placing the Client account in a similar position as it would have been had there been no error. Depending on the circumstances, various corrective steps may be taken, including among others canceling the trade or adjusting an allocation. Any gains or losses resulting from error correction

will be placed in OCWA's error correction account. Credit balances in the error correction account are donated to the United Way of Escambia County.

**Confidentiality**

OCWA views protecting its customers' private information as a top priority and, pursuant to the requirements of the Gramm-Leach-Bliley Act, the Firm has instituted policies and procedures to ensure that customer information is kept private and secure.

OCWA does not disclose any nonpublic personal information about its customers or former customers to any nonaffiliated third parties, except as permitted by law. In the course of servicing a Client account, OCWA may share some information with its service providers, such as transfer agents, custodians, broker-dealers, accountants, and lawyers.

OCWA restricts internal access to nonpublic personal information about its Clients to those employees who need to know that information in order to provide products or services to the Client. OCWA maintains physical and procedural safeguards that comply with state and federal standards to guard a Client's nonpublic personal information and ensure its integrity and confidentiality. As emphasized above, it has always been and will always be the Firm's policy never to sell information about current or former customers or their accounts to anyone. It is also the Firm's policy not to share information unless required to process a transaction, at the request of the Client, or as required by law.

A copy of the Firm's privacy policy notice will be provided to each Client prior to, or contemporaneously with, the execution of the advisory agreement. Thereafter, the Firm will deliver a copy of the current privacy policy notice to its Clients on an annual basis. If you have any questions on this policy, please contact Daniel Kopack, Jr., Chief Compliance Officer at (850) 444-7213.