

Part 2A Appendix 1 of Form ADV

**ITEM 1. Cover Page**

Oppenheimer Asset Management Inc.  
85 Broad Street  
New York, NY 10004

August 23, 2019

This wrap fee program brochure (the “Brochure”) provides information about the qualifications and business practices of Oppenheimer Asset Management Inc. If you have any questions about the contents of this brochure, please contact please contact James Capezzuto at [james.capezzuto@opco.com](mailto:james.capezzuto@opco.com).

The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Additional information about Oppenheimer Asset Management Inc. is available on the SEC’s website at: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Registration with the SEC as an investment adviser does not imply a certain level of skill or training.

## **Item 2. Material Changes**

This update reflects changes to the fee schedules. The annual update to the Form ADV Part 2A Appendix 1 of Oppenheimer Asset Management Inc. (“OAM”) was filed on March 19, 2019 and included the following material regulatory matter: On March 11, 2019, OAM and its affiliate Oppenheimer & Co Inc. (“Oppenheimer”) became subject to an order (the “Order”) with the Securities and Exchange Commission (“SEC”). The Order arose out of recommendations or purchases made by Oppenheimer or OAM for advisory clients during the period from January 1, 2014 through August 15, 2018 ( the “Relevant Period”) of mutual fund share classes that charged 12b-1 fees instead of lower cost share classes of the same funds for which clients were eligible. During the Relevant Period, Oppenheimer and its Financial Advisors received 12b-1 fees for advising clients to invest in or hold such mutual fund share classes. Oppenheimer and OAM self-reported to the SEC the violations discussed in the Order pursuant to the SEC’s Division of Enforcement’s Share Class Selection Disclosure Initiative. Pursuant to the Order, Oppenheimer and OAM were censured and agreed to (i) pay \$3,528,377 consisting of disgorgement of \$3,169,123 and prejudgment interest of \$359,254, (ii) cease and desist from committing or causing any violations and future violations of Sections 206(2) and 207 of the Investment Advisers Act of 1940 (the “Advisers Act”) and (iii) distribute the amount of \$3,528,377 to affected investors during the Relevant Period. Oppenheimer and OAM also undertook to (i) review and correct as necessary all relevant disclosure documents concerning mutual fund share class selection and 12b-1 fees, (ii) evaluate whether existing clients should be moved to a lower cost share class and move clients as necessary, (iii) evaluate, update if necessary and review the effectiveness of implementation of policies and procedures so that they are reasonably designed to prevent future violations of the Advisers Act in connection with disclosures regarding mutual fund share class selection.

A summary of any material changes to this and subsequent Brochures will be provided to you within 120 days of the close of our business’ fiscal year. We may also provide you with additional updates or other disclosure information at other times during the year in the event of any material changes to our business.

You may request the most recent version of this brochure by contacting James Capezzuto at [james.capezzuto@opco.com](mailto:james.capezzuto@opco.com).

**Item 3. Table of Contents.**

Item 1. Cover Page	Cover Page
Item 2. Material Changes.....	2
Item 3. Table of Contents .....	3
Item 4. Services, Fees and Compensation .....	4
Item 5. Account Requirements .....	13
Item 6. Portfolio Manager Selection and Evaluation .....	14
Item 7. Client Information Provided to Portfolio Managers .....	26
Item 8. Client Contact with Portfolio Managers .....	26
Item 9. Additional Information .....	26

#### **Item 4. Services, Fees and Compensation.**

Oppenheimer Asset Management Inc. (“OAM”) is a registered investment adviser and an affiliate of Oppenheimer & Co. Inc. (“Oppenheimer”), a registered investment adviser, a registered broker-dealer and a member of the New York Stock Exchange, Inc. and the Financial Industry Regulatory Authority, Inc.

OAM offers a number of advisory programs that are described in this brochure. Services include discretionary and non-discretionary programs. The programs described in this brochure are called wrap fee programs because a number of services are provided by OAM and Oppenheimer for a fee and transaction costs are not incurred for transactions executed by Oppenheimer.

Oppenheimer receives 12b-1 fees as a result of investments in certain mutual funds. Mutual funds generally offer multiple share classes, some of which do not result in 12b-1 fees. Any 12b-1 fees paid to Oppenheimer attributable to fund shares held in your advisory account will be credited back to clients by the firm on a monthly basis for those days that the account is managed. The payment of 12b-1 fees presents a conflict of interest for OAM and Oppenheimer and provides an incentive to recommend investments based on the compensation received from the receipt of 12b-1 fees, rather than on a client’s needs or the existence of a less expensive share class even when a client is eligible for a lower-cost share class of the same fund. The firm mitigates this conflict by crediting back 12b-1 fees to the client.

OAM advisory programs make available mutual funds which offer various classes of shares, including shares generally designated as Class A shares or other classes that pay 12b-1 fees, and certain shares classes that do not pay 12b-1 fees. In other instances, a mutual fund may offer only classes that pay 12b-1 fees, but another similar mutual fund may be available that offers share classes that do not pay 12b-1 fees. It is generally more expensive for a client to own shares that pay a 12b-1 fee. By offering 12b-1 share classes as well as non-12b-1 share classes, a conflict of interest exists for OAM, Oppenheimer and Financial Advisors because there is a financial incentive for the Financial Advisor to recommend a more expensive 12b-1 fee paying share class even when a client is eligible for a lower-cost share in the same or a comparable mutual fund. The firm mitigates this conflict by crediting back to the client 12b-1 fees received.

Cash balances in all programs sponsored by OAM are invested automatically in certain participating banks in the Advantage Bank Deposit Program. Oppenheimer receives a fee from each deposit bank. The amount of the fee paid to Oppenheimer will affect the interest rate paid on Deposit Accounts. To the extent more of the fee paid is retained by Oppenheimer the interest rate paid to clients on Deposit Accounts will be less.

The Advantage Bank Deposit Program (ABD Program) is significantly more profitable to Oppenheimer than money market fund sweep vehicles. The fee payable to Oppenheimer may be as high as 5% of the household balances invested in the ABD Program. Oppenheimer retains fees earned on cash deposits for accounts in the ABD Program. OAM also charges an advisory fee on those cash balances. OAM earns advisory revenue on cash balances invested in the ABD Program and Oppenheimer earns administrative fees paid by bank participants for administration. Clients in non-discretionary advisory programs should compare their non-discretionary advisory programs to a brokerage account that does not charge a fee to the Client on cash balances or to a money market mutual fund. Oppenheimer does receive administrative fees in the ABD Program in brokerage accounts. For certain programs in which OAM exercises investment discretion, OAM determines the level of cash in the account. This creates a conflict of interest for Oppenheimer and OAM since they are paid both the advisory fee and the bank administration fee. OAM believes this conflict is mitigated due to the fact that OAM employees that exercise discretion over an account do not receive a portion of the bank administrative fee. Money market mutual funds are available as alternative solutions to the ABD program. However, the client or the client’s FA must request access to these funds for advisory accounts as all advisory cash accounts are currently invested automatically in the ABD Program. Money market mutual funds also have different risk and return profiles than the ABD Program, including that most money market funds do not qualify for FDIC insurance. Clients should consult with their FA to compare money market mutual funds with the ABD program.

### OAM as Fiduciary to You

As a registered investment adviser under the Investment Advisers Act of 1940 (the “Advisers Act”), OAM has an obligation to act as a fiduciary according to legal standards set forth under the Advisers Act, certain state laws and common law in the way that we provide advisory services to you.

### What does it mean to act as a Fiduciary?

- We need to act in your best interests.
- We need to place your interest ahead of our own.
- We must disclose material facts about our advisory programs.
- We design our advisory programs to avoid conflicts of interest.

but if there is a potential for a conflict, we disclose the conflict to you.

Our recommendations to you are based on our investment due diligence process and our understanding of your investment goals and risk tolerance.

- We will not engage in principal trading (trades between your accounts and our proprietary accounts) without your consent.
- We will disclose the fees that you pay and compensation that we receive.

The programs in this brochure charge a “wrap fee”. Each program consists of the following services:

- Investment services of OAM and your Financial Advisor.
- Trading, execution and settlement through Oppenheimer
- Custody through Oppenheimer
- Client reporting

The fees we charge are negotiable and may differ from client to client based on a number of factors including the type and size of the account and the range of client related services to be provided to the Account. The maximum fee for each program is set forth under the description of each program. The minimum annual fee for an account in any program is \$250. The minimum fee will not apply if the account is at least \$50,000 or advisory accounts in a client’s household are at least \$250,000.

Fees are billed quarterly in advance. You will receive a pro rata refund of fees if you terminate your account before the end of a quarter. You should contact your Financial Advisor or Branch Officer Manager to initiate the refund process.

### Discounting

Financial Advisors can charge a client up to the maximum fee for each program. Financial Advisors receive less than their standard payout when accounts are priced below certain levels. This creates an incentive for Financial Advisors to price accounts at or above certain levels. All assets held at Oppenheimer (including brokerage assets)

that are part of your client relationship may be used by your Financial Advisor to determine pricing for your advisory accounts.

#### Suitability of an Asset Based Fee

You may pay more or less in an OAM wrap fee program than you might otherwise pay if you purchased the services separately. Several factors will affect whether your costs are more or less in a wrap program as compared to a brokerage or other type of advisory program including the following:

- Size of the portfolio
- Trading activity in the Account
- Whether a third party manager (STAR or UMA) uses Oppenheimer's trading and execution services or trades through other broker dealers

Your advisory fee will not be reduced if

- Your account has low or no trading activity
- Your third party manager elects to trade away from Oppenheimer
- You decide not to follow our investment advice in a nondiscretionary program or
- You decide not to access reports provided in the program

The Programs in this brochure generally are designed for

- Clients who want to implement a medium to long term investment plan
- Clients who seek and plan to use the advice of an investment professional either in non-discretionary programs or discretionary programs
- Clients who prefer the consistency of fee based pricing
- Clients who want investment advice, custody, trading and execution services and performance reporting in an all-inclusive account rather than buying these services separately

The fee structures for these programs may not be appropriate for Clients who have the following expectations

- A short term investment horizon
- Expect to maintain high levels of cash or money market funds
- Clients who want to hold and maintain highly concentrated positions
- Clients who expect to make continuous withdrawals

Certain strategies are available in several programs. The fees you pay will vary depending on the program you select and the structure of the program (unified managed account or dual contract). A manager's strategy may also be available in a mutual fund that is available in the PAS mutual fund program.

#### Trade Execution Cost through other Broker Dealers

Your wrap fee includes the cost of portfolio transactions executed through Oppenheimer.

Your third party manager may choose to execute trades through other broker dealers. These trades are called "step out trades". You may be charged commissions or other trading costs (such as mark ups) by the other broker dealers executing the trades. Trading costs may be embedded into the price of the security transaction executed in your account. The third party manager is responsible for monitoring that any additional commissions or mark ups

charged to you when they decide to step out trades are consistent with their best execution obligations. If your third party manager does not execute trades through Oppenheimer and does not take action to ensure that you do not incur additional costs, the selection of that manager may not be a cost effective option for you. OAM includes in the Quarterly Portfolio Review provided to clients the names of managers that trade away for specific strategies and additional costs that would be incurred on a representative \$100,000 account.

Advisory fees may be calculated based upon a different data feed than that used to generate account statements. The data feed will differ in its treatment of factors such as accrued interest and trades pending settlement.

#### Oppenheimer Investment Advisers – the OIA Program

Oppenheimer Investment Advisers (“OIA”), a division of OAM, provides discretionary fixed income advisory services through the OIA wrap fee program.

The maximum fee for accounts opened after January 1, 2009 in the OIA program is

0.80% of the value of the account

Fees are negotiable based upon factors that may include the size of the overall client relationship and the discretion of the client’s Financial Advisor. Please note fees for High Yield Tax Exempt accounts are not negotiable.

The fee for a tax exempt bond laddered portfolio is 0.50% of the asset value of the Account. Fees are negotiable based upon factors that may include the size of the overall client relationship and the discretion of the client’s Financial Advisor. Minimum account size \$125,000.

The fee schedule for High Yield accounts is 1.00% of the value of the account.

The fee for your OIA account will be adjusted in the next billing period for each addition to or withdrawal from your account of \$25,000 or more.

OAM has entered into a sub-advisory agreement with Green Square Capital, LLC (“Green Square”) in which OAM has retained Green Square to act as the sub-advisor to the separate account clients of OAM’s discretionary management services for its high yield tax exempt strategy.

The maximum fee for High Yield Tax Exempt accounts is 1.25% of the value of the account.

The services that are provided for the fee include portfolio management, performance reporting, and custody services provided by Oppenheimer.

Generally, fixed income securities transactions will be executed through broker-dealers other than Oppenheimer on a principal basis.

The OIA program may cost a client more or less than the cost of purchasing these services separately, depending on the number of transactions effected and the ability to obtain lower cost services elsewhere.

In addition to the fee, clients pay dealer markups or markdowns in principal transactions with broker dealers other than Oppenheimer, or commissions charged by broker dealers other than Oppenheimer, ADR agency processing fees, odd lot differentials, Exchange or SEC fees, transfer taxes and any other charges imposed by law. Assets held in the account in cash will be invested at certain participating banks in the Advantage Bank Deposit Program.

Financial Advisors of Oppenheimer receive a portion of the fee paid by their clients in the OIA program ranging from 0.0% to 0.75%. The amount of this compensation may be more than what the Financial Advisor would receive

if the client participated in other programs or paid separately for investment advice, brokerage and other services. A Financial Advisor in certain instances will have a financial incentive to recommend the OIA program over other programs or services.

#### OIA-Retirement Plan

OAM is the sponsor of an OIA program for retirement plans that are governed by the Employee Retirement Income Security Act of 1974, as amended (“ERISA”) and IRAs. The program is called OIA-Retirement Plan. The OIA-Retirement Plan program offers the same services as the OIA program. .

The maximum fee is 0.80% of the value of the account.

The fee for your OIA retirement account will be adjusted in the next billing period for each addition to or withdrawal from your account of \$25,000 or more.

The OIA High Yield Tax Exempt account program is not available for retirement accounts.

#### Unified Managed Account Program

OAM is the sponsor of the Unified Managed Account (“UMA”) program. Investment managers available through UMAs include managers who provide model portfolios but do not exercise investment discretion over their strategies and others that exercise limited or shared investment discretion over their strategies (including OIA). Accounts may include one or more investment strategies, mutual funds or exchange-traded funds (“ETFs”). OAM acts as overlay portfolio manager for UMA accounts and exercises investment discretion with respect to model portfolio strategies. The maximum fees set forth below include the fee payable to OAM for overlay portfolio management and fees to UMA discretionary investment managers and sub-managers.

In addition to portfolio management services, the UMA program offers asset allocation services, custody and execution services through Oppenheimer, performance reporting and ongoing monitoring of portfolio managers.

The maximum fees for the UMA program are as follows:

##### For Equity and Balanced Managers

3.00%

##### For Fixed Income Managers

0.80%

##### The fees for mutual funds in UMAs are as follows:

1.75%

##### The fees for ETFs and ETF Managers in UMAs are as follows:

1.50%

The fee for your UMA account will be adjusted in the next billing period for each addition to or withdrawal from your account of \$25,000 or more.

Certain investment managers are available through UMAs at fees that are higher or lower than the fees indicated above. The list of managers with higher or lower fees is available upon request. Clients are informed if they have selected a manager with a higher or lower fee.



The minimums for UMA accounts in the program range from \$10,000 to \$500,000 for MAS Portfolios and from \$10,000 to \$250,000 for Flex Portfolios depending upon the managers, ETFs and mutual funds selected.

OAM has created UMA portfolios with designated managers, ETFs and /or mutual funds which are called Managed Allocation Series (“MAS”) Portfolios. OAM has discretion to change the allocations within a MAS Portfolio and to change the managers, ETFs or mutual funds in a MAS Portfolio. Clients also may select their own allocations in UMAs which are called “Flex Portfolios.” Within a Flex Portfolio, clients may select managers, ETFs or mutual funds among the managers, ETFs and mutual funds that are available in UMAs. Clients may change the allocations, managers, ETFs or mutual funds in a Flex Portfolio at their discretion. If you select a UMA Flex Portfolio you acknowledge that you have been provided with a choice of managers, mutual funds or ETFs for each asset class in your portfolio.

Managers, ETFs and mutual funds in the MAS Portfolio and Flex Portfolios may be selected from a group of eligible managers, funds and ETFs. Some managers, funds and ETFs are on OAM’s Focus List. Managers, funds and ETFs on the Focus List are subject to a higher level of initial and ongoing review by OAM.

The fees charged for UMAs may differ from what it would cost to purchase these services separately. Client can purchase ETFs and mutual funds in their brokerage accounts without paying an advisory fee to OAM.

In addition to the fee, clients pay dealer markups or markdowns in principal transactions with broker dealers other than Oppenheimer, or commissions charged by broker dealers other than Oppenheimer, ADR agency processing fees, odd lot differentials, Exchange or SEC fees, transfer taxes and any other charges imposed by law, or any mutual fund expenses including redemption charges. Assets held in the account in cash will be invested at certain participating banks in the Advantage Bank Deposit Program. Shareholders in mutual funds bear their proportionate share of the expenses of the mutual fund.

Certain UMA managers provide OAM with updates to their model portfolios after such managers have traded their discretionary client accounts. This order of execution results in OAM clients receiving less favorable execution than discretionary clients of such UMA managers in certain instances.

Financial Advisors of Oppenheimer receive a portion of the fee paid by their clients in the UMA program. The amount of this compensation may be more than what the Financial Advisor would receive if the client participated in other programs or paid separately for investment advice, brokerage and other services. A Financial Advisor may therefore have a financial incentive to recommend the UMA program over other programs or services. Oppenheimer Branch Managers review each new advisory account for suitability.

#### Unified Managed Account Program - Retirement Plan

OAM is the sponsor of a UMA program for retirement plans that are governed by ERISA and IRAs. The program is called UMA-Retirement Plan. The UMA-Retirement Plan program offers the same services as the UMA program but with a different fee structure. In the UMA-Retirement Plan program, OAM charges a fee of 2.70% for all UMA accounts inclusive of the fee for overlay portfolio management. Clients also pay a separate fee to investment managers that they select. No additional fee will be paid for any portfolio managers or UMA managers selected by the client that are affiliated with OAM.

#### Strategic Asset Review – STAR Program

OAM is the sponsor of the Strategic Asset Review (“STAR”) program. In the STAR program, OAM offers consulting services including identification and monitoring of researched portfolio managers, quarterly performance reporting and asset allocation recommendations. Oppenheimer provides custody and execution services. Clients in the STAR program enter into portfolio management agreements directly with the portfolio management firms that they select at fees negotiated by the client. OAM does not have authority to select portfolio managers for clients in the STAR program. Clients in the STAR program may select portfolio managers that OAM does not recommend.

The maximum fee payable to OAM for the STAR program is as follows:

Equity and Balanced Accounts

2.25%

Fixed Income Accounts

0.50%

The fee for your STAR account will be adjusted in the next billing period for each addition to or withdrawal from your account of 10% or more of the market value of the account at the end of the quarter.

The fees charged for STAR accounts may differ from what it would cost to purchase these services separately depending upon the number of transactions affected and the ability of the client to obtain lower cost services elsewhere.

OAM has instructed third party managers that if transactions are executed on an agency basis through broker dealers other than Oppenheimer, any additional transaction costs must be disclosed to OAM.

In addition to the fee, clients pay dealer markups or markdowns in principal transactions with broker dealers other than Oppenheimer, ADR agency processing fees, odd lot differentials, Exchange or SEC fees, or foreign stock exchange fees for transactions in local shares, transfer taxes and any other charges imposed by law. Assets held in the account in cash will be invested at certain participating banks in the Advantage Bank Deposit Program.

Financial Advisors of Oppenheimer receive a portion of the fee (or commission if commission based account) paid by their clients in the STAR program. The amount of this compensation may be more than what the Financial Advisor would receive if the client participated in other programs or paid separately for consulting services brokerage and custody depending on whether clients can obtain lower cost services elsewhere. A Financial Advisor may have a conflict of interest in recommending the STAR program over other programs or services. Oppenheimer Branch Managers review each new advisory account for suitability.

STAR-Retirement Plan Program

OAM is the sponsor of the STAR program for retirement accounts ("STAR-Retirement Plan"). The STAR-Retirement Plan program offers the same services as the STAR program but with a different fee structure. In the STAR-Retirement Plan program, OAM charges a maximum fee of 2.25%. Clients pay separate fees to the portfolio managers that they select. The fee for your STAR retirement account will be adjusted in the next billing period for each addition to or withdrawal from your account of 10% or more of the market value of the account at the end of the quarter.

Portfolio Advisory Services Program

OAM is the sponsor of the Portfolio Advisory Services ("PAS") Flex program and the PAS Managed Allocation Series ("MAS") program.

In the PAS Flex program OAM assists clients in developing asset allocation strategies and identifying mutual funds that appear to be compatible with clients' investment objectives and provides quarterly performance reporting. Clients in the PAS Flex program select mutual fund and unit investment trust investments from those available in the program and may choose mutual funds that OAM has not identified for the client. OAM does not exercise investment discretion in the selection of mutual funds for a client's PAS Flex account.

The maximum fee for the PAS Flex program is 1.50%

OAM also offers an offshore version of PAS for non-U.S. investors to invest in offshore funds. The offshore PAS program is offered only outside of the United States to persons who are not U.S. persons as defined under Regulation S adopted under the Securities Act of 1933.

In the PAS MAS program, OAM offers pre-constructed portfolios of mutual funds, and exchange traded funds (“funds”) that are designed to provide asset allocation strategies for clients. OAM monitors the funds in these portfolios and exercises investment discretion to change the allocations or the funds, if appropriate. The PAS MAS program also provides performance reporting. Execution of fund transactions and custody services are provided by Oppenheimer.

The maximum fee for the PAS MAS program is  
1.75%

In addition to the PAS or PAS MAS fee, clients may pay charges imposed by law or by any fund including redemption charges. Shareholders in funds bear their proportionate share of the expenses of the fund. The fee for an account in the PAS Flex, MAS or PAS Offshore program will be adjusted in the next billing period for each addition to or withdrawal from your account of 10% or more of the account’s market value at the end of the quarter. .

Some mutual fund companies offer advisory share classes that generally have a lower expense ratio than class A shares. OAM will inform Financial Advisors when advisory classes are available in the program as practicable.

The amount of compensation received by the Financial Advisors of Oppenheimer will in certain cases be more than what the Financial Advisors of Oppenheimer would receive if the client participated in other programs, including programs without less expensive share classes, or if the client paid separately for investment advice, brokerage or other services. An Oppenheimer Financial Advisor has a conflict of interest and financial incentive to recommend the PAS or PAS MAS program over other programs or services in light of this additional compensation.

Financial Advisors of Oppenheimer receive a portion of the fee paid by their clients in the PAS and PAS MAS programs. The amount of this compensation may be more than what the Financial Advisor would receive if the client participated in other programs or paid separately for investment advice, brokerage or other services. A Financial Advisor may have a financial incentive to recommend the PAS or PAS MAS program over other programs or services.

#### PAS Flex and PAS MAS – Retirement Plan

OAM is the sponsor of a PAS program for retirement plans and IRA accounts (“PAS Flex-Retirement Plan”) and a PAS MAS program for retirement plans (“PAS MAS -Retirement Plan”). The PAS-Retirement programs offer the same services as each respective non-retirement PAS programs.

The maximum fee for the PAS Flex retirement program is 1.50%

The fee for a PAS Flex or PAS MAS Retirement account will be adjusted in the next billing period for each addition or withdrawal from your account of 10% or more of the account’s market value at the end of the quarter.

The maximum fee for the PAS MAS retirement program is  
1.75%

#### Portfolio Enhancement Program and Put Hedged Portfolio Enhancement Program

OAM is the sponsor of the Portfolio Enhancement program (“PEP”) and the Put Hedged Portfolio Enhancement program (“Put Hedged PEP”). The PEP program is a discretionary advisory program that uses the sale of broad based index options to enhance the return on a portfolio of securities. Options are sold for up to 40 (or more) trading

day periods with strike prices significantly apart from current market levels. The strike price is the specified price on an option contract at which the option may be exercised. The portfolio of securities is held at a separate brokerage account at Oppenheimer. In the Put Hedged PEP program, a far out of the money put is purchased to establish a floor on possible losses should the Standard & Poor's 500 Index decline by a large amount. A far out of the money put is one whose exercise price is well below the market price of the underlying stock. As part of its strategy PEP sells uncovered options. Selling uncovered options involves a high degree of risk and is not suitable for all investors. In some cases losses can be unlimited. Suitability requirements include financial sophistication and the ability to withstand a loss of equity. The Options Clearing Corporation ("OCC") Disclosure Document entitled "Characteristics and Risk of Standardized Options" and the supplement titled "Special Statement for Uncovered Option Writers" is provided to investors for additional information on risk of options. The PEP and Put Hedged PEP programs also provide execution and custody services through Oppenheimer.

The fees for PEP and Put Hedged PEP are as follows:

Clients are charged a flat fee per "unit" which includes fees for brokerage, custody and execution and advisory services. A "unit" is an administratively determined minimum amount. OAM may waive the minimum at its discretion at a fee that will be negotiated with the client. It utilizes a maximum of \$1,250,000 of "funds available" released from collateral provided by marginable securities held in the client's brokerage account at Oppenheimer. The collateral provides backing for the sale of uncovered options. Different forms of collateral (i.e., stocks, municipal bonds, treasury bills) release varying amounts as determined by the brokerage firms and their regulatory authorities. The actual amount of options contracts in a unit at any time is at the sole discretion of Oppenheimer. The fees per unit shown in US dollars are as follows:

PEP Units	Monthly Fee	Annual Fee
0.5	1,000	12,000
1	1,850	22,200
1.5	2,700	32,400
2	3,600	43,200
2.5	4,400	52,800
3	5,000	60,000
3.5	5,700	68,400
4	6,200	74,400

Fees are negotiable based upon factors that include the overall size of the client relationship and the discretion of the client's Financial Advisor. The monthly fee increases by increments of \$1,000 per unit for unit amounts greater than four units.

Financial Advisors of Oppenheimer receive a portion of the fee paid by their clients in the PEP or Put Hedged PEP program. The amount of this compensation may be more than what the Financial Advisor would receive if the client participated in other programs or paid separately for investment advice, brokerage or other services. A Financial Advisor may have a financial incentive to recommend the PEP or Put Hedged PEP program over other programs or services.

#### Cash Balances invested in Advisory Programs

Cash balances in the advisory programs sponsored by OAM are invested automatically in deposit accounts ("Deposit Accounts") at certain participating banks in the Advantage Bank Deposit Program. Oppenheimer will

receive a fee from each participating bank. The amount of the fee paid to Oppenheimer will affect the interest rate paid on Deposit Accounts. To the extent more of the fee paid is retained by Oppenheimer, the interest rate paid to clients on Deposit Accounts will be less.

The Advantage Bank Deposit Program is significantly more profitable to Oppenheimer than money market fund sweep vehicles. The fee payable to Oppenheimer may be as high as 5% of the household balances invested in the Advantage Bank Deposit Program. Oppenheimer retains fees earned on cash deposits for accounts in the ABD Program. OAM also charges an advisory fee on those cash balances. OAM earns advisory revenue on cash balances invested in the ABD Program and Oppenheimer earns administrative fees paid by bank participants for administration. Clients in non-discretionary advisory programs should compare their non-discretionary advisory programs to a brokerage account that does not charge a fee to the Client on cash balances or to a money market mutual fund. Oppenheimer does receive administrative fees in the ABD Program in brokerage accounts. For programs in which OAM has investment discretion, OAM determines the level of cash in the account. This creates a conflict of interest for OAM which is paid the advisory fee while Oppenheimer receives the bank administration fee. OAM believes this conflict is mitigated due to the fact that OAM employees that exercise discretion over an account do not receive a portion of the bank administrative fee. Money market mutual funds are available as alternative solutions to the ABD program. However the client or the client's FA must request access to these funds for advisory accounts as all advisory cash accounts are currently invested automatically in the ABD Program. Money market mutual funds also have different risk and return profiles than the ABD Program, including that most money market funds do not qualify for FDIC insurance. Clients should consult with their FA to compare money market mutual funds with the ABD program.

#### Selection of Advisory Program

Oppenheimer Financial Advisors provide retirement plan clients with information about various advisory programs offered by Oppenheimer and OAM. No representative of Oppenheimer or OAM provides individualized advice to retirement plan clients based on the particular needs of the plan regarding the selection of an advisory program. The selection of an advisory program is made by the retirement plan's Responsible Plan Fiduciary.

#### **Item 5. Account Requirements and Types of Clients**

OAM's wrap fee program clients include individuals, pension and profit sharing plans, trusts, charitable organizations, business and government entities and endowments.

To enroll in any of the programs covered in this brochure except for PEP and Put Hedged PEP programs, you must complete an investment questionnaire with the assistance of your Financial Advisor. You would then enter into the Single Advisory Agreement which would govern the terms of your existing and future advisory accounts for the programs covered in that agreement. The PEP and Put Hedge PEP programs have separate agreements and require additional documentation. You also will be required to execute a brokerage agreement with Oppenheimer.

Minimum Account Sizes:

#### OIA

OIA has minimum account sizes for different investment strategies as follows:

\$150,000	Investment Grade Tax-Exempt Accounts
\$250,000	High Yield Tax Exempt Accounts
\$150,000 - \$250,000	Core, Core Plus, Corporate Core Plus, High Yield and Intermediate Taxable Accounts, Insurance Accounts
\$500,000	Cash Management Accounts

Please note OAM may accept accounts below the minimum at its discretion based upon factors that may include the size of the overall client relationship and the discretion of the client's Financial Advisor.

### STAR

The minimum for a STAR account held at Oppenheimer is \$100,000 (with higher minimums for certain STAR managers). STAR accounts that are custodied away from Oppenheimer have a minimum of \$1,000,000.

### PAS Flex and PAS MAS

The minimum for a PAS Flex account, a PAS MAS and Offshore PAS account is \$10,000.

### PEP and Put Hedged PEP

The minimum collateral-release for a PEP account and Put Hedged PEP account is \$1,250,000.

Participants in the PEP and Put Hedged PEP programs must meet Oppenheimer's uncovered suitability requirements, complete Oppenheimer's Option Application and have a net worth of \$3 million with a minimum account size of \$1.25 million of released collateral. PEP and Put Hedged PEP involve a high degree of risk. Clients in these programs should be financially sophisticated and able to withstand loss of equity.

Minimum account sizes may be waived in the discretion of OAM.

## **Item 6. Portfolio Manager Selection and Evaluation**

Eligibility of Mutual Funds for the PAS Program.

In order for a mutual fund to be an Eligible Fund in the PAS program, the

Fund family must meet operational standards, minimum asset levels and be accessible in third party databases. An individual fund must have a certain asset level and length of performance history.

OAM uses an internal proprietary rating system to assess initial fund recommendations in the PAS program. Funds ranked Permitted can be recommended by Financial Advisors and purchased for all accounts. Funds ranked Limited may be purchased by current shareholders. Funds ranked Restricted cannot be recommended by Financial Advisors and can be purchased by clients only on an unsolicited basis.

### Eligibility of Strategies for the UMA Program and Managers for the STAR Program

OAM conducts a review process before strategies become available in the UMA program and managers become available in the STAR program and conducts ongoing reviews thereafter. A higher level of review is conducted for strategies and funds to be on the Focus List.

Strategies and funds on the Focus List include firms with an active investment approach and may follow a concentrated investment approach.

Additions or deletions from the Focus List must be approved by OAM's Investment Committee.

OAM uses quantitative and qualitative standards to select strategies and funds for the Focus List. Prospective portfolio managers and mutual funds must complete a questionnaire providing detailed information about their history, asset breakdown, investment team and turnover, investment philosophy and process, risk controls, trading and compliance infrastructure, client service capability and historical performance. OAM uses a third party risk model to evaluate historical portfolio holdings. The risk model is a holdings-based risk tool designed to decompose a portfolio's risk into individual components, systematic risk and non-systematic risk. OAM compares the



manager's description of its process to the quantitative analysis generated by the third party firm. OAM evaluates a manager's past performance to determine whether a style bias accounts for positive performance in a particular market cycle or whether performance is attributable to the manager. OAM also analyzes a portfolio manager's strategy to determine whether the addition of that strategy will diversify the available strategies available in OAM's wrap programs. OAM conducts an on site visit at the portfolio manager's offices to observe the culture of the firm.

#### How OAM Monitors and Reviews the Managers in the Program

OAM monitors strategies and funds on the Focus List on an ongoing basis.

- The due diligence team at OAM reviews factors that we think may create risks to the portfolio's returns.
- The due diligence team at OAM monitors market performance and its impact on managers/mutual funds on the Focus List.
- The due diligence team OAM reviews investment manager/mutual funds returns and new information about investment managers/mutual funds. The due diligence team determines additions to and elimination of managers/funds in the program.
- The due diligence team interviews the portfolio managers/mutual funds to review the past quarter's performance. We discuss the processes they are using and any changes in the people who are assisting the manager.
- On a routine basis, the due diligence team will seek to visit each portfolio manager/mutual fund at its office. This includes an in-depth review to highlight any significant changes to the organization, team or process from the prior visit and to determine whether the original thesis for hiring the manager remains intact.

On an annual basis a performance review is conducted using returns-based analysis, holdings-based attribution analysis and holdings-based risk factor analysis. Returns-based analysis is used to compare how the client's portfolio performed relative to the manager's composite. It is also used to determine whether the return and risk profile of the portfolio has met OAM's expectations. Holdings-based attribution and risk factor analysis is used to determine the positive and negative drivers of performance; stock, sector, style factor, etc.

The review of Eligible Strategies and Funds in the UMA program is more limited in scope than the initial and ongoing review of strategies and funds on the Focus List. The limited initial review provides a broad overview of the manager's organizational structure and history, assets under management, net worth and regulatory history. Investment philosophy and process, compliance and operational infrastructure and audited composite performance. Ongoing monitoring for Eligible Strategies is performed on an annual basis. OAM sends the manager a brief questionnaire and any issues are discussed in a conference call with the manager. Certain managers in the STAR program are available in the program as an accommodation for Financial Advisors who recently joined Oppenheimer and whose clients use managers not recommended in the STAR program or for clients who wish to open a STAR account with a manager that is not recommended in the program. An initial limited review is performed on these managers but the review is not updated.

#### Affiliated Managers

Certain affiliated managers are available in the UMA program. Affiliated managers are not on the Focus List and are not reviewed or recommended by the Consulting Group of OAM. Affiliated managers are not available in the MAS portfolio.

Portfolio managers may participate in other wrap fee programs that are sponsored by firms other than OAM and may manage institutional and other accounts that are not part of a wrap fee program. In the event that an investment manager wishes to purchase or sell a security for accounts in various programs, the investment manager would have to determine whether it would achieve best execution by aggregating all client transactions into a block trader that would be executed through one broker-dealer rather than effecting similar transactions through a number of different broker-dealers. If an investment manager in the STAR program decides to execute through block transactions, this

would result in “trading away” from Oppenheimer. A client in the STAR programs does not pay commissions when Oppenheimer executes a securities transaction. However, when an investment manager trades away, a client generally would incur trading costs in addition to the wrap fee if trade orders are executed by a broker-dealer other than Oppenheimer. For this reason, investment managers in the STAR programs may determine that placing orders with Oppenheimer is the most favorable option for the client. Investment managers may place orders with a broker-dealer other than Oppenheimer if the investment manager determines that doing so will comply with the manager’s obligation to seek best execution for the client. This practice is called “trading away” and these types of trades are called “step out trades.” Step out trades may be executed in some cases without any additional commission but in other instances, the executing firm may charge a commission or markup or markdown on the trade. If the executing firm charges a commission or other fee, the client will incur costs in addition to the wrap fee charged by OAM. Where a client in a UMA account is charged a commission or mark-up or mark-down on an equity trade that is in addition to the wrap fee charged to the account, OAM will identify such transactions as well as an estimate of their costs and disclose the same to the client.

Some investment managers that participate in the STAR programs place nearly all client trades with firms other than Oppenheimer and some investment managers place their trades for certain strategies with firms other than Oppenheimer. Clients should review the manager’s Form ADV Part 2A and inquire about the investment manager’s trading practices and consider any additional trading costs that may be incurred if a particular manager is selected. Clients should contact their investment adviser if they would like to obtain more specific information regarding stepped out trades and the amount of commissions or others costs, if any, a client incurred as a result of those transactions.

OAM maintains a watch list of concerns about a portfolio manager. If these concerns are not resolved satisfactorily, OAM may terminate the manager from participation in its wrap fee programs. A manager may be terminated from a program for a number of reasons including investment professional turnover, organizational changes that have a negative effect on the investment team, style drift or operational or compliance changes.

OAM uses a proprietary desktop computer application called Portfolio Guidance and Analysis (“PGA”) to support its suitability review process for the UMA, UMA MAS, UMA-Retirement Plan, STAR, STAR Retirement Plan, PAS Flex, PAS MAS, PAS and PAS MAS Retirement Plan, OIA and OIA-Retirement programs. Before enrolling in one of these programs, clients must complete a client profile which includes personal and financial information about the client such as date of birth, expected retirement date, dependents and annual income. The profile also includes a section on the client’s investment goals and risk tolerance. This section is designed to assess the client’s investment goals, tolerance for volatility and risk. Clients also complete a new account form prior to establishing a brokerage account with Oppenheimer. A client’s answers to questions about their risk tolerance, expectations for withdrawals and investment goals are scored. The scores in the clients risk profile are used to determine whether proposed managers for the client fall within pre-specified ranges of risk.

OAM provides clients with access to a Quarterly Portfolio Review (“QPR”) that includes performance as well as risk evaluation for advisory accounts. Performance is measured on a total return, net basis and presented inclusive of reinvested dividends (after the deduction of management and other fees).

The QPR is made available to clients and is prepared on a “trade date” basis, reflecting holdings as of the day transactions are executed. OAM clients receive monthly account statements from Oppenheimer which report holdings on a “settlement date” basis, which is typically three business days (or less) after the trade date. Market values in the QPR include accrued income, which is not included in the Oppenheimer account statement.

Portfolio Managers that participate in the STAR programs provide OAM with composite performance of accounts managed in the same investment strategy that they manage for OAM. The Consulting Group of OAM compares the composite performance it receives from managers to the performance of OAM client accounts that are invested in the same strategy.



## Standards Used to Calculate Performance

Performance Composites – We make available profiles of strategies and mutual funds on the Focus List. These profiles include past performance information. Composites that we provide may be prepared by us for the strategy in the UMA program from the third quarter of 2017 (or later date when the manager joined the UMA program).

For periods prior to third quarter of 2017 we use the managers performance composite that they calculate for accounts managed with the same strategy. We do not independently verify the performance information provided by managers but only use performance information that is either GIPS compliant and verified or included in the manager's financial statements. Performance results achieved in the UMA program will differ from the managers performance of their other accounts.

OAM also performs a holdings based analysis of client accounts. Holdings-based information for all strategies is loaded into our performance attribution and risk system. The returns generated by this system are compared to the composite performance provided by the portfolio managers on a quarterly basis.

Clients may impose reasonable restrictions on investing in certain securities and types of securities. Accounts are managed to meet individual client needs and objectives and tax situations.

Investment strategies in the UMA program are assigned a risk category rating. The responses to the client questionnaire are used to determine an appropriate manager or strategy that is consistent with the client's stated risk tolerance. The risk category ratings were developed to reflect investors' expectations of risk and reward from conservative to aggressive.

OIA also manages accounts that are not in the OIA program. There are no differences in the way fixed income accounts are managed between accounts in the OIA or other wrap programs and accounts that are not in OIA.

OIA portfolio managers do not manage any accounts that are charged a performance fee.

Fixed Income Accounts.

OIA manages fixed income accounts with the following strategies:

Core  
Core Plus  
Corporate Core Plus  
Intermediate Taxable  
High Yield  
Investment Grade Tax Exempt (Active and Laddered Portfolio Accounts)  
High Yield Tax Exempt  
Cash Management

For each of these strategies, the investment process begins with an understanding of the client's needs and objectives. Security selection for all strategies except Investment Grade Tax Exempt is bottom up and focuses on optimal bond selection. Portfolio managers may analyze the financial statements of corporate bond issuers and may value the entire capital structure or some portion thereof. In selecting core holdings, portfolio managers look for higher yield than the strategy's benchmark, shorter maturities, stable fundamentals and long holding periods. Portfolio managers may select fixed income securities that they expect will have a rating upgrade or are undervalued. Before securities are purchased for client's accounts, a relative value analysis is conducted based on proprietary spread data. Portfolio managers decide to sell securities when

- risk/return becomes unfavorable
- attractive alternative is available

- deteriorating credit fundamentals
- portfolio balancing is required
- clients specific needs

#### Core Fixed Income

The OIA Core Fixed Income strategy seeks to consistently outperform the Bloomberg Barclays Capital U.S. Aggregate Bond Index while broadly diversifying the portfolio, seeking to manage portfolio risk level and maintaining a controlled duration discipline. OIA employs core fixed income strategies focused on individual security selection. Key strategies include fundamental research analysis, a controlled duration discipline, emphasis on all spread sectors and management of portfolio risk factors. Investments are made primarily in investment-grade corporate bonds, mortgage backed and other structured securities, U.S. government securities and taxable municipal bonds.

#### Core Plus Fixed Income

The OIA Core Plus Fixed Income strategy seeks to consistently outperform the Bloomberg Barclays Capital U.S. Aggregate Bond Index while diversifying the portfolio, seeking to manage portfolio risk levels and maintaining a controlled duration discipline. OIA employs core plus fixed income strategies focused on individual security selection. Key strategies include fundamental research analysis, a controlled duration discipline, emphasis on all spread sectors and management of portfolio risk factors. Investments are made primarily in investment-grade corporate bonds, mortgage backed and other structured securities, U.S. government securities, taxable municipal bonds and non-investment grade bonds; however, up to 20% of portfolio assets may be invested in securities rated below investment grade.

#### Corporate Core Plus Fixed Income

The OIA Corporate Core Plus Fixed Income strategy seeks to consistently outperform the Bloomberg Barclays U.S. Credit Index. We focus on active portfolio management, utilizing a bottom-up style emphasizing optimal security selection. We seek to manage portfolio risk through a tightly controlled duration discipline and emphasis on sectors of the market that provide additional income. The portfolio usually invests 75% or more in Investment Grade U.S. Corporate Fixed Income securities and can invest anywhere from 0% to 25% in non-investment grade U.S. Corporate securities.

#### Intermediate Fixed Income

The OIA Intermediate Fixed Income strategy seeks to consistently outperform the Bloomberg Barclays Capital Intermediate U.S. Government/Credit Index while diversifying the portfolio, seeking to manage portfolio risk level and maintaining a controlled duration discipline. OIA employs intermediate fixed income strategies focused on individual security selection. Key strategies include fundamental research analysis, a controlled duration discipline, emphasis on all spread sectors and management of portfolio risk factors. Investments are made primarily in investment-grade corporate bonds, mortgage backed and other structured securities, U.S. government securities and taxable municipal bonds.

#### High Yield Fixed Income

The OIA High Yield Fixed Income strategy seeks to consistently outperform the BOA/Merrill Lynch U.S. High Yield Excluding 144A Index while diversifying the portfolio and seeking to manage portfolio risk level. OIA employs high yield fixed income strategies focused on individual security selection. Key strategies include fundamental research analysis and management of portfolio risk factors. Investments are made primarily in high-yield corporate bonds.

### Investment Grade Tax Exempt (Active and Laddered Portfolio Accounts)

The OIA tax exempt strategy focuses on active portfolio management, using a relative value approach of sector rotation and security selection. Securities selected must be rated investment grade or better. The top down investment process begins by composing a maturity structure based on a 9-12 month interest rate forecast. The average duration of the portfolio is targeted to be within a range of plus or minus 20% of the appropriate benchmark. The next step is to identify what OIA believes to be attractive sectors within the tax-exempt markets. This step includes the selection of specific securities based on desired bond structure, state focus, bond categories and tax constraints. The final step in the process involves identifying what OIA believes are undervalued securities within the appropriate sector classes and structures. Laddered portfolios are managed similarly with special focus on the ladder specific maturity structure.

### High Yield Tax Exempt

The OIA High Yield Tax Exempt strategy seeks to produce strong risk adjusted total returns and current yield through a non-diversified high yield tax exempt portfolio. The strategy focuses on active portfolio management utilizing a top-down/bottom-up style emphasizing security selection and value investing. Security selection will focus primarily on project revenue bonds in five broad sectors: healthcare; education; housing; transportation and power, but also may include manufacturing, tax increment financing, general obligation debt and debt of distressed municipalities. The strategy usually will invest 70% or more of assets in below investment grade tax-exempt securities. It is expected that the average credit quality will be B/BB. The strategy may maintain a majority of positions in non-rated bonds. The strategy will strive to maintain less than 25% exposure to bonds subject to the alternative minimum tax.

### Cash Management

The OIA Cash Management strategy seeks to consistently outperform the Bloomberg Barclays U.S. Government 1-3 Year Index while diversifying the portfolio, seeking to manage portfolio risk levels and offering liquidity to investors. OIA employs cash management strategies focused on individual security selection. Key strategies include fundamental research analysis and management of portfolio risk factors. Investments are made primarily in high credit quality direct obligations of issuers having a stated maturity of 2 years or less, with a target average duration of one year.

### OIA Methodologies

#### Taxable strategies

OIA's security analysis methods for taxable accounts may include some or all of the following: proprietary models to evaluate a company's credit worthiness, project earnings and conduct scenario analysis to test earnings, leverage, cash flow and ratings assumptions. OIA's analysts may also perform company background checks, on-site visits and meetings with senior management teams of the companies under consideration. OIA analysis focuses on the following:

- Industry analysis
- Company analysis
- Capital structure / security analysis
- Indenture Covenant Analysis

Data services used by OIA for taxable accounts include Credit Sights, Bloomberg, Standard & Poor's, Moody's Investor Services, Barclays Capital, the New York Times and Wall Street Journal. Additionally, OIA's analysts subscribe to industry specific literature and websites.

### OIA Investment Grade Tax Exempt Methodology –Active and Laddered Portfolio Accounts

OIA offers investment grade tax exempt portfolios —active separately managed accounts and laddered portfolios.

Clients who select a laddered portfolio can choose a portfolio with securities whose maturities range from 1 to 5 years, from 1 to 10 years and from 5 to 15 years. Within the laddered portfolios, active management components are limited to ongoing credit monitoring and reinvestment of maturing bonds.

Investment analysis is done internally by OIA portfolio managers and analysts. While credit ratings by the national rating agencies (Moody's, Standard and Poor's and Fitch) are observed as a baseline, they are not the sole determining factor in security selection or liquidation.

In the actively managed accounts, the investment methodology begins with a top-down approach that analyzes general economic conditions, both nationally and geographically as well as the overall interest rate/inflation environment over the next 12-24 months. Domestic economic data releases are reviewed by the portfolio management team for general trends in GDP and inflation. Interest rate forecasts will be an important factor in determining maturity selection and bond structure, as well as geographic areas that the portfolio management team believes are performing above national averages. Security selection for all portfolios is guided by an investment discipline which limits all tax-exempt investments to General Obligation, Essentials, Revenue or Pre-Refunded securities. Corporate issuers and bonds for projects that we deem non-essential to a community may not be allowed as investments in the portfolio. Occasionally, a new client portfolio may be established with bond positions that deviate from this discipline, in which case the bonds are reviewed on a case by case basis by the portfolio managers to determine whether they will be accepted.

All investments are reviewed for general creditworthiness based on three key categories:

1. General economic conditions in municipality and surrounding areas. Statistics that are reviewed may include general population poverty levels, concentrated manufacturing or service businesses in area, percentage of student population on free lunch programs, and residential foreclosure rates in investment area;
2. Underfunded pension and/or healthcare liability; and
3. All bonds, but specifically revenue bonds are reviewed as to the purpose of the bond and the security of the revenue stream that supports the projects(s). Finally all credits are reviewed as to general trends in financial management to determine whether credit is improving or deteriorating. This may include review of leverage and bond coverage ratios. The dominant sources of information for analysis are the bond offering statements and ongoing financial disclosures of specific credits.

Once a credit is determined to be appropriate for investment, an analysis of general market conditions and relative value to similar credits is conducted to determine an appropriate valuation of the bond. Allocation of a purchase will be determined by available cash in specific client accounts, individual client tax parameters (state residency), risk profiles, and potential cash flow needs.

Municipal Bond Laddered Portfolio Specific Risks (1-5year, 1-10 year and 5-15 year maturity portfolios):

- Credit Quality: Many municipal bonds have good credit ratings, but some higher-yield bonds pose additional risks. Credit quality monitoring will be conducted for municipal security laddered portfolios on the same basis as it is for an actively managed municipal security portfolio. The portfolio management team will seek to apply the same 'sell' discipline to all portfolios based on its internal credit analysis.
- Maturity: Municipal bond laddered portfolios are designed to be held until maturity (except in the case of the long ladder) in order to benefit from the repayment of principal. In general, investors should select a laddered bond portfolio with maturity dates that correspond to their desired portfolio maturity.

- Yield: Municipal bond laddered portfolios yields will vary based on their maturity, credit quality, and other factors. Once the investor selects a time horizon for a laddered portfolio, the portfolio will not be managed for interest rate risks.

#### High Yield Tax Exempt Methodology

The two most important elements of this strategy are value investing and proprietary credit research.

The goal of the strategy is to outperform the Barclays Municipal High Yield Index.

Additionally, the portfolio manager factors in top down economic factors such as interest rates, credit cycles and political trends. Individual local and state analysis is conducted including fiscal policy, political climate, surplus/deficits, as well as industry analysis. While value is the primary focus, duration management, sector allocation, yield curve positioning, buy/sell trade execution, and geographic allocation also play a role in security selection.

*Investing in securities involves risk of loss that clients should be prepared to bear.*

#### Certain Risks related to the Strategies and Methodologies used by OAM

##### Risk of Fixed Income Securities

There are risks associated with investing bonds. These include risks related to interest rate movements (interest rate risk, spread risk and reinvestment risk), and the risk of credit quality deterioration (credit or default risk). Clients may lose all or some of their monies when investing in bonds and should be prepared to bear such losses. These risks need to be evaluated and effectively managed if the client is to achieve the potential benefits of investing in fixed income securities. While we seek to manage these risks, there is no guaranty that we will succeed in managing any or all of them. The sub-advisory team may also seek to engage in workout or re-structuring agreements that are meant to enhance the value or safety of their investment position however these actions may not result in added value.

##### Interest Rate Risk

Interest rate is the risk associated with the price volatility of a bond. As interest rates rise, bond prices decline. The longer the maturity of a fixed coupon bond, the greater the price declines for a given change in interest rates. Interest rate risk is the risk that market interest rate fluctuations result in a decline in the security's price between the time the investor buys it and the time (before maturity) at which he or she sells it. The bond's price will decline when rates rise and vice versa.

Factors that affect interest rate risk include differences in coupon rates (the higher the coupon, the less the price movement), fixed vs variable coupons, and call features.

##### Spread Risk

Spread risk is the risk associated with changes in yields between issuers, credit ratings, sectors and/or markets. For example, sector spreads are yield differences between similarly rated bonds of different sectors. AA rated bonds of financial firms may trade at much higher yields than similarly rated industrial bonds. This spread relationship may change substantially while the general level of interest rates may remain unchanged.

### Liquidity Risk

Liquidity risk is the risk that you might not be able to buy or sell investments quickly for a price that is close to the true underlying value of the asset.

### Reinvestment Risk

Reinvestment risk is the risk that the cash flow received from a bond may be reinvested at a lower rate of return. Short-maturity bonds and callable bonds are the instruments most frequently associated with reinvestment risk. Callable bonds may subject the investors to reinvestment risk. Such bonds allow the issuer to repay the principal (with accrued interest) early. This gives the issuer the flexibility to refinance the debt if rates are low or declining. The timing of bond calls occurs precisely when investors do not want to receive their principal back, i.e., when they can only reinvest at either lower rates or in lower-quality securities. To compensate them for this reinvestment risk, investors in callables typically demand (and get) a higher interest rate as compared to non-callables.

### Credit Risk

Credit or default risk is the risk that the issuer may be unable to make timely principal and interest payments on the bond. It is the critical determinant of a fixed income security's quality.

All fixed income securities have credit risk. US Treasury securities are generally considered to have the least credit risk of all fixed income investments. Most corporate bonds are rated by a nationally recognized statistical rating agency such as Standard & Poor's and Moody's. Standard & Poor's rates bonds from AAA (the best) to D (in default) with the ratings AAA, AA, A, and BBB considered to be "investment grade" and bonds rated BB, B, CCC, CC, C and D considered speculative grade. Generally the lower the rating the greater chance the obligor may not be able to repay their bonds in full and on time (default). Many factors contribute to the ultimate recovery of principal (and possibly back interest) should an issue default. Investors should pay particular attention to the issue's ranking in the capital structure of the issuer.

High yield bonds are bonds rated BB or lower. High yield fixed income securities are considered to be speculative and involve a substantial risk of default. Adverse changes in economic conditions or developments regarding the issuer are more likely to cause price volatility for issuers of high yield debt than would be the case for issuers of higher grade debt securities. In addition, the market for high yield debt may be less attractive than that of higher-grade debt securities. These bonds tend to have significantly higher price volatility so an investor selling a high yield bond prior to maturity may receive only a fraction of the original purchase price. Additionally, in the event of default bondholders may receive limited recoveries, if any.

### Municipal Securities Risk

Issuers of municipal securities tend to derive a significant portion of their revenue from taxes, particularly property and income taxes. Accordingly, decreases in personal income levels and property values and other unfavorable economic factors, such as a general economic recession, adversely affect municipal securities. Municipal issuers may also be adversely affected by rising healthcare costs, increasing unfunded pension liabilities and by the phasing out of federal programs providing financial support. Where municipal securities are issued to finance particular projects, especially those relating to education, healthcare, transportation, housing, water or sewer and utilities, issuers often depend on revenues from those projects to make principal and interest payments. Adverse conditions and developments in those sectors can result in lower revenues to issuers of municipal securities and can also have an adverse effect on the broader municipal securities market.

There may be less public information available on municipal issuers or projects than other issuers, and valuing municipal securities may be more difficult. In addition, the secondary market for municipal securities is less well developed and liquid than other markets, and dealers may be less willing to offer and sell municipal securities in times of market turbulence. Changes in the financial condition of one or more individual municipal issuers (or one



or more insurers of municipal issuers), or one for more defaults by municipal issuers or insurers, can adversely affect liquidity and valuations in the market for municipal securities. The value of municipal securities can also be adversely affected by regulatory and political developments affecting the ability of municipal issuers to pay interest or repay principal, actual or anticipated tax law changes or other legislative actions, and by uncertainties and public perceptions concerning these and other factors.

The rate of interest paid on municipal securities normally is lower than the rate of interest paid on fully taxable securities. Some municipal securities, such as general obligation issues, are backed by the issuer's taxing authority, while other municipal securities, such as revenue issues, are backed only by revenues from certain facilities or other sources and not by the issuer itself.

The municipal market can be susceptible to unusual volatility, particularly for lower-rated and unrated securities. Liquidity can be reduced unpredictably in response to overall economic conditions or credit tightening.

#### Risks of the High Yield Tax Exempt Strategy

The strategy will not be diversified. Being non-diversified magnifies the strategy's losses from adverse events affecting a particular issuer.

The High Yield Tax Exempt Strategy focuses primarily on a wide variety of project revenue debt, which typically includes stand-alone projects with dedicated cash flow streams. Risks include the ability of a particular project to repay its debt based on that cash flow stream, generally without the municipality or its ability to tax as a form of repayment. Certain revenue bonds are backed by settlements with tobacco companies. In 1998, the largest U.S. tobacco manufacturers reached an out of court agreement, known as the Master Settlement Agreement (the "MSA"), to settle claims against them by 46 states and six other U.S. jurisdictions. The tobacco manufacturers agreed to make annual payments to the government entities in exchange for the release of all litigation claims. A number of the states have sold bonds that are backed by those future payments. The settlement payments are based on factors, including, but not limited to, annual domestic cigarette shipments, cigarette consumption, inflation and the financial capability of participating tobacco companies. Payments could be reduced if consumption decreases, if market share is lost to non-MSA manufacturers, or if there is a negative outcome in litigation regarding the MSA.

Although the investment team may engage in workout or restructuring discussions with issuers, there is no guaranty that such discussions will result in agreement and or benefits for the bond investors. In fact, the fact that the issuer is engaging in such discussions reflects certain weaknesses in the credit.

#### Liquidity Risk

US Government bonds generally have the greatest liquidity, meaning that they can be purchased and sold quickly at prices very close to the inter-dealer market. At the other end of the liquidity spectrum are small issues of low rated bonds. As a result of regulatory changes affecting banks and broker-dealers, there may be less liquidity in the bond market.

#### Risks Relating to Mutual Funds and ETFs with Alternative Strategies.

Certain mutual funds and ETFs employ investment strategies for hedging and more speculative purposes such as short selling leverage, derivative and options. These techniques can increase volatility and risk of investment loss.

Although certain mutual funds and ETFs may use non-traditional investment strategies, as regulated investment companies, they are limited in their use of these strategies. As a result, investment returns and portfolio characteristics of alternative mutual funds may differ from hedge funds and may have higher correlation with traditional market returns than unregistered hedge funds. Another important difference between registered alternative mutual funds and unregistered hedge funds is that open end mutual funds must meet daily redemption requests whereas an unregistered hedge fund generally has limited liquidity. These differences in have an effect on the investment strategies available to alternative mutual funds as compared to unregistered hedge funds.

### Risk of Undervalued Securities

OIA may select fixed income securities that they believe are undervalued. A risk is that OIA's analysis of the issuer may be incorrect and the securities may be worth less than OIA's analysis.

### Review of Client Accounts

The Client Services department of OAM performs the following reviews with respect to OIA, STAR and PAS accounts:

#### Average Price Control Accounts Reconciliation

A daily review is performed to reconcile block trades versus customer allocations in the trading control accounts. The purpose of the review is to identify and correct any differences and to determine that average prices are received when appropriate.

#### OMS Capacity Discrepancy Report

OMS Capacity Discrepancy Report is a daily report that monitors the capacity of all order management system trades. The purpose of the report is to identify any trades not executed in an agency capacity so that they can be corrected.

#### FINET to Portfolio System Reconciliation

A daily comparison of cash and security positions is made between the books and records of the firm as applicable and the portfolio system to ensure proper calculation of performance and billing. This reconciliation allows for the identification of positions, account switches or account closes.

#### Monthly Performance Review

Monthly performance returns are reviewed and compared to other account returns under the same portfolio manager and index returns to look for outliers. The portfolio holdings and activity for outlying accounts may be examined to verify the performance return.

#### Reorganization/Tender Notices

A daily review of all notifications regarding corporate reorganization and tenders for managed accounts. The purpose of the review is to identify and respond to these notifications with the instructions of the portfolio manager within the specified time frame.

#### Daily Cash Additions/Withdrawals

A daily review of a books and records generated report to identify cash activity in managed accounts. The purpose of the report is to identify cash additions and withdrawals greater than \$5,000 so that the portfolio manager can be notified. Accounts may be reviewed on other than a periodic basis if the account has an allocation to money market funds.

Clients have access to quarterly written performance reports regarding their account. Clients also receive a monthly custodian statement from Oppenheimer for accounts that are custodied at Oppenheimer.

OIA portfolio managers review accounts on a daily basis utilizing the accounting/performance system and analytical system. Accounts are screened daily for cash flow and account balance information. Portfolios are screened bi-



weekly for quantitative statistics including average duration, coupon and ratings information. OIA performance is reviewed internally on a quarterly basis.

#### Factors Prompting Review of Client Accounts Other than a Periodic Review

Accounts may be reviewed more frequently as a result of any of the following:

- Cash balance that needs to be reinvested
- Sales of a security in the account
- Buying a security to replace a sold security or to utilize cash in the account
- Reviewing the duration of the account
- Reviewing overall credit quality of the account

Portfolios are reviewed as market conditions dictate for total return and interest rate sensitivity.

Clients may receive a written report of their accounts on a quarterly basis. The report lists all holdings, performance of the account and comparisons to relevant indexes.

#### Proxy Voting

OAM has engaged Glass Lewis & Co. Inc. (“Glass Lewis”) to provide research and advice on shareholder voting. OAM has reviewed and adopted Glass Lewis guidelines on proxy voting. Glass Lewis will submit its recommended vote to OAM and OAM will have the opportunity to accept or override the recommendation. OAM may consult with Glass Lewis for matters that are decided on a case by case basis.

Unless a client directs otherwise, OAM or the UMA Discretionary Manager in the UMA program will be authorized to take action and render advice with respect to the voting of proxies for securities held in an account. OAM will not vote proxies for securities held in a PAS Flex or a STAR account. For the STAR program, proxy voting is agreed to between the client and the third party manager on a manager by manager basis.

Unless a client directs otherwise, OAM will not send annual reports, proxy statements and other materials issued by portfolio companies in which a client’s assets are invested.

Clients may request information on how OAM has voted proxies for their accounts and may request OAM’s Proxy Voting Policies and Procedures by contacting:

Oppenheimer Asset Management Inc.  
85 Broad Street, New York, NY 10004  
Attn: Proxy Voting Department  
212-885-4828

Clients must specifically request that OAM vote their proxies. If OAM does not have authority to vote client securities, clients will receive their proxies directly from their custodian.

As a general matter, OAM refrains from participating in class action matters and also refrains from submitting proofs of claims on behalf of its clients.

#### **Item 7. Client Information Provided to Portfolio Managers**

The client's Confidential Profile and a copy of the client's advisory agreement are sent to the portfolio manager before the portfolio manager accepts the account. If a client communicates any change in financial circumstances that would affect the management of the account, that information will be provided to the portfolio manager.

#### **Item 8. Client Contact with Portfolio Managers**

Clients may request contact with their portfolio managers by first contacting their Financial Advisor. Discussions with a client's portfolio manager may include the client, the portfolio manager and a representative of OAM.

#### **Item 9. Additional Information**

##### Disciplinary Information

On March 11, 2013, OAM and its affiliate, Oppenheimer Alternative Investment Management, LLC ("OAIM"), without admitting or denying the findings, consented to the issuance of an administrative order (the "Order") with the Securities and Exchange Commission ("SEC"). Also on March 11, 2013, OAM entered into an Assurance of Discontinuance ("AOD") with the Attorney General of the Commonwealth of Massachusetts ("MA AG") based on the same conduct that was the subject of the Order. The Order and the AOD concerned misrepresentations and omissions to investors and prospective investors about the asset value of one of the assets in a fund of private equity funds. The Order and the AOD found that while the written policies and procedures of OAM and OAIM required the compliance department to review and approve marketing materials, those procedures did not require a review of portfolio manager valuations and accordingly were not reasonably designed to ensure that valuations were determined in a manner consistent with written representations to investors. The SEC found that OAM and OAIM willfully violated, and were censured and ordered to cease and desist from future violations of Sections 17(a)(2) and 17(a)(3) of the Securities Act of 1933 (the "Securities Act") and Section 206(4)-7 and Section 206(4)-8 of the Investment Advisers Act of 1940 (the "Advisers Act") and Rules 206(4)-7 and 206(4)-8 thereunder. The MA AG found that OAM and OAIM violated M.G.L.c. 93A. As per the terms of the Order and the AOD, OAM and OAIM paid a total of \$2,269,098 in disgorgement to investors who invested in the fund between October 2009 through June 2010, paid a civil penalty of \$617,579 to the SEC, paid a penalty of \$132,421 to the Commonwealth of Massachusetts and OAM and OAIM retained an independent consultant to conduct a review of their valuation policies and procedures.

On March 11, 2019, OAM and Oppenheimer & Co Inc. ("Oppenheimer") became subject to an order (the "Order") with the Securities and Exchange Commission ("SEC"). The Order arose out of recommendations or purchases made by Oppenheimer or OAM for advisory clients during the period from January 1, 2014 through August 15, 2018 ( the "Relevant Period") of mutual fund share classes that charged 12b-1 fees instead of lower cost share classes of the same funds for which clients were eligible. During the Relevant Period, Oppenheimer and its Financial Advisors received 12b-1 fees for advising clients to invest in or hold such mutual fund share classes. Oppenheimer and OAM self-reported to the SEC the violations discussed in the Order pursuant to the SEC's Division of Enforcement's Share Class Selection Disclosure Initiative. Pursuant to the Order, Oppenheimer and OAM were censured and agreed to (i) pay \$3,528,377 consisting of disgorgement of \$3,169,123 and prejudgment interest of \$359,254, (ii) cease and desist from committing or causing any violations and future violations of Sections 206(2) and 207 of the Investment Advisers Act of 1940 (the "Advisers Act") and (iii) distribute the amount of \$3,528,377 to affected investors during the Relevant Period. Oppenheimer and OAM also undertook to (i) review and correct as necessary all relevant disclosure documents concerning mutual fund share class selection and 12b-1 fees, (ii) evaluate whether existing clients should be moved to a lower cost share class and move clients as necessary, (iii) evaluate, update if necessary and review the effectiveness of implementation of policies and procedures so that they

are reasonably designed to prevent future violations of the Advisers Act in connection with disclosures regarding mutual fund share class selection.

OAM is one member of a diversified financial services company. OAM has affiliates that are subject to both civil and regulatory legal actions. Each affiliate is identified in our ADV Part 1 in Section 7A and these actions are disclosed in the affiliate's ADV as well as other regulatory filings and notices. As a result, regulatory action involving an affiliate in the future may result in a material adverse effect on the business or operations of that affiliate.

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

OAM has adopted a written Code of Ethics pursuant to Rule 204A-1 under the Investment Advisers Act of 1940. A copy of the Code of Ethics will be provided upon request to any client or prospective client. The purpose of the Code of Ethics is to set forth standards of conduct expected of advisory personnel and address conflicts, such as front running, that arise from personal trading by advisory personnel. The Code of Ethics addresses these conflicts as follows:

1. Certain advisory personnel with access to the securities trading of advisory clients are deemed as "access persons";
2. These access persons of the adviser are required to certify that they are in compliance with the Code of Ethics on an annual basis;
3. Access persons are also required to provide compliance personnel with brokerage accounts through which they conduct personal trading, and
4. Access persons are required to obtain written pre-clearance by compliance personnel of all personal securities transactions (other than certain exceptions to this requirement as defined in the Code of Ethics).

OAM and certain of its affiliates are engaged or may engage in investment activities for separate accounts for individuals and institutions or for their own accounts. These various accounts may from time to time purchase, sell or hold certain investments which are also being purchased, sold or held by other client accounts of OAM. For client accounts of OAM pursuing the same investment strategy, OAM will seek to allocate investments among these accounts on an equitable basis, taking into account such factors as the relative amounts of capital available for new investments. OAM and its officers and employees devote as much of their time to the activities of its clients as OAM deems necessary and appropriate. Please contact James Capezzuto at [james.capezzuto@opco.com](mailto:james.capezzuto@opco.com) for a copy of this code.

Oppenheimer acts as the placement agent for the sale of interests in collective investment vehicles for which subsidiaries of OAM serve as investment adviser or general partner.

Oppenheimer, a registered broker-dealer that is affiliated with OAM and which effects transactions on an agency basis on behalf of its clients and as principal for its own account in those securities in which it makes a market, may, on occasion, act as broker for an advisory client of Oppenheimer or OAM on one side and a client for whom it (or its affiliates) does not act as investment adviser on the other side of a securities transaction.

Oppenheimer may take positions or actions that are contrary to the interests of clients of OIA.

All clients are advised through clauses in the advisory contract that Oppenheimer is a broker-dealer and may have a position or interest in securities which are recommended and purchased for their accounts. In their capacity as registered representatives of Oppenheimer, Financial Advisors may indirectly receive a portion of client commissions paid to Oppenheimer as well as other compensation paid to OAM.

Albert Lowenthal, Chairman and Bryan McKigney, President of OAM, are registered representatives of Oppenheimer but generally do not function in that capacity.

### Other Financial Activities and Affiliations

OAM's advisory programs are offered to clients by Financial Advisors of Oppenheimer.

OAM is the managing member of several subsidiaries that act as investment adviser to registered investment companies and other pooled investment vehicles. These investment companies and pooled investment vehicles pay performance fees as well as management fees. To the extent that OAM includes an allocation to alternative investments in the asset allocation advice it gives to clients, OAM may have a material conflict of interest in recommending an asset class that will pay greater compensation to OAM or its affiliates than other asset classes. Financial Advisors receive a portion of the management fee and incentive fee paid by collective investment vehicles to subsidiaries of OAM and have a financial incentive to recommend those collective investment vehicles.

Portfolio managers or their affiliates that participate in OAM advisory programs may have other business relationships with Oppenheimer such as institutional trading or investment banking. OAM does not consider any such relationships when determining whether or not to recommend a portfolio manager or mutual fund for one of its advisory programs.

OAM is an affiliate of Oppenheimer & Co. Inc., a registered broker dealer and full service investment firm as well as a registered investment adviser. Oppenheimer provides services such as investment banking, equity research, institutional sales, municipal finance and debt capital markets. Oppenheimer Trust Company, an affiliate of Oppenheimer, provides trust services to high net worth individuals, not for profit organizations and businesses. Oppenheimer Trust Company recommends OAM advisory programs or products of OAM to its trust clients.

### Research

Oppenheimer has procedures in place to avoid improper communications between Oppenheimer research employees and employees of other Oppenheimer departments including Financial Advisors of Oppenheimer. Oppenheimer Asset Management employs Strategists that provide research to asset management affiliates and to third parties and may also be distributed by our affiliated broker dealer.

### Investment Banking

In order to prevent the improper use of material, non-public information from one part of Oppenheimer to another, Oppenheimer has created "information barriers" or "information walls" around each department that holds this information. Each business unit that regularly holds customer confidential information (such as investment banking) is on the "Private Side" of the information wall. In contrast, each business unit that does not hold confidential information is on the "Public Side" of the wall. Financial Advisors of Oppenheimer are considered to be on the "Public Side" of the wall. Employees on the Private Side of each information wall are prohibited from providing any material, non-public information to employees on the Public Side of the information wall.

Regulatory requirements prohibit Private Side investment banking personnel who are in possession of material, non-public information from discussing a pending transaction with individuals on the Public Side (or employees on the Private Side who do not have a "need to know"). Only those employees directly involved in or necessary to the due diligence process of an investment banking transaction are permitted to be brought "over the wall."

### Client Referrals and Other Compensation

Portfolio managers that participate in the various UMA or STAR programs and mutual funds that are available in the PAS Flex and PAS MAS programs do not pay any fees to OAM or Oppenheimer for participating in these programs. Certain portfolio managers and advisers or distributors of mutual funds available in OAM advisory

programs pay for or reimburse for various costs relating to client and prospective client meeting sales and marketing materials and educational training and sales meetings held with Financial Advisors of Oppenheimer and personnel of OAM. These portfolio managers and affiliates of mutual funds also pay for the cost of reasonable entertainment in connection with OAM sponsored or client related events.

The funds available in the PAS Flex and PAS MAS programs also may be purchased by clients in their brokerage accounts but are sold with the applicable sales charge.

Certain fund companies pay Oppenheimer a mutual fund support fee for marketing, training operations and systems support with respect to mutual fund shares sold to clients in their Oppenheimer brokerage accounts. These payments are known as revenue sharing or service sharing payments and are not made with respect to fund purchases in OAM directed advisory programs.

OAM pays cash compensation for client referrals in accordance with Rule 206(4)-3 under the Investment Advisers Act of 1940. Compensation paid is a percentage of the assets under management or a percentage of the fee payable by the referred clients and may be paid as long as the client maintains an advisory account with OAM.

Cash assets in the advisory programs will be invested at certain participating banks in the Advantage Bank Deposit Program. Oppenheimer will receive a fee from each deposit bank. The amount of the fee paid to Oppenheimer will affect the interest rate paid on Deposit Accounts. To the extent more of the fee paid is retained by Oppenheimer the interest rate paid to clients on Deposit Accounts will be less. The Advantage Bank Deposit Program may be significantly more profitable to Oppenheimer than money market fund sweep vehicles. The fee payable to and retained by Oppenheimer may be as high as 5% of the household balances invested in the Advantage Bank Deposit Program. Oppenheimer retains fees earned on cash deposits for accounts in the ABD Program. OAM also charges an advisory fee on those cash balances. OAM and Oppenheimer earn both advisory revenue on cash balances invested in the ABD Program as well as administrative fees paid by bank participants for administration. Clients in non-discretionary advisory programs should compare their non-discretionary advisory programs to a brokerage account that does not charge a fee to the Client on cash balances or to a money market mutual fund. Oppenheimer does receive administrative fees in the ABD Program in brokerage accounts. For certain programs in which OAM exercises investment discretion, OAM determines the level of cash in the account. This creates a conflict of interest for OAM and Oppenheimer which are paid both the advisory fee and the bank administration fee. OAM believes this conflict is mitigated due to the fact that OAM employees that exercise discretion over an account do not receive a portion of the bank administrative fee. Money market mutual funds are available as alternative solutions to the ABD program. However the client or the client's FA must request access to these funds for advisory accounts as all advisory cash accounts are currently invested automatically in the ABD Program. Money market mutual funds also have different risk and return profiles than the ABD Program, including that most money market funds do not qualify for FDIC insurance. Clients should consult with their FA to compare money market mutual funds with the ABD program.

Oppenheimer also compensates third parties for client referrals. Compensation paid is a percentage of the fee payable by the referred clients and includes fees paid for OAM advisory programs.

Employees of OAM and Oppenheimer and their affiliates receive reduced fees on their advisory accounts.

#### Compensation to Financial Advisors

If you invest in one of the programs covered in this brochure, a portion of the fees payable to OAM in connection with your account is allocated on an ongoing basis to your Financial Advisor. [The rate of compensation we pay Financial Advisors with respect to advisory accounts may be higher than the rate we pay Financial Advisors with respect to transaction based accounts or if you paid separately for investment advice, brokerage and other services.] Your Financial Advisor therefore may have a financial incentive to recommend one of the programs described in this brochure instead of other products or services.

Your Financial Advisor may agree to charge you a fee less than the maximum fee described in this brochure. The amount of the fee you pay for your advisory program is a factor in determining the compensation that is paid to your Financial Advisor. As a result, Financial Advisors have an incentive not to reduce fees. If your fee rate is below a certain threshold for advisory programs, your Financial Advisor will get credit for less than the full amount of your fee in the firm's calculation of his or her compensation. Financial Advisors have an incentive not to reduce fees below that threshold.

### Brokerage Practices

OIA and its advisory affiliates refer to employees who perform investment advisory services as "Portfolio Managers" or "investment adviser representatives." Portfolio Managers that deliver their services with the assistance of other Portfolio Managers are referred to as a "Group." The Investment Grade Tax Exempt Group manages separate accounts for clients of OIA with the investment objective of investment grade tax exempt fixed income. The Investment Grade Tax Exempt Group provides investment advisory services to their clients with the assistance of the members of the Group but without the assistance of portfolio managers of other Groups. The Taxable Group manages taxable fixed income strategies for clients of OIA and for clients of Oppenheimer Investment Management LLC, an advisory affiliate. The Portfolio Managers of the Taxable Group deliver their services with the assistance of the members of the Group but without the assistance of portfolio managers of other Groups.

OIA will utilize electronic trading platforms that seek to obtain a best price from a number of disclosed and undisclosed platform participants. OIA will enter both purchase and sale transactions in the same security on the same day. While it does not intend to engage in cross transactions, since it selects counterparties based on the best bid or offer, it may result in opposite direction trades being executed with the same counterparty.

The Groups allocate investments among client accounts in a fair and equitable manner. A variety of factors (to the extent applicable in each instance) will be considered in making such allocations. These factors include, in no particular order:

- (1) Investment objectives or strategies for particular accounts
- (2) Tax considerations of an account
- (3) Risk or investment concentration parameters for an account
- (4) Supply or demand for a security at a given price level
- (5) Size of available investment
- (6) Cash availability and liquidity requirements for accounts
- (7) Regulatory restrictions
- (8) Account ramp-up
- (9) Minimum investment size of an account and
- (10) Relative size of account.

Investments may not be allocated to one client account over another based on any of the following considerations:

- (1) To favor one client account at the expense of another
- (2) To generate higher fees paid one client account over another or to produce greater compensation to the advisory entity
- (3) To develop or enhance a relationship with a client or prospective client and
- (4) To compensate a client for past services or benefits provided to the advisory entity or to induce future benefits or services.

The Groups will not aggregate client transactions unless they believe that aggregation is consistent with their duty to seek best execution (which includes best price) for its clients and is consistent with clients' investment advisory

agreements. Each account that participates in an aggregated order will participate at the same prices for all transactions of the respective Group in that security on a given day with all transaction costs shared on a pro rata basis. Transactions for advisory accounts that are custodied at Oppenheimer may be aggregated with transactions for accounts that are custodied at other custodians. It is often not possible to receive the same price or time of execution in multiple transactions in an aggregated order. Therefore such aggregated order may be executed in one or more transactions at varying prices and each client's order that is custodied at Oppenheimer will receive the average price for the day with respect to such transactions. Transactions for accounts that are custodied at custodians other than Oppenheimer cannot receive the average price of transactions executed at different times. OAM will not receive any additional compensation as a result of an aggregated order.

Oppenheimer as a broker-dealer receives remuneration, compensation or other consideration for directing customer orders for securities to particular market centers for execution. Such consideration, if any, may take the form of credits against fees due such market centers, monetary payments, research, reciprocal agreements for the provision of order flow, products or services or other items of remuneration.

Oppenheimer as a broker-dealer may also receive payment for routing the options orders to designated broker/dealers or market centers for execution. Compensation may be in the form of a per contract cash payment. The source and amount of any compensation received in connection with options transactions and any additional information concerning the options order flow payments will be furnished upon written request.

Clients may request a copy of the most recent *Report on Oppenheimer & Co. Inc.'s Description of the System and the Suitability of the Design and Operating Effectiveness of its Controls Related to Its Custody Services* (prepared pursuant to Statement on Standards for Attestation Engagement No. 18) by contacting James Capezzuto at [james.capezzuto@opco.com](mailto:james.capezzuto@opco.com).