

# **O'Brien Investment Management, LLC**

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

August 16, 2016

This brochure provides information about the qualifications and business practices of O'Brien Investment Management, LLC. If you have any questions about the contents of this brochure, please contact us at (310) 896-2468 or [Michael@OBrienIM.com](mailto:Michael@OBrienIM.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Any reference to or use of the terms "registered investment adviser" or "registered," does not imply that O'Brien Investment Management, LLC or any person associated with O'Brien Investment Management, LLC has achieved a certain level of skill or training.

Additional information about O'Brien Investment Management CRD# 284057 is available on the SEC's website at [www.advisorinfo.sec.gov](http://www.advisorinfo.sec.gov).

## ***ITEM 2 --- MATERIAL CHANGES***

The purpose of this page is to inform you of any material changes since the previous version of this brochure. If you are receiving this brochure for the first time this section may not be relevant to you.

This year and in the past we have offered or delivered to clients a copy of O'Brien Investment Management's disclosure brochure that includes our qualifications and business practices on at least an annual basis. Going forward, we will deliver to you a summary of any material changes to this and subsequent Brochures within 120 days of the close of our December fiscal year. We may provide other ongoing disclosure information about material changes as necessary. O'Brien Investment Management will provide these summaries to you free of charge.

O'Brien Investment Management received SEC 120-Day registration approval with an effective date of 6/10/2016. The Firm does not intend to keep dual registration with the federal and state regulators. Upon approval of the initial State Registration filing the Firm will withdrawal from federal registration with the SEC.

This is the initial State Registration filing for O'Brien Investment Management, a newly registered entity in 2016. O'Brien Investment Management is filing for State Registration in California, Arizona and Washington. In relation to the State Registration filing, the following have been updated:

### **ITEM 4 – Advisory Business**

Disclose that the firm does not sponsor or participate in wrap fee programs.

### **ITEM 5 – Fees and Compensation**

Fees will not exceed 3%, lower fees for comparable services may be available from other sources and fees are charged in arrears.

### **ITEM 7 – Types of Clients**

O'Brien does not have requirements for opening or maintaining an account.

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

All conflicts of interest are fully disclosed, including Personal Trading activities.

### **ITEM 12 – Brokerage Practices**

Updates were made to the Trade Aggregation disclosures.

### **ITEM 15 – Custody**

Safeguards regarding deduction of Advisory Fee updated.

### **ITEM 1 – Requirements for State-Registered Advisers**

Updated background information.

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#### **ITEM 4 --- ADVISORY BUSINESS**

##### **Description of Advisory Firm**

O'Brien Investment Management, LLC ("O'Brien," "we," "our," or "us") is a privately owned Limited Liability Company headquartered in Rolling Hills Estate, California. O'Brien is a registered investment adviser with the State of California.

O'Brien was founded in April of 2016 by Michael O'Brien.

##### **Advisory Services Offered**

O'Brien provides investment management services on a discretionary basis. Mr. O'Brien works with clients and has the ongoing responsibility to take action in client accounts, based upon the objectives of the client, as to specific securities or other investments that they purchase or sell in client accounts.

O'Brien may offer investment advice on any investment held by the client at the start of the advisory relationship. Recommendations for new investments will typically include equity securities, and equity oriented mutual funds and exchange traded funds (ETFs), including stocks and foreign securities listed on US exchanges (ADRs) or foreign exchanges (ordinaries). In addition, O'Brien may recommend fixed income securities fixed income oriented mutual funds and ETFs, including corporate and government bonds, commercial paper, and certificates of deposit (CDs), money market funds and cash.

There may also be additional types of investments that O'Brien will provide advice on if they are appropriate to address the individual needs, goals, and objectives of the client or in response to client inquiry.

##### **Assets Under Management**

O'Brien manages client assets in discretionary accounts on a continuous and regular basis. Because this is O'Brien's initial regulatory filing, there are no assets under management to report.

##### **Wrap Fee Programs**

O'Brien does not sponsor or participate in wrap fee programs.

#### **ITEM 5 --- FEES AND COMPENSATION**

##### **Fee Schedule**

O'Brien charges advisory fees for investment management services. All fees are negotiable. O'Brien's advisory fees are charged based on a percentage of the client's total assets under management. The maximum annual rate is 1% and under certain circumstances a minimum annual fee may apply. Under no circumstances will the advisory fee exceed 3%. The advisory agreement between O'Brien and the client will state the client's annual fee. Our standard fee

schedule may be negotiable based on a number of factors, which include but are not limited to “grandfathered” accounts, related accounts, and other structures that we may consider in special situations. We also manage some family and related accounts at a discount or without charge. Adviser may charge the custodian account for certain additional assets managed for Client by the Adviser (i.e. accounts not held by the Custodian, ‘household accounts,’ variable annuities, mutual funds, 401-K). (See Schedule B - Fee Schedule). Family Related Accounts are aggregated and fees are prorated using this Fee Schedule.

#### FEE SCHEDULE

1.00% of the first \$1,000,000

0.90% of the next \$2,000,000 (up to \$3,000,000)

0.75% of the next \$2,000,000 (up to \$5,000,000)

0.60% of the next \$5,000,000 (up to \$10,000,000)

0.50% of the next \$10,000,000 (up to \$20,000,000)

Lower fees for comparable services may be available from other sources.

#### **Billing Method**

O’Brien’s advisory fees are payable quarterly at the end of each calendar quarter in arrears. We charge one fourth of the annual fee each quarter based on the market value of the client’s portfolio as of the last day of the calendar quarter. At our discretion, adjustments may be made for withdrawals and/or contributions in excess of 10% of the market value of the account. For new client accounts, the calculation of the first payment will take into consideration the number of days in the quarter and the value of the portfolio at the end of the quarter.

With client authorization, O’Brien will automatically withdraw O’Brien’s advisory fee from the client’s account held by an independent custodian. All clients will receive brokerage statements from the custodian no less frequently than quarterly. The custodian statement will show the deduction of the advisory fee for those clients who authorize the advisory fees to be withdrawn directly from their custodian account. Clients who choose to not to have advisory fees withdrawn directly from the custodian account are expected to pay O’Brien upon receipt of the invoice. The invoice will include the fee calculation and amount due.

O’Brien’s fees do not include custodian fees. Clients pay all brokerage commissions, stock transfer fees, and/or other similar charges incurred in connection with transactions in accounts from the assets in the account, which are in addition to the fees client pays to O’Brien.

#### **Termination**

Either party may terminate the advisory agreement at any time by providing written notice to the other party. The client may terminate the agreement at any time by writing O’Brien at our office. Upon termination of the agreement the client’s account will be debited the prorated quarterly fee, charged in arrears.

## **Other Compensation**

O'Brien does not accept compensation for the sale of securities or other investment products. O'Brien's only compensation is the advisory fees clients pay to O'Brien.

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

O'Brien does not charge performance based fees. Performance based fees are those based on a share of capital gains on or capital appreciation of the assets of a client.

### ***ITEM 7 - TYPES OF CLIENTS***

O'Brien offers discretionary investment advisory services to individuals, high net worth individuals, trusts and estates, and individual participants of retirement plans. In addition, we offer advisory services to charitable organizations and businesses.

O'Brien does not have requirements, such as account minimums, for opening or maintaining an account.

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

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

O'Brien's clients' risk attitude ranges from conservative to aggressive. Clients are advised that their investments may come with additional risk.

Client portfolios with a similar investment objectives and asset allocation goals may own different securities. Timing and tax factors also influence O'Brien's investment decisions. Clients who buy or sell securities on the same day may receive different prices.

#### **Methods of Analysis for Selecting Securities**

O'Brien's strategy consists of purchasing, holding, and rebalancing a portfolio of publicly traded equities, bonds and mutual funds. O'Brien typically intends to hold these investments for over a year except when sales are necessary due to a change in the outlook for the investment, to rebalance the portfolio or to fund replacement acquisitions. When selecting investments, O'Brien may focus on the potential for income and/or growth, depending on the

client's investment objectives.

## **Investing Involves Risk**

Investing in securities involves risk of loss, and clients should be prepared to bear that risk. Prior to entering into an agreement with O'Brien, the client should carefully consider:

1. That investing in securities involves risk of loss which clients should be prepared to bear;
2. That securities markets experience varying degrees of volatility;
3. That over time the client's assets may fluctuate and at any time be worth more or less than the amount invested.

O'Brien does not primarily recommend a particular type of security

### ***ITEM 9 --- DISCIPLINARY INFORMATION***

O'Brien does not have any disciplinary information to disclose.

### ***ITEM 10 --- OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS***

O'Brien does not offer any other services or have any affiliates in the financial industry.

### ***ITEM 11 --- CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING***

## **Code of Ethics**

O'Brien believes that we owe clients the highest level of trust and fair dealing. Further, as part of our fiduciary duty, we place the interests of our clients ahead of the interests of the firm and our personnel. O'Brien's personnel are required to conduct themselves with integrity at all times and follow the principles and policies detailed in our Code of Ethics ("Code").

The Code covers a range of topics that may include: general ethical principles, reporting personal securities trading, exceptions to reporting securities trading, reportable securities, initial public offerings and private placements, reporting ethical violations, distribution of the Code, review and enforcement processes, amendments to Form ADV and supervisory procedures. The Code also includes O'Brien's policy that prohibits the use of material non-public information. Any principal or associate that does not observe the provisions of the Code may be subject to discipline.

O'Brien's Code attempts to address specific conflicts of interest that either we have identified or that could likely arise. O'Brien's personnel are required to follow clear guidelines from the Code of Ethics in areas such as gifts and entertainment, other business activities, and

adherence to applicable state and federal securities laws. All personnel receive a copy of each amendment of the Code, which they acknowledge in writing. Additionally, individuals who make securities recommendations to clients, or who have access to nonpublic information regarding any clients' purchase or sale of securities are subject to personal trading policies governed by the Code of Ethics. The personal trading policies are summarized below under *Personal Trading Practices*.

All conflicts of interest are fully disclosed, including Personal Trading activities. Our supervised persons are trained to understand and comply with securities laws.

O'Brien will provide a complete copy of the Code to any client or prospective client upon request.

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

The following items represent situations where a conflict of interest may exist between the client and O'Brien (including O'Brien's "related persons"). A "related person" includes our managing members and employees (excluding those performing only clerical functions).

#### **Personal Trading Practices**

O'Brien or our personnel may invest in or have a material financial interest in securities that we also recommend to clients. When O'Brien is purchasing or considering purchasing any security on behalf of a client, no employee of O'Brien may affect a transaction in that security prior to the completion of the purchase, until a decision has been made not to purchase such security, or unless the purchase is of *de minimis* value as outlined in the firm's Code of Ethics. Similarly, when O'Brien is selling or considering the sale of any security on behalf of a client, no employee may affect a transaction in that security prior to the completion of the sale, until a decision has been made not to sell such security, or unless the purchase is of *de minimis* value as outlined in the firm's Code of Ethics. The Code of Ethics includes reporting requirements for O'Brien's employees to report their personnel securities transactions and holdings. No *related persons* are permitted to buy or sell securities from a *client*.

In no instance will O'Brien or a related person be given a more favorable price than a client in any security. O'Brien addresses conflicts of interest as they arise by always putting his clients' interests first to ensure the personal trading practices are followed.

### ***ITEM 12 --- BROKERAGE PRACTICES***

Clients must maintain assets in an account at a "qualified custodian," generally a broker-dealer or bank. We will assist clients in opening accounts at select "qualified custodians".

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

O'Brien does not receive research or other products or services other than execution from a broker-dealer or a third party in connection with client securities transactions ("Soft Dollar Benefits").



### Brokerage for Client Referrals

O'Brien does not receive client referrals from any broker-dealer or third party in exchange for using that broker-dealer or third party.

### Directed Brokerage

In the event that a client directs O'Brien to use a particular broker-dealer for all trading, it should be understood that under these circumstances best execution may not be achieved. As O'Brien will not have authority to negotiate commissions, obtain volume discounts. In addition, under these circumstances a disparity in commission charges may exist between the commissions charged to other clients.

### **Aggregation and Allocation of Transactions**

The Advisor may combine orders into block trades when more than one account is participating in the trade. This blocking or bunching technique must be equitable and potentially advantageous for each such account (e.g. for the purposes of reducing brokerage commissions or obtaining a more favorable execution price). Block trading is performed when it is consistent with the duty to seek best execution and is consistent with the terms of Advisor's investment advisory agreements. Equity trades are blocked based upon fairness to client, both in the participation of their account, and in the allocation of orders for the accounts of more than one client. Allocations of all orders are performed in a timely and efficient manner. All managed accounts participating in a block execution receive the same execution price (average share price) for the securities purchased or sold in a trading day. Any portion of an order that remains unfilled at the end of a given day will be rewritten on the following day as a new order with a new daily average price to be determined at the end of the following day. Due to the low liquidity of certain securities, broker availability may be limited. Open orders are worked until they are completely filled, which may span the course of several days. If an order is filled in its entirety, securities purchased in the aggregated transaction will be allocated among the accounts participating in the trade in accordance with the allocation statement. If an order is partially filled, the securities will be allocated pro rata based on the allocation statement. Advisor may allocate trades in a different manner than indicated on the allocation statement (non-pro rata) only if all managed accounts receive fair and equitable treatment.

### ***ITEM 13 --- REVIEW OF ACCOUNTS***

#### **Managed Account Reviews**

We manage portfolios on a continuous basis and generally review all positions in client accounts at least quarterly. We offer account reviews to clients on an annual basis. Clients may choose to receive reviews in person or by telephone. Michael O'Brien, the Principal at O'Brien, conducts reviews based on a variety of factors. These factors may include but are not limited to stated investment objectives, economic environment, outlook for the securities markets, and the merits of the securities in the accounts.

In addition, we may conduct a special review of an account based one or more of the following:

1. A change in the client's financial objectives, guidelines and/or financial situation
2. Changes in diversification
3. Tax considerations
4. Material cash deposits or withdrawals

## **Account Reporting**

Each client receives a written statement from the custodian that includes an accounting of all holdings and transactions in the account for the reporting period. O'Brien may also provide additional reporting, such as portfolio holdings and performance, as agreed upon by O'Brien and the client on a case---by---case basis.

### ***ITEM 14 --- CLIENT REFERRALS AND OTHER COMPENSATION***

## **Professional Referrals**

O'Brien does not compensate any unrelated person directly or indirectly for client referrals. As a courtesy O'Brien may refer clients to unaffiliated professionals for specific needs, such as insurance planning, mortgage brokerage, real estate sales, and estate planning. Likewise, these professionals may refer clients to O'Brien for investment management needs. At O'Brien, we do not have any agreements with individuals or companies that we refer clients to, and we do not receive any compensation for these referrals. However, it could be concluded that O'Brien is receiving an indirect economic benefit from the arrangement.

O'Brien only refers clients to professionals we believe are competent and qualified in their field. It is ultimately the client's responsibility to evaluate the provider. We will generally provide the client with a list of professionals that the client can contact, and it is solely the client's decision whether or not to engage a recommended firm. Clients are under no obligation to purchase any products or services through these professionals, and O'Brien has no control over the services provided by another firm. Clients who chose to engage these professionals will sign a separate agreement with the other firm. Fees charged by the other firm are separate from and in addition to fees charged by O'Brien.

If the client desires, O'Brien will work with these professionals or the client's other advisers (such as an accountant and/or attorney) to help ensure that the provider understands the client's investments and to coordinate services for the client. O'Brien will never share information with an unaffiliated professional unless first authorized by the client.

### ***ITEM 15 --- CUSTODY***

O'Brien Investment Management does not accept custody of client funds or securities. This means that client assets will be held at a qualified custodian according to a separate written agreement between the client and the custodian. The client should expect regular reports at least quarterly from the custodian, and may contact Michael O'Brien with questions or concerns. The custodian's statements will include a telephone number, which the client may use to contact the custodian directly.

O'Brien has the ability to withdrawal advisory fees directly from a client's account. All client funds are held with a qualified custodian. O'Brien sends a copy of advisory fee invoices to the custodian at the same time as sending a copy directly to the client. The Custodian sends statements directly to the client no less than quarterly including all disbursements for the custodian account, including the amount of any advisory fees. All clients sign written authorization permitting O'Brien to be paid directly for their accounts held by the custodian.

The client may opt to have copies of his/her/their statements sent electronically by requesting this option in writing.

#### ***ITEM 16 --- INVESTMENT DISCRETION***

O'Brien has full discretion to decide the specific security to trade, the quantity, and the timing of transactions for client accounts. O'Brien will not contact clients before placing trades in their account, but clients will receive confirmations directly from the broker for any trades placed. Clients grant us discretionary authority in the contracts they sign with us. Clients also give us trading authority over their accounts when they sign the custodian paperwork.

However, certain client-imposed conditions may limit O'Brien's discretionary authority, such as where the client prohibits transactions in specific security types or directs O'Brien to execute transactions through specific broker-dealers. See also **Item 4 - Tailored Services and Client Imposed Restrictions** and **Item - 12 Brokerage Practices**, above.

#### ***ITEM 17 --- VOTING CLIENT SECURITIES***

O'Brien does not vote proxies for securities held in client accounts. Proxies will be sent directly from the custodian to the client, and the client will have the ability to render an independent vote.

#### ***ITEM 18 --- FINANCIAL INFORMATION***

O'Brien does not have custody of client assets, and does not charge fees in excess of \$500 more than 6 months in advance of providing service. O'Brien does not have discretion or trade authorization related to client accounts unless these powers are agreed upon in writing and signed for each account.

O'Brien's Principal is aware of no financial condition that would prevent delivery of services to clients.

Michael O'Brien, O'Brien Investment Management and any person or entity under direct or indirect control have not claimed protection from creditors, nor have they ever filed bankruptcy. O'Brien has never been the subject of a bankruptcy petition.

## ***ITEM 19 --- REQUIREMENTS FOR STATE-REGISTERED ADVISERS***

### **PRINCIPAL EXECUTIVE OFFICERS**

Michael O'Brien, CRD #1296751 is the sole Principal of O'Brien Investment Management and services in the capacity of President and Chief Compliance Officer.

### **EDUCATION, BUSINESS AND PROFESSIONAL BACKGROUND**

#### ***Education:***

BS Business Administration – Finance, University of Southern California 1987

CFA Charter holder, 1992

#### ***Business:***

July 2016 to Present	O'Brien Investment Management, LLC Rolling Hills Estates, CA Partner
December 2012 to July 2016*	Evercore Wealth Management Los Angeles, CA Partner and Senior Portfolio Manager
April 2008 to December 2012	Mt. Eden Investment Advisors Los Angeles, CA Partner and Senior Portfolio Manager
June 1996 to April 2008	BNY Mellon Wealth Management Los Angeles, CA Senior VP and Senior Portfolio Manager
1991 to June 1996	Leland F. Parker & Associates Huntington Beach, CA Portfolio Manager

***Professional:***

2002 to 2005	Member of CFA Institute Council of Examiners
2006 to 2007	Member of CFA Institute Private Wealth Task Force

\*Evercore acquired Mt. Eden Investment Advisors in December of 2012

**OTHER BUSINESS ACTIVITIES**

Mr. O'Brien has no outside or other business activities to disclose.

**PERFORMANCE BASED FEES**

O'Brien Investment Management does not charge performance based fees.

**INVOLVEMENT IN ARBITRATION CLAIM OR OTHER LEGAL PROCEEDINGS**

Neither O'Brien Investment Management nor Michael O'Brien has been subject to any legal or regulatory disciplinary events.

**ARRANGEMENT WITH ISSUERS OF SECURITIES**

Neither O'Brien Investment Management nor Michael O'Brien has formal or informal relationships with issuers.

**MATERIAL CONFLICTS OF INTEREST**

O'Brien has disclosed any material conflicts of interest regarding the investment adviser, its representatives and any of its employees, which could be reasonably expected to impair the rendering of unbiased and objective advice. O'Brien promotes fair, equitable and ethical principals.