



**Client Brochure**  
**(Part 2A of Form ADV)**

**OKLO FINANCIAL, LLC**  
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This brochure provides information about the qualifications and business practices of OKLO Financial, LLC. If you have any questions about the contents of this brochure, please contact OKLO Financial, LLC at: (866)399.1990. 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. OKLO Financial, LLC is registered with the state securities authority of the State of California. This registration does not imply a certain level of skill or training.

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

**3/28/2014**

## **Item 2: Material Changes**

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### **Material Changes since the Annual Update**

There have been no material changes to the Brochure of OKLO Financial, LLC (“OKLO or “Adviser”) since the last annual update, filed March 20, 2013.

*Acquisition by Carlyle Investment Management L.L.C.* On December 3, Carlyle Investment Management L.L.C. (“CIM”), an advisory entity that is part of The Carlyle Group (“Carlyle”), acquired 100% of the equity interest of Adviser. CIM now serves as Managing Member of Adviser.

Adviser’s personnel now are subject to Carlyle’s code of conduct, which addresses ethical standards, conflicts of interest issues, and personal trading, among other matters, and to other policies and procedures that apply across Carlyle.

***Other Changes.*** The Brochure provides additional information with respect to the non-discretionary investment management services Adviser offers. It also clarifies that, by written agreement with each of its discretionary account clients and with those non-discretionary account clients who choose the option and instruct the broker-dealer accordingly, the broker-dealers that custody these clients’ assets remit to Adviser its quarterly management fees in the amounts Adviser directs, and as a result the Adviser is deemed to have custody of those client account assets.

### **Brochure Available**

A copy of our Brochure is available on request; please contact Adviser by telephone at: (866) 399.1990.

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## **Item 4: Advisory Business**

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### **A. Firm Description and Ownership:**

Founded in 2001, OKLO has been providing clients investment advisory services since May 2004. OKLO began providing investment advisory services in 2004 under the name, MESA Asset Management, LLC, a California-registered investment adviser, and was renamed OKLO in 2007. OKLO is an LLC and its fiscal year end is December 31. On December 3, 2013, CIM, an SEC-registered advisory entity that is part of Carlyle, acquired 100% of the equity interest of OKLO. CIM now serves as Managing Member of OKLO.

Carlyle is a global alternative asset management firm. OKLO's advisory business now comprises the Carlyle Quantitative Market Strategies Group of Carlyle's Global Market Strategies Group. For additional information regarding Carlyle, please see Other Financial Industry Activities and Affiliates below and CIM's Part 1 and Part 2 of Form ADV, available at <http://www.adviserinfo.sec.gov/>.

OKLO provides confidential investment management to individuals, pension and profit sharing plans, trusts and estates

OKLO is strictly a fee-only investment management firm. The firm does not sell annuities, insurance, stocks, bonds, mutual funds, limited partnerships, or other commissioned products. No commissions in any form are accepted. No finder's fees are accepted. While OKLO's equity ownership has changed, Jaipal K. Tuttle, PhD. and Mark Allan Anderson, CFP® continue to serve as OKLO's executive officers.

### **B. Types of Advisory Services:**

#### **Investment Advisory Services:**

OKLO manages investment advisory accounts in accordance with the client's investment objective on a fee-only basis, and uses its proprietary suite of quantitative portfolio selection algorithms to make recommendations for, select the holdings in, and/or maintain client portfolios. OKLO offers four programs with respect to which it exercises discretionary investment authority: (1) The OKLO Core Investment Program, with a minimum investment of \$125,000 for qualified (i.e., retirement) and non-qualified (non-retirement) accounts. (2) The OKLO L-3 Investment Program, for non-qualified accounts only, with a minimum investment of \$125,000. (3) The OKLO Tracker Investment Program with a minimum investment of \$25,000 for qualified and non-qualified accounts. (4) The OKLO LV Investment Program, with a minimum investment of \$25,000 for qualified and non-qualified accounts. In addition, OKLO uses its quantitative portfolio selection algorithms in connection with the advisory services it offers on a non-discretionary basis to plan trustees of 401(k) plans.

The clients for whom Adviser exercises discretionary investment authority participate in Adviser's programs via separate accounts held at one of two broker-dealers: OKLO Core, OKLO Tracker, and OKLO LV accounts are held at TD Ameritrade Institutional, a division of TD Ameritrade, Inc., member FINRA/SIPC/NFA ("Ameritrade"), and OKLO L-3 accounts are held at Interactive Brokers, LLC, member FINRA/SIPC/NFA ("IB LLC"). The clients for whom OKLO provides investment recommendations on a non-discretionary basis maintain their 401(k) plan accounts with either Ameritrade Holding Corporation, LLC or PayChex.

Client accounts may invest in mutual funds, exchange traded funds, stocks and options. OKLO L-3 accounts use margin.

**C. Client Tailored Services:**

OKLO offers the same suite of services to all clients. However, specific client profile information is used to aid in the selection of the portfolio that matches risk tolerance, restrictions, needs and targets.

Initial Interview: at the opening of the account, OKLO, through its designated representatives, obtains from the client information sufficient to determine the client's financial situation and investment objectives. Individual Treatment: the client's account is managed (or in the case of a non-discretionary account, investment recommendations are made) pursuant to one of Adviser's investment programs selected for the client on the basis of the client's financial situation and investment objectives. Ability to Impose Restrictions: the client has the ability to impose reasonable restrictions on the management of the account, including the ability to instruct OKLO not to purchase certain mutual funds. However, if the restrictions prevent OKLO from properly servicing the client account, or if the restrictions would require OKLO to deviate from its standard suite of services, OKLO reserves the right to terminate the relationship.

**D. Wrap Fee Programs**

N/A.

**E. Amounts Under Management**

As of December 31, 2013, OKLO managed approximately \$ 74,813,957 on a discretionary basis. As of as of December 31, 2013, OKLO managed \$ 3,538,549 on a non-discretionary basis.

**F. Investment Advisory Agreement**

Clients in each of the OKLO investment programs engage OKLO to provide investment management services on a fee-only basis, pursuant to an investment advisory agreement specific to each investment program.

For discretionary accounts, the client appoints OKLO as its investment manager for the account under the terms of an investment advisory agreement ("Discretionary Account Agreement"). As specified in the agreement, OKLO will supervise and direct all investment decisions for the account. The client grants OKLO the authority to make and exercise such decisions without prior consultation with, or approval by, the client. Adviser also is granted a limited power of attorney by the client – specifically, OKLO is not authorized to withdraw funds or take custody of the client's funds or securities, but is authorized to direct the qualified custodian for the client account to debit the client account in the amount of Adviser's advisory fees on a quarterly basis.

Non-discretionary accounts are governed by their own form of investment advisory agreement, by which OKLO undertakes to provide non-discretionary advice with respect to one of Adviser's specific investment programs selected for the client ("Non-Discretionary Account Agreement"). OKLO is authorized under the agreement to recommend and monitor investments. Adviser does not have the right or ability to withdraw securities or cash from the account, but clients who wish to do so can authorize OKLO's quarterly fee to be paid directly by the custodian from assets in the account.

#### **G. Termination of Agreement**

OKLO or the client may terminate both types of investment advisory agreements at will. The Discretionary Account Agreement will be terminated on receipt of written notification; the Non-Discretionary Account Agreement will be terminated on verbal or written direction.

The Discretionary Account Agreement specifies that if the client or OKLO terminates the agreement within ten (10) business days of its execution and delivery the client will not be liable for any portion of the annual management fee ("Management Fee"). After ten (10) business days the annual Management Fee will be calculated from the first business day the custodian receives custody of the client's funds or assets in the Account. OKLO will not be liable for reimbursement of loss of value due to market movement, any brokerage fees incurred or the reimbursement of any mutual fund short-term trading penalties which occur as the result of termination.

### **Item 5: Fees and Compensation**

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#### **A. Investment Advisory Fees**

Clients engage OKLO to provide investment management services on a fee-only basis.

The client will compensate OKLO for its services in the form of an annual Management Fee. The Management Fee for discretionary account clients invested in the OKLO Core Investment Program, OKLO Tracker Investment Program and OKLO L.V. Investment Program is 1.75%. The Management Fee for the OKLO L-3 Investment program is 2.00%. The Management Fees are per annum as calculated on an actual/365 day-count basis, are paid quarterly, in arrears, and based upon the average daily market value of the assets in the client account during the previous quarter. No increase in the Management Fee percentage shall be effective without prior written notification to the client.

The Management Fee for non-discretionary accounts is 0.40% of the market value of the client account at the end of each calendar quarter. Fees for the partial quarters at the commencement and termination of a Discretionary Account Agreement are pro-rated.

*Investment Advisor Fees are Negotiable.* OKLO, in its sole discretion, may charge a lesser management fee based upon certain criteria (e.g., existing client, anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition).

With regard to billing, OKLO will take ensure the three following measures are taken: (a) send a statement to the client showing the amount of the fee, the value of the client's assets upon which the fee was based, and the specific manner in which the fee was calculated, (b) disclose to clients that it is the client's responsibility to verify the accuracy of the fee calculation and that the custodian will not determine whether the fee is properly calculated, and (c) send a bill to the custodian indicating only the amount of the fee to be paid by the custodian.

## **B. Payment of Fees**

Management Fees are billed quarterly, in arrears, meaning that Adviser invoices after the three-month billing period has ended. For both types of client accounts, OKLO will (a) send a statement to the client on a quarterly basis showing the amount of the fee, the value of the client's assets upon which the fee was based, and the specific manner in which the fee was calculated.

For all client accounts managed on a discretionary basis, under the Discretionary Account Agreement clients must authorize Adviser to instruct either Ameritrade or IB LLC as appropriate (determined by the Investment Program for which either Ameritrade or IB LLC acts as custodian), to pay Adviser its fees directly, OKLO will send a notice to the custodian indicating the amount of the fee to be paid to OKLO from the client's account. Discretionary account clients are required to consent in advance to direct debiting of the client's investment account; non-discretionary account clients may elect this option. For all client accounts managed on a non-discretionary basis, clients may elect to pay the fee directly for which they will receive an invoice.



**C. Other Fees**

Clients are responsible for the payment of all third-party fees (i.e., custodian fees, mutual fund fees, transaction fees etc.) Those fees are separate and distinct from the fees charged by OKLO Financial, LLC.

OKLO will transact in mutual funds, exchange traded funds, stocks, and options. These assets may also be subject to additional fees and expenses as set forth in applicable prospectuses. Specifically with regard to mutual funds, such funds generally charge a management fee, called an expense ratio. When OKLO invests client assets in mutual funds, clients pay these mutual fund management fees in addition to the fees clients pay to OKLO. Performance figures quoted by mutual fund companies in various publications represent returns after their fees have been deducted. Additionally, the custodians may charge fees for custodial or brokerage services. These fees and expenses are borne by the client and no portion of such fees is rebated by the custodians to OKLO or to any of OKLO's personnel.

**D. Fees Paid in Advance**

N/A.

**E. Other Compensation**

N/A.

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**Item 6: Performance-Based Fees**

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OKLO does not base its fees on a share of the capital gains or capital appreciation of the client assets it manages.

OKLO recognizes that performance-based compensation may create an incentive for the adviser to recommend an investment that may carry a higher degree of risk to the client -- OKLO does not use a performance-based fee structure.

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**Item 7: Types of Clients**

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**A. Description**

OKLO generally provides investment advice to individuals, pension and profit sharing plans and trusts and estates.

**B. Account Minimums**

OKLO Financial account size minimums are as follows:

The OKLO Core Investment Program: \$125,000 for qualified (i.e., retirement) and non-qualified (non-retirement) accounts

The OKLO LV Investment Program: \$25,000 for qualified and non-qualified accounts

OKLO Tracker: \$25,000 for qualified and non-qualified accounts

The OKLO L-3 Investment Program: \$125,000 for non-qualified accounts

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

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### **A. Methods of Analysis and Investment Strategies**

OKLO uses a proprietary quantitative portfolio management strategy to select and maintain the portfolios and to advise non-discretionary accounts on investment selection. OKLO refers to these portfolios in written literature and verbal communication as the “Model Portfolios”. Each investment program has an associated Model Portfolio, which is a fictitious entity and not held by any client.

The constituents of the Model Portfolios include mutual funds, stocks, exchange traded funds, and options. Because the mutual funds and stocks selected represent numerous asset classes OKLO describes the Model Portfolios in written literature and verbal communications as diversified.

The Model Portfolios are selected using a statistically driven algorithm based upon historical market data. OKLO uses a proprietary measure, which associates with a given portfolio or account an expected return with an expected level of risk where risk is defined as the annualized standard deviation of daily returns. Any statements about diversification, expected risk, expected return, and expected exposure are solely within the context of statistical analysis. OKLO makes no representation as to the actual performance of any security or the profitability or risk of any portfolio or account. Client accounts may lose value. The relative weights of the securities within the client’s account are selected by OKLO to track performance of the selected Model Portfolio. The account will incur a tracking error in performance vs. the performance of the Model Portfolio. OKLO may statistically estimate the magnitude of the tracking error in written literature and verbal communication, but OKLO makes no guarantee as to the actual magnitude of the tracking error at any time. The tracking error may be positive or negative. OKLO will not make any restitution to the client for negative tracking error.

### **B. Risk of Loss**

All investment programs have certain risks that are borne by the client. Client accounts may lose value. OKLO’s investment approach consistently keeps the risk of loss in focus. Clients may face the following investment risks:

- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.

- **Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- **Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e., interest rate). This primarily relates to fixed income securities.
- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value
- **Product Risk:** All mutual funds carry some level of risk. Clients may lose some or all of the money they invest because the securities held by a mutual fund go up and down in value. Dividend or interest payments may also fluctuate as market conditions change. As with any business, running a mutual fund involves costs — including shareholder transaction costs, investment advisory fees, and marketing and distribution expenses. Mutual funds pass along these costs to clients by imposing fees and expenses. These charges lower investment returns. Investing in an ETF exposes the client to all of the risks of that ETF's investments and subjects the client to a pro rata portion of the ETF's fees and expenses. As a result, the cost of investing in ETF shares may exceed the costs of investing directly in its underlying

investments. ETF shares trade on an exchange at a market price which may vary from the ETF's net asset value. Adviser may purchase ETFs at prices that exceed the net asset value of their underlying investments and may sell ETF investments at prices below such net asset value. Because the market price of ETF shares depends on the demand in the market for them, the market price of an ETF may be more volatile than the underlying portfolio of securities the ETF is designed to track, and the Adviser may not be able to liquidate ETF holdings at the time and price desired, which may impact client account performance.

### **C. Margin Risk**

The OKLO L-3 Investment Program will employ trading strategies that use margin. These include the shorting of securities and leveraging and de-levering the overall portfolio. Trading on margin may not be appropriate for all clients. The following are risks associated with trading securities on margin:

- A client can lose more funds than the client deposits in the margin account.
- A client's bank/institution (Interactive Brokers) can force the sale of securities or other assets in the client's account(s).
- The bank/institution (Interactive Brokers) where the client's account(s) is held can sell a client's securities or other assets without contacting the client.
- A client is not entitled to choose which securities or other assets in the client's account(s) are liquidated or sold to meet a margin call.
- The client's bank/institution (Interactive Brokers) can increase its "house" maintenance margin requirements at any time and is not required to provide advance written notice.
- The client is not entitled to an extension of time on a margin call.

## **Item 9: Disciplinary Information**

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### **A. Legal and Disciplinary**

There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of OKLO's advisory business or the integrity of our management. For information regarding Carlyle, please see Part 1 and Part 2 of Form ADV of Carlyle Investment Management L.L.C. available at: <http://www.adviserinfo.sec.gov/>.

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

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### **A. Independent, Unaffiliated Brokerage Firms Hold Client Investment Accounts.**

For discretionary account clients investing in OKLO Core, Tracker or OKLO LV, Account(s) will be established with TD Ameritrade Institutional ("Ameritrade. For discretionary account clients investing in OKLO L-3, Account(s) will be established with Interactive Brokers, LLC ("IB LLC"). Accounts for non-discretionary account clients will be established at the discretion of the account's custodian. These broker-dealers maintain custody of the client's funds and assets. Trading in the client's account will occur by executing transactions with the broker-dealer Ameritrade or IB LLC. OKLO will manage the discretionary accounts via a limited power of attorney and trading authorization executed by the client.

Ameritrade and IB LLC are independent and unaffiliated with OKLO. Ameritrade and IB LLC do not and will not supervise OKLO and have no responsibility for OKLO's actions or advice.

OKLO does not pay Ameritrade or IB LLC any fees relating to client accounts. OKLO does not receive any form of compensation, financial or otherwise, from Ameritrade or IB LLC.

Ameritrade and IB LLC will receive compensation paid by the client directly from the account in the form of commissions or other transaction-related compensation on securities trades executed through these broker-dealers. These broker-dealers also may receive compensation paid by the client directly from the account in the form of account maintenance fees.

### **B. Affiliation with The Carlyle Group**

As noted above under the section entitled "Advisory Business", an advisory entity that is part of The Carlyle Group, CIM, serves as the Managing Member of OKLO. The Carlyle Group ([www.carlyle.com](http://www.carlyle.com)) is a global alternative asset manager. Carlyle invests across four segments - corporate private equity, real assets, global market strategies and solutions - in Africa, Asia, Australia, Europe, North America, South America and the Middle East.

In May 2012, The Carlyle Group L.P. completed an initial public offering of its common units. For additional important information regarding Carlyle, please see Part 1 and Part 2 of Form ADV of CIM (Carlyle Investment Management, L.L.C.) available at: <http://www.adviserinfo.sec.gov/>. Carlyle has not generally been active in the strategies utilized by OKLO and has no operating or investment history upon which prospective clients may evaluate Carlyle's contribution to the Adviser. Accordingly, Carlyle's ability to influence OKLO could adversely affect the Adviser's clients and an investment in the accounts managed by OKLO could entail risk.

When CIM acquired OKLO, OKLO became part of Carlyle's Global Market Strategies Group, which focuses on various types of credit and other alternative investments; OKLO now comprises the new Carlyle Quantitative Market Strategies Group of the Carlyle's Global Market Strategies Group ("CQMS"). The Global Market Strategies Group includes several investment advisers, including OKLO. Although OKLO is separately-registered as an investment adviser with a state securities authority, its status as part of the larger Carlyle organization raises certain actual and potential conflicts of interest, as discussed below.

Due to the fact that The Carlyle Group, L.P. is a public company and its affiliates have many different asset management and advisory businesses and operate on a global basis, OKLO may be subject to increased scrutiny and greater regulatory oversight than it would be absent the Carlyle relationship. In addition, increased regulatory oversight of Carlyle and its affiliates may impose additional requirements and administrative burdens on OKLO, including, without limitation, implementing new policies and procedures and complying with reporting obligations. OKLO may invest on behalf of its clients in companies or other entities in which Carlyle-affiliated advisory clients (e.g., pooled investment vehicles and managed accounts) have or are concurrently making a separate investment and, likewise, Carlyle-affiliated advisory clients may invest in companies or other entities in which OKLO's clients have an existing investment or are concurrently making an investment. In such situations, OKLO's clients and such other Carlyle-affiliated advisory clients may have conflicting interests (e.g., over the terms of their respective investments). Further, in a bankruptcy proceeding, the interests of OKLO's clients may be subject to enhanced scrutiny, subordinated or otherwise adversely affected by virtue of the involvement and actions of an affiliate of Carlyle relating to such affiliate's investment.

Carlyle has in place information barriers to segregate the flow of material, non-public information between the Global Market Strategies Group (which includes OKLO and other investment advisers, as well as personnel in the Global Market Strategies Group) and the rest of Carlyle. The effect of these information barriers is that the Adviser generally will not be able to use, act on or otherwise be made aware of material non-public information otherwise known by or in the possession of the rest of Carlyle (and vice-versa), and collaboration between personnel of the Global Market Strategies Group, on the one hand, and personnel working within the rest of Carlyle, on the other hand, may be limited, reducing potential synergies that could otherwise benefit the Adviser's clients. There also is an information barrier separating the Adviser and two other business units within Global Market Strategies (Vermillion Asset Management, L.L.C. ("VAM"), a commodities-focused adviser, and the Carlyle Energy Mezzanine Opportunities Fund ("CEMOF") group), from the rest of Carlyle's Global Market Strategies Group. This means that the Adviser is subject to a restricted list that contains securities in which it, VAM and CEMOF, the other walled -off business units, cannot trade, but is not subject to the broader Global Market Strategies Group restricted list that contains securities in which the Global Market Strategies Group (excluding the Adviser, CEMOF and VAM businesses),

cannot trade. While the Adviser typically is consulted with respect to a proposed addition to the restricted list to which the Adviser, VAM and CEMOF are subject, the addition of a name to the list may be beyond the Adviser's control. As a result, there may be instances in which the Adviser would be precluded from acquiring or recommending the acquisition of a particular security for the benefit of its clients. Similarly, the Adviser may not be able to dispose of a security held in its client accounts or to recommend such disposal (in the case of non-discretionary accounts), even in a declining market, until the security is removed from the restricted list. In addition, as part of Carlyle's Global Market Strategies business segment, Adviser is subject to other information barriers established by Carlyle, such as the one-way information barrier between Carlyle's Solutions business segment, on the one hand, and Carlyle's other business segments, on the other hand.

### **C. Investment Advisers**

The Adviser is wholly owned by CIM, an investment adviser that is separately registered with the SEC. CIM is under common control with several other advisers that are registered in the United States or located outside of the United States, as described more fully in CIM's Form ADV Part 2A on file with the SEC (together with CIM, the "Other Advisers"). The Other Advisers manage investment vehicles and it is possible that the Other Advisers may independently consider the same investment opportunities as the Adviser's clients, and thereby, on any given occasion, compete with the Adviser for these investment opportunities.

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

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### **A. Code of Conduct and Personal Trading**

OKLO has adopted The Carlyle Group Code of Conduct (the "Code"). The Code sets forth standards of ethical conduct for employees and is designed to address and avoid potential conflicts of interest. Among other things, the Code prescribes standards for dealing with clients ethically, addresses conflicts of interest issues, and addresses personal trading and operating procedures. The Code provides guidance in specific areas, including but not limited to, confidentiality of OKLO's information, personal investments, and gifts and entertainment and personal political activities. Clients or prospective clients may request a copy of the Code by contacting OKLO at the address or telephone number listed on the first page of this document. OKLO also is subject to Carlyle's written insider trading prevention policies and procedures which are reasonably designed to prevent the misuse of material non-public information by Carlyle and its personnel.

In addition to the personal securities transaction reporting and pre-clearance provisions in the Carlyle Code, and the restrictions specified in the Carlyle insider trading prevention policies and procedures, (1) OKLO personnel may not, directly or indirectly, purchase or sell any exchange traded fund ("ETF") for their own



account(s) (including the account(s) of a spouse, minor children or any immediate family member of the household), without prior compliance approval; and (2) approval for personal securities trades, including ETFs, will be withheld if any OKLO advisory client holds an interest in the particular security in an account OKLO advises.

In addition to the Code of Conduct referred to in the first paragraph above, OKLO, as a Carlyle affiliate, has adopted the New York Attorney General's Public Pension Fund Reform Code of Conduct. That code governs OKLO's interactions with public pension funds in the United States and, among other matters, (a) bans the use of outside placement agents and lobbyists in connection with obtaining investments from such public pension funds, (b) bans certain campaign contributions in the United States and (c) provides for (i) increased disclosure, (ii) strengthened employment, confidentiality and gift policies, and (iii) conflicts of interest procedures as they relate to public pension funds in the United States. A copy is available to clients or prospective clients by writing to the address listed on the front page of this document.

## **Item 12: Brokerage Practices**

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### **A. Selecting Brokerage Firms**

OKLO does not have any affiliation with product sales firms. With respect to those clients for whom OKLO exercises investment discretion: clients who participate in the OKLO Core, LV and Tracker Investment Programs maintain their accounts at Ameritrade Holding Corporation, LLC ("Ameritrade"); clients who participate in the OKLO L-3 Investment Program maintain their accounts at or Interactive Brokers, LLC. ("IB LLC"). OKLO does not receive any compensation, financial or otherwise, from Ameritrade or IB LLC.

### **B. Best Execution**

Consistent with its duty to seek best execution, Adviser periodically evaluates (on a qualitative and quantitative basis) the services, fees and costs of these broker-dealers/custodians.

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

OKLO does not receive research or any other soft dollar benefits from Ameritrade, IB LLC, or any other broker-dealer.

### **D. Order Aggregation**

Under Adviser's advisory agreements with clients for whom OKLO has discretionary trading authority, OKLO is authorized to enter orders with the relevant brokerage firm to be transacted in client accounts at such prices as Adviser deems appropriate. Transactions for each client account generally will be effected independently, and



transactions in a specific security may not be accomplished for all clients' accounts at the same time or at the same price. OKLO may, but is not obligated to and typically does not, aggregate orders. Under this procedure, transactions will be averaged as to price and will be allocated among OKLO clients in proportion to the purchase and sale orders placed for each client account on any given day. OKLO will not receive any additional compensation or remuneration as a result of such aggregation. Most trades OKLO executes are with respect to mutual funds and exchange-traded funds where trade aggregation does not garner any client benefit.

## **Item 13: Review of Accounts**

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### **A. Account Reviews**

Adviser uses its proprietary suite of quantitative portfolio selection algorithms to select investments to be purchased or sold by clients in order to maintain a portfolio consistent with the particular investment program. Adviser has implemented systems that directly feed trade instructions derived from the relevant algorithms to the designated brokerage firms that hold client accounts over which Adviser has discretionary trading authority. Any discrepancy between the instructions given and the trades executed would be flagged by the applicable algorithm, prompting OKLO to take appropriate action to remedy the situation. At least annually all clients are advised that it remains their responsibility to advise OKLO of any changes in their investment objectives and/or financial situation, and are encouraged to review with OKLO their investment objectives and account holdings.

### **B. Additional Account Review Triggers**

Changes in the tax laws, new investment information, and changes in a client's own situation may trigger an account review.

### **C. Frequency of Regular Reports**

Each client will receive from the custodian, at least quarterly, a written account statement detailing account holdings, activity and performance. For all discretionary accounts and those discretionary accounts held by clients who have opted for direct debiting of Adviser's fees from their accounts, Adviser sends to clients a detailed invoice showing the amount of Adviser's quarterly fee paid directly to Adviser by the account custodian, the value of the assets on which the fee was based, and the specific manner in which the fee was calculated.

Each non-discretionary client may elect to pay Adviser's Management Fee directly, in which case, Adviser would invoice the non-discretionary client directly. However, each of Adviser's current non-discretionary accounts has elected to receive invoices regarding Adviser's quarterly fee from its plan administrator and the plan administrator debits Adviser's fees from the account.

All clients receive periodic communications from OKLO that include annual privacy policy notices.

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

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### **A. Incoming Referrals**

Referrals have come from current clients, estate planning attorneys, accountants, employees, personal friends of employees and other similar sources. The firm does not compensate referring parties for these referrals. OKLO has entered into placement agreements with each of Foothill Securities, Inc. and American Investors Company Inc. (each a "Solicitor"), by which OKLO remits payments with respect to each introduced client who or that maintains an account with OKLO. Specifically, from the gross client fee of 1.75% paid by discretionary account clients, Adviser is paid an advisory fee of 1.00%. Adviser pays 0.05% per annum (0.0125% quarterly) from its advisory fee to the Alliance of Independent Broker Dealers and 0.05% per annum (0.0125% quarterly) from its advisory fee to the Solicitors for research and due diligence services. The Alliance of Independent Broker Dealers is entitled to receipt of the 0.05% payment from Adviser in connection with any relationship agreement entered into by and between Adviser and any broker-dealer and/or solicitor. The Solicitors are entitled to receipt of the .05% payment from Adviser in connection with their respective relationship agreement with Adviser. The remainder of the client fee (0.75%) is forwarded to the Solicitor of that client, as a solicitor's fee. Provided that the Solicitors remain qualified to receive the fees and provided that payment of the fees is not prohibited by any law or regulation, Adviser will continue to pay fees to Solicitor so long as the clients who they have solicited continue to use the investment advisory services of Adviser.

### **B. Referrals Out**

OKLO does not accept referral fees or any form of remuneration from other professionals when OKLO refers a prospect or client to such other professionals.

### **C. Other Compensation or Economic Benefits**

OKLO does not receive any compensation or economic benefit, directly or indirectly, from any third party for advice rendered to OKLO clients.

## **Item 15: Custody**

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OKLO is deemed to have custody of client assets because, by agreement between (a) its discretionary account clients who are required to authorize OKLO to debit their accounts in payment of Adviser's management fees or its non-discretionary account clients who have elected this option, and (b) the broker-dealers custodying those clients' assets, the broker-dealers remit OKLO's management fees to OKLO quarterly from the clients' accounts, in the amounts OKLO directs. OKLO otherwise does not take custody of client accounts or assets

at any time; all client accounts are held at either Ameritrade or IB LLC, each of which is a qualified custodian. The custodian will provide account statements directly to the clients at their address of record at least quarterly.

OKLO will ensure the three following measures are taken with respect to the accounts/assets as to which it is deemed to have custody: (a) the statements sent to clients show the amount of OKLO's fee, the value of the client's assets upon which the fee was based, and the specific manner in which the fee was calculated, (b) Adviser discloses to clients that it is the client's responsibility to verify the accuracy of the fee calculation and that the custodian will not determine whether the fee is properly calculated, and (c) send a bill to the custodian indicating the amount of the fee to be paid by the custodian.

## **Item 16: Investment Discretion**

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Most of Adviser's clients have given OKLO investment discretion. For these client accounts, transactions are executed without obtaining specific client consent. This includes the specific securities to be purchased or sold, the amount to be purchased or sold, and the timing of purchases or sales. This discretionary authority is granted to OKLO under a limited power of attorney executed by the client in The Agreement. The funds and securities held in the account belong solely to the client.

## **Item 17: Voting Client Securities**

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OKLO does not vote client proxies. OKLO's clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets. Custodians Ameritrade and IB LLC, forward to clients copies of all proxies and shareholder communications relating to the client's investment assets.

## **Item 18: Financial Information**

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### **A. Financial Condition**

OKLO does not have any financial impairment that will preclude the firm from meeting contractual commitments to clients.

OKLO Financial has not been the subject of a bankruptcy petition.

## **Item 19: Requirements for State-Registered Advisers**

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### **A. Principal Executive Officers and Management Persons**

**Jaipal K. Tuttle, PhD.**

#### **Educational Background and Business Experience:**

Year of Birth: 1962

Formal Education after High School:

- University of California, Berkeley, B.A., Physics, 1987
- Yale University, M.A., Physics, M.A., Mathematics, 1988
- University of California, Santa Cruz, PhD, Physics

Business Background for the Previous Five Years:

- OKLO Financial, LLC, Chief Executive Officer and Portfolio Manager, since inception 2001
- OKLO began providing investment advisory services in 2004 under the name MESA Asset Management, LLC, a California-registered investment adviser, and was renamed OKLO in 2007
- VN7 Dynamic Capital, LP, Managing Member since 2009 (entity inactive as of May 2011)
- Tower Research Capital, LLC, Portfolio Manager, 2009
- OKLO Corporation, President since March 2008 (entity inactive as of December 2008)

**Mark A. Anderson, CFP®**

#### **Educational Background and Business Experience:**

Year of Birth: 1962

Formal Educational after High School:

- University of California, Davis, B.S. Economics, 1987

Professional Certification:

- Certified Financial Planner, CFP®, 2002

Business Background for the Previous Five Years:

- OKLO Financial, LLC., Chief Operations Officer, since inception 2001

- OKLO began providing investment advisory services in 2004 under the name, MESA Asset Management, LLC, a California-registered investment adviser, and was renamed OKLO in 2007
- The ARIS Group, LLC., President, since inception 2003 through January 2013

**B. Outside Business Activities**

None

**C. Performance Based Fees**

None.

**D. Disclosure Events**

If the supervised person has been involved in one of the events listed below, disclose all material facts regarding the event.

1. An award or otherwise being found liable in an arbitration claim alleging damages in excess of \$2,500, involving any of the following:
  - (a) an investment or an investment-related business or activity;
  - (b) fraud, false statement(s), or omissions;
  - (c) theft, embezzlement, or other wrongful taking of property;
  - (d) bribery, forgery, counterfeiting, or extortion; or
  - (e) dishonest, unfair, or unethical practices.
2. An award or otherwise being found liable in a civil, self-regulatory organization, or administrative proceeding involving any of the following:
  - (a) an investment or an investment-related business or activity;
  - (b) fraud, false statement(s), or omissions;
  - (c) theft, embezzlement, or other wrongful taking of property;
  - (d) bribery, forgery, counterfeiting, or extortion; or
  - (e) dishonest, unfair, or unethical practices.

**Disclosure Event Details for Mark A. Anderson:**

Customer Dispute- Settled

Employing Firm when activities occurred: WM Financial Services, Inc.

Customer Complaint: 04/02/2003

Allegations: Client appears to be alleging poor performance of investments purchased in December of 1999, thus making them unsuitable.

Product type: Unit Investment Trust

Alleged Damage: \$21,224.62

Status: Denied / Settled

Disposition Date: 07/02/2004

Settlement Amount: \$18,093.00

Individual Contribution Amount: 0

Summary: Employing firm determined all documents appear in good order, trade appears suitable, full and fair disclosure appears to have been made. WM Financial agreed to pay claimant. There was no individual contribution by Mark A. Anderson

Customer Dispute – Settled

Employing Firm when activities occurred: WM Financial Services, Inc.

Customer Complaint: 12/19/2001

Allegations: Client purchased investments March 6, 2000 and has experienced a market loss. Client alleges the investments were inappropriate.

Product Type: Unit Investment Trust

Alleged Damage: \$46,000.00

Status: Denied / Settled

Disposition Date: 04/21/2004

Settlement Amount: \$22,000.00

Individual Contribution: 0

Summary: Based on the financial information and objectives provided by client WM Financial determined that the purchase appeared suitable. Documentation signed by the client indicated that full and fair disclosure was provided. WM Financial agreed to pay claimant. There was no individual contribution by Mark A. Anderson

**E. Issuer Relationships or Arrangements**

None.

**F. Additional State Information**

Pursuant to California Code of Regulation, CCR Section 260.238 (j), OKLO Financial hereby discloses that clients may receive the same or comparable services from other financial advisers at a lower fee.

Pursuant to California Code of Regulation, CCR Section 260.235.2, OKLO Financial discloses that it may utilizes various firms for the execution of securities transactions and to custody assets.

All material conflicts of interest under California Code of Regulations, CCR Section 260.238 (k) are disclosed regarding the investment adviser, its representatives, or any of its employees, which could be reasonably expected to impair the rendering of unbiased and objective advice.