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ITEM 1 – COVER PAGE

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March 25th, 2020

This Brochure (Form ADV Part 2A) provides information about the qualifications and business practices of Silver Oak Wealth Advisors Services, LLC (Silver Oak). If you have any questions about the contents of this Brochure, please contact us at (310) 207-4800. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

SILVER OAK is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about SILVER OAK also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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## ITEM 2 – MATERIAL CHANGES

Silver Oak Wealth Advisor Services, LLC. (“Silver Oak” or “the Firm”) has made the following amendments to this Brochure:

### Item 4 – Advisory Business:

- To update the Firm’s total assets under management (“AUM”) as of December 31, 2019.

The last version of this Brochure was dated March 25th, 2019. Our prospective clients are strongly encouraged to read this Brochure in its entirety prior to engaging Silver Oak for any advisory services.

Pursuant to regulations, Silver Oak will ensure that clients receive a summary of any material changes to this Brochure within 120 days of the close of Silver Oak’s fiscal year, along with a copy of this Brochure or an offer to provide the Brochure. Silver Oak’s Brochure and Supplemental Brochures (information regarding Silver Oak’s investment adviser representatives) are available anytime upon request or at the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) or by contacting Shufan (Linda) Cao, Principal and Chief Compliance Officer at (310) 207-4800.

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## ITEM 4 – ADVISORY BUSINESS

### ADVISORY SERVICES AND FEES

Silver Oak Wealth Advisors Services, LLC (Silver Oak) was founded in 2017 and the principal owner is Shufan (Linda) Cao. Silver Oak provides its clients (i.e. individuals, pension and profit-sharing plans, and trusts) a choice of services including: integrated wealth management, financial planning and related consulting services and discretionary investment management. In addition, Silver Oak provides specialized consulting services for individuals experiencing Financial Transitions.

### WEALTH MANAGEMENT PROCESS

Silver Oak’s typical wealth management process contains some or all of the following:



Silver Oak offers its clients Wealth Management services based on the above Wealth Management Process.

Silver Oak gathers information from a prospective client in an Introductory Meeting and will present a Wealth Management and Investment Proposal. The client and Silver Oak can or will make a commitment for ongoing services during the Mutual Commitment Meeting and will start with the Organization of the Accounts. Subsequently, during a 45-Day Review Meeting, the Wealth Management Plan will be reviewed as well as the Portfolio, the plan will reflect the key values and goals of the client; additional financial information will be gathered at this meeting.

Silver Oak incorporates the data obtained from the Introductory Meeting into the Wealth Management Plan. This Plan covers a broad range of Advanced Planning topics, tailored to each client’s needs, under four categories:

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- Wealth Enhancement- includes investment management; financial planning; tax-efficient portfolio design; identification of key goals and their integration with family values toward money; tax savings strategies for individuals and businesses in conjunction with client's CPA;
  - Wealth Protection - risk management through coordination with appropriate insurance professionals to consider long-term care insurance, disability insurance, life insurance, property & casualty insurance; liability insurance for asset protection;
  - Wealth Transfer– estate planning strategies and coordination with estate attorney; college funding; family gifting;
  - Charitable Gifting – legacy fulfillment strategies including tax considerations for gifting low basis stock and other assets.

Silver Oak works with the client's professional advisers or such other adviser as Silver Oak may recommend to the client from time to time, in the development of the recommendations in the Wealth Management Plan.

In addition to the meetings described above, Regular Progress Meetings are held to review portfolio performance, monitor the progress and implementation of the Wealth Management plan and review any outstanding matters.

## **FINANCIAL PLANNING AND CONSULTING SERVICES**

Silver Oak can or will provide its clients with a broad range of integrated financial planning or segmented financial planning and consulting services (including non-investment-related matters). Prior to engaging Silver Oak to provide financial planning and/or consulting services, the client will be required to enter into an Agreement with Silver Oak setting forth the terms and conditions of the engagement, describing the scope of the services to be provided, and the portion of the fee that is due from the client prior to Silver Oak commencing services.

Financial planning can or will be provided as part of an integrated approach to wealth management, or can be provided as a separate service at Silver Oak's sole discretion. Clients have the option of utilizing Silver Oak to implement certain investment recommendations but are under no obligation to do so. Clients are free at all times to accept or reject any or all recommendations made by Silver Oak and clients retain the authority and discretion on whether or not to implement any recommendations.

Clients should understand that a potential conflict of interest exists if Silver Oak recommends its own investment management services. Financial planning recommendations are based on the Client's financial situation at the time the recommendations are provided, and are based on the information provided by the client. In addition, certain assumptions can or will be made

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with respect to interest and inflation rates, use of past trends and performance of the market and economy. Past performance is in no way an indication of future performance and Silver Oak cannot offer any guarantees or promises that the client's financial goals and objectives will be met. As a client's financial situation, goals, objectives, or needs change, the client is strongly urged to promptly notify Silver Oak. For more information on the risks associated with investing, please refer to Item 8, below. Please refer to Item 5 below for detailed information on fees and compensation for these services.

### **FINANCIAL TRANSITION CONSULTING SERVICES**

Silver Oak has created an affiliation with the Sudden Money Institute ("SMI") to enhance the depth of services provided to our clients. We recognized the need for the professional training provided by SMI after having worked with clients over the years who experienced a financial transition or a life-changing event. During such an event, there is a concurrent impact in at least two major facets of their life:

- The personal and emotional component surrounding the event which will require psychological skills that cross over to the world of behavioral finance; and
- The money component—managing the financial impact on their life which will require technical skills.

Joining SMI provided our advisors with training and access to an extensive curriculum which was created in conjunction with professionals in numerous fields who provide counseling and guidance during such life-changing events. These individuals worked over the course of several years to create the **Financial Transition** materials for advisors and adapt them to enhance the manner in which financial advisors assist clients.


It might be illustrative to include a few graphics from these materials which can help to visualize some of the concepts that we will introduce to our prospective clients and current clients. One key adage that is simple yet reflective of all types of transition clients can or will experience, including routine transitions like moving from working to retirement, or to more emotional transitions that can involve the death of a spouse, is the following:

**“When life changes, money changes  
and when money changes, life changes”**

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## Manage Change Before Managing the Money



**Life Events Pivot Life in New**

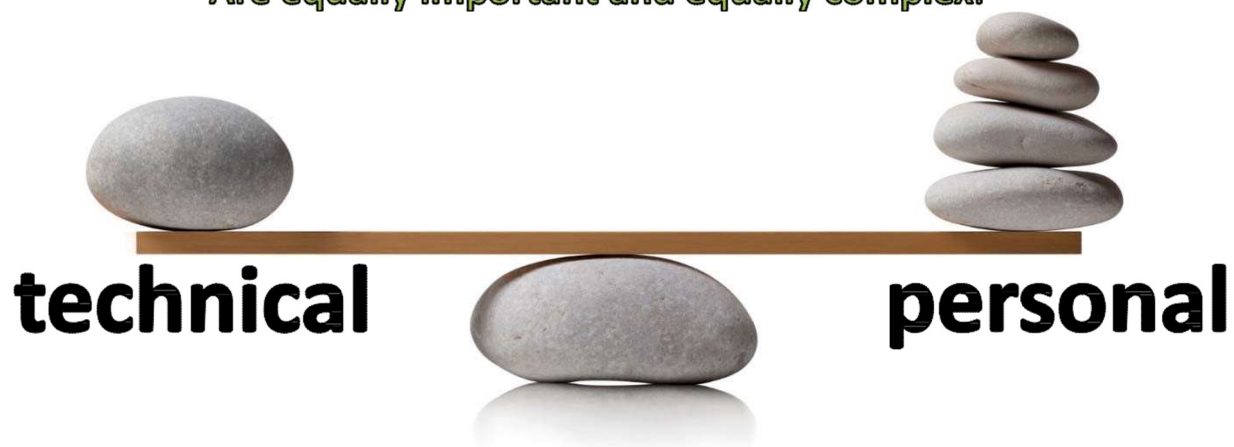
Loss of Spouse	Sale of the Business
Retirement	Inheritance
Divorce	Career Change
Legal Settlements	Windfall

**The challenges transcend age, education, gender, culture, and sophistication.**

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## TWO SIDES OF MONEY

**Are equally important and equally complex.**



## Personal side is dominant while in transition

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Each client will most likely experience components of a life-changing event that will be unique to their family circumstances, and other parts that will be common to many people experiencing the same transition. Our approach recognizes that. We will focus specifically on the communication preferences of each client to build a pathway through the personal and technical issues that present themselves. While in a transition, the focus needs to be on the personal side. The following chart depicts a tool that we utilize to graphically show the process of successfully accomplishing any transition.

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# They start with an ending



SMI and this Financial Transition Specialist training program has been systematically designed to provide Silver Oak's advisors with the insights and tools to guide clients through the maze that often begins in the Anticipation stage and continues through the Passage stage. We become thought partners, working at the appropriate pace for each client as they transition from the ending of one phase of life to the next phase.

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## FINANCIAL TRANSITION CONSULTING SERVICES – DESIGNED FOR

Silver Oak specializes in providing Financial Transition consulting services to two primary life events.

- 1. Retirement.** A transition facing every successful executive and professional at some point in their life is contemplating cutting back on the work demand and choosing a lifestyle that enhances their self-fulfillment and quality of life. We understand that transition requires careful navigation from both a financial standpoint and from the standpoint of the personal and family dynamics. Utilizing our advisors in the anticipation stage will bring clarity and avoid choosing the wrong path that can delay the success of the transition.

The transition from living on a salary to living on your assets and the income the assets can generate can be challenging. Between low interest rates, a volatile stock market that experienced two significant crashes within a ten-year period, and rising costs of healthcare and long-term care associated with a longer life span, this is a period fraught with uncertainties both for people soon facing retirement, or those already retired and impacted by our financial markets. Making a transition to a new financial advisor by itself can create uncertainties as trust must be established, confidence built, and a new game plan created. Silver Oak has extensive experience during this type of transition to assure that clients feel that they are heard, that they have an experienced thought partner to answer their questions as they move through the Passage phase to arrive at their “new normal.”

- 2. Women in Transition.** Research studies continue to identify the high percentage of women who will experience a major life-changing event such as divorce and loss of spouse that inevitably involves a sudden financial change. Many emotional and personal issues must be addressed as a woman advances from the Anticipation stage of an impending event to an Ending, and then through the Passage stage. It is important before any financial decisions are made that the personal components are resolved, even if that means creating a “decision-free zone” until the financial topics can be addressed with clarity and composure. Silver Oak will provide the skills and tools created specifically for women as they make their transition to a “new normal” and serve as their new “thinking partner” for their financial life.

## INVESTMENT MANAGEMENT

The client can engage Silver Oak to design an investment portfolio and provide ongoing investment management services on a discretionary fee-only basis, which includes the following:

- Development and maintenance of Investment Policy Statement (IPS).
- Analysis of appropriateness for current liquidity, investment diversification and asset allocation.
- Selection and ongoing monitoring of recommended investment products and managers.
- Trading and Rebalancing on a regular basis.

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- Quarterly performance reports and reviews.
  - Investment education as needed.

Please see Item 5 below for additional information regarding fees.

#### **OTHER INVESTMENT ADVICE – INDEPENDENT MANAGERS**

At times, Silver Oak will recommend that certain clients authorize the active discretionary management of a portion of their assets by and/or among certain independent investment manager[s] to be selected by Silver Oak (the “Independent Manager[s]”), based upon the stated investment objectives of the client, including Independent Manager[s] and/or investment programs selected and/or recommended in conjunction with the services and/or programs sponsored by Charles Schwab & Co. (Schwab). Silver Oak shall continue to render ongoing and continuous advisory services to the client relative to the monitoring and review of account performance, client investment objectives, and asset allocation, for which Silver Oak shall receive an annual investment advisory fee. Factors which Silver Oak shall consider in selecting and/or recommending Independent Manager[s] include the client’s stated investment objective(s), management style, performance, reputation, financial strength, reporting, pricing, and research. The investment management fees charged by the designated Independent Manager[s], together with the fees charged by the corresponding designated broker- dealer/custodian of the client’s assets, are exclusive of, and in addition to, Silver Oak’s ongoing investment advisory fee.

#### **GENERAL CLIENT INFORMATION**

At the onset of the client relationship, Silver Oak gathers information on each client’s investment objectives, risk tolerance, time horizons and financial goals. Silver Oak does not assume responsibility for the accuracy of the information provided by the client, and Silver Oak shall not be required to verify any information received from the client or from the client’s other professionals, and is expressly authorized to rely thereon.

Silver Oak’s clients are advised to promptly notify Silver Oak if there are ever any changes in their financial situation or investment objectives for the purpose of reviewing/evaluating/revising Silver Oak’s previous recommendations and/or services, or if they wish to impose any reasonable restrictions upon Silver Oak’s management services.

#### **CLIENT AGREEMENTS AND TERMINATION**

Each client is required to enter into a written agreement with Silver Oak setting forth the terms and conditions under which we shall render our services (the “Agreement”). In accordance with applicable laws, Silver Oak’s Form ADV Part 2A shall be provided to each client prior to, or contemporaneously with, the execution of an Agreement. Either party can terminate an agreement at any time by written notice. Fees are refundable for any portion of advance fees

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attributable to services not performed prior to termination of the agreement, and the client is responsible for any fees incurred but not yet billed. Upon termination, investment advisory fees will be prorated, and a refund will be made for the number of days in the calendar quarter after a termination notice is sent in writing or by email to Silver Oak. Neither Silver Oak nor the client can assign the Agreement without the consent of the other party. Transactions that do not result in a change of actual control or management of Silver Oak shall not be considered an assignment.

#### **PRIVACY OF CLIENT INFORMATION**

Clients receive a Privacy Notice when Silver Oak is engaged, and annually thereafter. The Privacy Notice discloses the type of non-public, personal information Silver Oak collects regarding a client, third parties Silver Oak can share the information with and Silver Oak's safeguards over client privacy. Clients can obtain a copy of Silver Oak's Privacy Notice by contacting Silver Oak.

#### **ASSETS UNDER MANAGEMENT**

As of December 31, 2019, the following represents the amount of client assets under management by the Firm on a discretionary and non-discretionary basis:

Type of Account	Assets Under Management ("AUM")
Discretionary	\$171,681,233
Non-Discretionary	\$0
<b>Total:</b>	<b>\$171,681,233</b>

#### **ITEM 5 – FEES AND COMPENSATION**

The specific manner in which fees are charged by Silver Oak is established in a client's written Agreement with Silver Oak. Fees can be negotiable under certain circumstances at the sole discretion of Silver Oak. Although Silver Oak believes its advisory fees are competitive, clients should be aware that lower fees for comparable services can be available from other sources.

#### **FINANCIAL PLANNING AND FINANCIAL TRANSITION CONSULTING SERVICES**

The fee for providing financial planning and financial transition consulting services is quoted before beginning a project. A flat fee is most often utilized to compensate the firm for the specified project and is payable upon commencement of the engagement. In some cases, an hourly fee can be utilized as an alternative approach or in some situations as an addendum to a project fee if the client requests services beyond the scope of the initial project.

Silver Oak's fee for financial planning and financial transition consulting services generally range from \$2,500 to \$10,000 on a fixed fee basis and from \$150 to \$450 on an hourly rate basis, depending upon the level and scope of the services required and the professional

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rendering the service(s). Financial planning and financial transition consulting fees are paid in advance. In the event the client terminates Silver Oak's financial planning and/or financial transition consulting services, the unearned portion of Silver Oak's fee, if any, shall be refunded to the client. Since financial planning and financial transition consulting services often require a large initial time commitment, a large portion of these fees are considered earned shortly after the project has begun.

#### **INVESTMENT MANAGEMENT**

For Investment Management services, Silver Oak will charge fees as a percentage (%) of assets under management. The percentage (%) fee shall depend upon the dollar amount of assets under management and the type of asset management services required, generally ranging between 0.50% and 1.50%. Silver Oak's investment management fees are assessed quarterly, in advance, based upon a percentage of the client's assets under management (including cash and cash equivalents) as of the close of business on the last business day of the preceding calendar quarter. Silver Oak's portfolio management fees are based on the following annual percentages:

<b>Assets Under Management</b>	<b>Fees</b>
first \$0 - \$500,000	1.50%
Next \$500,000 - \$1,000,000	1.25%
next \$1,000,000 – 2,000,000	1.00%
next \$2,000,000 - \$5,000,000	0.80%
next \$5,000,000 - \$10,000,000	0.50%
plus > \$10,000,000	Negotiable

Silver Oak, in its sole discretion may reduce the investment management fee based upon certain criteria (i.e. anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.).

Note: Related accounts refer to the firm's "householding" policy. The firm will household accounts for the purpose of providing clients with a reduced fee as per the above schedule. A household is defined as family relationships and domestic partnerships. This is done on an arm's length negotiation basis.

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## **WEALTH MANAGEMENT (INCLUDING FINANCIAL PLANNING, FINANCIAL TRANSITION CONSULTING AND INVESTMENT MANAGEMENT SERVICES)**

For Wealth Management services which include ongoing Financial Planning, Financial Transition Consulting and Investment Management services, Silver Oak typically requires a minimum annual fixed fee of \$12,500 plus a Percentage (%) of assets under management for portfolios over \$1 Million based on the fee schedule below:

<b>Assets Under Management</b>	<b>Fees</b>
first \$0 - \$1,000,000	No additional cost
next \$1,000,000 – 2,000,000	1.00%
next \$2,000,000 - \$5,000,000	0.80%
next \$5,000,000 - \$10,000,000	0.50%
plus > \$10,000,000	Negotiable
<b>Minimum Fee: \$12,500/yr. or \$3,125/quarter</b>	

In some cases, a quarterly flat fee can be utilized as an alternative approach, Silver Oak's fixed quarterly fee for Wealth Management services generally range from \$3,125 to \$15,000.

All Wealth Management fees are negotiable at the sole discretion of the firm. The Minimum Fee is assessed quarterly, therefore, Client fees for each quarter shall not be less than \$3,125. Client accounts with a small balance can or will pay a higher annual fee than those charged by other investment advisers.

**Note: It is important to note, as fees can be negotiable, and, as a significant number of client relationships are legacy clients of Silver Oak's previous ownership, not all clients will pay fees in accordance with the above table. Some clients will have a different negotiated fee.**

As referenced above, under Investment Management: the firm will household accounts for the purpose of providing clients with a reduced fee as per the above schedule. A household is defined as family relationships and domestic partnerships. This is done on an arm's length negotiation basis.

Typically, fees will be automatically deducted from the client's account by the custodian as soon as practicable following the end of each applicable period. However, clients can elect to be billed directly for fees upon written request to the firm. Management fees shall be prorated for each capital contribution and withdrawal made during the applicable calendar quarter (with the exception of *de minimis* contributions and withdrawals). Accounts initiated or terminated during a calendar quarter will be charged a prorated fee. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable.

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All securities under management will be subject to Silver Oak's fee schedule regardless of whether held at a brokerage firm, custodian, or other location, unless excepted specifically in the client's engagement agreement. Fees are subject to annual adjustment upon written notice to the client.

#### **ADDITIONAL INFORMATION REGARDING SILVER OAK'S FEES**

When fees are automatically deducted from the client's account by the custodian, Silver Oak will provide an invoice to the custodian and send a copy of the invoice to each client. The invoice to the client will include the amount of the fee, how it was calculated and the amount of assets on which the fee is based.

As part of this process, clients should also be aware of the following:

- Each client's independent custodian sends statements at least quarterly to the client, showing the market values for each security included in the account assets and all disbursements in the account including the amount of the advisory fees paid to Silver Oak. Clients are encouraged to review all account statements for accuracy and it is the responsibility of the client and not the custodian to confirm that fees are calculated correctly; and
- Clients provide written authorization via the firm's client Agreement permitting Silver Oak to invoice the client's custodian directly for payment of fees.

Certain clients of Silver Oak are billed in accordance with a fee schedule that varies from the current fee schedule disclosed above as part of this Brochure. These clients are those persons or entities who established a relationship with another registered advisory firm, and whose contracts with such firm(s) were subsequently assigned to Silver Oak. Exact fees and billing arrangements for such clients are disclosed in each client's respective client agreement.

#### **OTHER FEES AND EXPENSES**

Silver Oak's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients can or will incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to Silver Oak's fee, and Silver Oak shall not receive any portion of these commissions, fees, and costs.

Item 12 further describes the factors that Silver Oak considers in selecting or recommending

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broker-dealers for *client* transactions and determining the reasonableness of their compensation (e.g., commissions).

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

Silver Oak does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client). Therefore, Silver Oak does not engage in side-by-side management of accounts that are charged on a performance fee basis with accounts charged on another basis, such as a percentage of assets under management.

#### **ITEM 7 – TYPES OF CLIENTS**

Silver Oak provides investment management and wealth management services to individuals, high net worth individuals, family trusts and irrevocable trusts, and pension and profit-sharing plans.

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

Silver Oak utilizes a number of investment strategies. As we design investment portfolios, we are cognizant of our clients' risk tolerance and we seek to clarify their capacity to take on risk based on information obtained during the financial planning process. Our strategies seek to balance the portfolio risk level with the targeted return level as agreed upon with our clients.

Our investment strategies can or will include both passive and active investment management. Passive investing includes utilizing mutual funds, Exchange Traded Funds (ETF), and Exchange Traded Notes (ETN) that seek to replicate a part of the equity or bond markets by tracking an index or similarly defined section of the market. Passive investment vehicles can or will be used as part of our long-term secular holdings, or can be utilized for shorter term tactical solutions.

We can also utilize actively managed mutual funds, separate account managers, ETFs, and ETNs or individual securities for our strategic or tactical investment vehicles. Our decision to utilize a passive or active investment vehicle include, for example, such considerations as operating costs, tax efficiency, strength of issuing company, expected holding period, performance, and sector of the specific market needed to complete the asset allocation. Factors which Silver Oak shall consider in selecting and/or recommending Independent Manager[s] include the client's stated investment objective(s), management style, performance, reputation, financial strength, reporting, pricing, and research. While we do not attempt to time the markets, we can or will make tactical changes consistent with our interpretation of macro-economic circumstances and the effect those circumstances can have on the expected return of various asset classes.

We utilize many sources of research to assist us in our determination of investment policy and

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vehicles. The firm subscribes to a number of subscription services providing us with detailed analysis of world-wide macro-economic conditions and events. The internet, with its extensive reach and research capabilities, provides additional tools and written materials. We subscribe to Morningstar which provides detailed analysis and track records of mutual funds, ETFs and ETNs. We also employ independent third-party consultants from time to time to obtain additional research and analysis. We engage these third-party consultants based upon appropriate due diligence investigation. In addition, we receive investment research and input from a number of investment institutions such as Charles Schwab & Co. as well as from several mutual fund companies.

Part of our investment strategies can or will be implemented utilizing individual U.S. bonds. Research on bonds can be accomplished by utilizing the services of Charles Schwab & Co., or through the research services of other independent brokerage firms. Such research typically includes general interest rate and bond market outlooks as well as research available through a subscription to Bloomberg.

Each strategy involves varying degrees of risk. Investment in the equity markets can be very volatile causing portfolio balances to fluctuate. While past performance is helpful to know, past performance is not a guarantee of future returns. Being under-weighted in equities during a rising market can cause portfolios to underperform. Similarly, being over-weighted in equities during a declining market can cause portfolios to underperform. We do not attempt to time the markets; however, our tactical approach can result in underperformance relative to established benchmarks should our portfolios be over-weighted or under-weighted during declining or rising markets, respectively.

Fixed income investing involves a number of risks including the credit-worthiness of the bond issuer and the length of a bond's maturity and duration. While rating agencies provide an indication of the relative risk of a bond, the rating of those agencies can prove not to be reliable. Rising interest rates is a specific risk to bonds since such condition tends to reduce the value of bonds. Bond values can also be negatively affected by political and/or international crises or instability.

Silver Oak can or will recommend that clients utilize private placements, hedge funds, or limited partnership vehicles that are likely to have additional risks. These risks can be further identified in a private placement memorandum provided by the investment sponsor. Such investments have additional risks including but not limited to lack of transparency, lack of liquidity, real estate market valuations, and loan repayment default. There is no guarantee that an investment in such vehicles will be returned.

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



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there are known risks that can or will affect the equity or fixed income markets, there are also significant unknown risks that can cause portfolio instability or losses. By definition, these potential issues cannot be quantified in advance. Recent examples include international political turmoil in the Middle East, nuclear plant radiation dangers, physical emergencies caused by Mother Nature including earthquakes and tsunamis, to name a few. These globally oriented additional risks can or will impact and increase risk in currency valuations, exchange rates, and foreign investments.

There are certain additional risks associated with the securities recommended and strategies utilized by Silver Oak including, among others:

- Market Risk – Either the stock market as a whole, or the value of an individual company, goes down resulting in a decrease in the value of Client investments. This is also referred to as systemic risk.
- Sector risk – The chance that significant problems will affect a particular sector, or that returns from that sector will trail returns from the overall stock market. Daily fluctuations in specific market sectors are often more extreme than fluctuations in the overall market.
- Non-diversification risk – The risk of focusing investments in a small number of issuers, industries or foreign currencies, including being more susceptible to risks associated with a single economic, political or regulatory occurrence than a more diversified portfolio might be.
- Equity (stock) Market Risk – Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. If you held common stock, or common stock equivalents, of any given issuer, you would generally be exposed to greater risk than if you held preferred stocks and debt obligations of the issuer.
- Fixed Income Risk – When investing in bonds, there is the risk that the issuer will default on the bond and be unable to make payments. Further, individuals who depend on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk.
- Interest rate risk – The chance that prices of fixed income securities will decline because of rising interest rates. Similarly, the income from fixed income securities can decline because of falling interest rates.
- ETNs – Exchange Traded Notes (ETNs) are senior, unsecured debt securities issued by an underwriting bank. Similar to other debt securities, ETNs have a maturity date and are backed only by the credit of the issuer. ETNs are designed to provide investors access to the returns of various market benchmarks. The returns of ETNs are usually linked to the performance of a market benchmark or strategy, less fees. When a Client buys an ETN, the underwriting bank promises to pay the amount reflected in the index, minus fees upon maturity. Thus ETN has an additional risk compared to an ETF, upon any reduction of credit ratings or if the underwriting bank goes bankrupt, the value of the ETN can or will be eroded or lost entirely.
- Reinvestment Risk – The risk that interest and principal payments from a bond will be reinvested at a lower yield than that received on the original bond. During periods of

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declining interest rates, bond payments can be invested at lower rates; during periods of rising rates, bond payments can be invested at higher rates.

- ETF and Mutual Fund Risk – When investing in an ETF or mutual fund, you will bear additional expenses based on your pro rata share of the ETF's or mutual fund's operating expenses, including the potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities the ETF or mutual fund holds. You will also incur brokerage costs when purchasing ETFs.
- Management Risk – Your investment with our firm varies with the success and failure of our investment strategies, research, analysis and determination of portfolio securities. If our investment strategies do not produce the expected returns, the value of the investment will decrease.
- Opportunity Cost Risk –The risk that an investor can forego profits or returns from other investments.

#### **ITEM 9 – DISCIPLINARY INFORMATION**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Silver Oak or the integrity of Silver Oak's management. Silver Oak has not experienced any legal or disciplinary event.

#### **ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATION**

As discussed in Item 5 above, Silver Oak can or will refer clients to other unaffiliated professionals it feels can will help a client in areas outside the scope of the services provided by Silver Oak. For example, Silver Oak can or will refer a client to a certain attorney for the development of a Trust or Will. These referrals are for the convenience of the client only, and the decision to use one of the professionals to whom Silver Oak has referred a client is the client's alone. Clients are not obligated to utilize any third-party adviser recommended by Silver Oak or its representatives. Silver Oak does not take responsibility for the services provided by these other professionals, nor can Silver Oak speak to the merits of the services provided by these professionals. Silver Oak is not affiliated with the professionals to whom clients can or will be referred, and is not compensated for any referral made. Clients can or will be assessed a fee by the service provider, which is separate from any advisory fees assessed by Silver Oak. Neither Silver Oak nor any of its Associates will receive a portion of the fee paid to the other professional service provider.

Neither Silver Oak nor any of its management persons are registered, or have an application pending to register as a broker-dealer. Further, neither Silver Oak nor its management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, commodity trading advisor or an associated person of the foregoing entities. Moreover, Silver Oak does not recommend or select other investment advisers for clients in exchange for compensation from those advisers.

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## **ADDITIONAL COMPENSATION**

Silver Oak does not have any formal soft dollar arrangements, and has no plans to enter into such arrangements in the future.

Schwab makes available to Silver Oak other products and services that benefit Silver Oak but perhaps will not directly benefit its clients' accounts. Some of these other products and services assist Silver Oak in managing and administering clients' accounts. These include software and other technology that provide access to client account data (such as trade confirmations and account statements); facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts); provide research, pricing information and other market data; facilitate payment of Silver Oak's fees from its clients' accounts; and assist with back-office functions, record keeping and client reporting. Many of these services generally can or will be used to service all or a substantial number of Silver Oak's accounts, including accounts not maintained at Schwab Institutional.

Schwab Institutional also makes available to Silver Oak other services intended to help Silver Oak manage and further develop its business enterprise. These services can or will include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, and marketing. In addition, Schwab can or will make available, arrange and/or pay for these types of services rendered to Silver Oak by independent third parties. Schwab Institutional can or will discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to Silver Oak. Silver Oak endeavors to act in its clients' best interests. Silver Oak's recommendation that clients maintain their assets in accounts at Schwab can be based in part on the benefit to Silver Oak of the availability of some of the foregoing products and services and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which can create a potential conflict of interest.

Generally speaking, all of Silver Oak's clients benefit from research services which can or will be provided to Silver Oak by the brokers and dealers who effect transactions for Silver Oak's client accounts. Not all such research services, however, can or will be used by Silver Oak in connection with the client accounts that paid commissions to the brokers or dealers providing such research services. In addition, instances can or will arise where (a) research services obtained in connection with transactions affected for a particular client's account benefit other clients of Silver Oak, or (b) not all research services can or will be used by Silver Oak after payment of commissions by clients. Silver Oak's receipt of research services from brokers and dealers who effect transactions for Silver Oak's client accounts does not reduce Silver Oak's customary research activities.

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## ITEM 11 – CODE OF ETHICS

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

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

Silver Oak's clients or prospective clients can request a copy of the firm's Code of Ethics by contacting us at 310-207-4800.

It is Silver Oak's policy that the firm will not affect any principal or agency cross securities transactions for client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction can also be deemed to have occurred if a security is crossed between an affiliated hedge fund and another client account. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or

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any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions can arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer.

## ITEM 12 – BROKERAGE PRACTICES

### INVESTMENT OR BROKERAGE DISCRETION

Silver Oak generally has limited power of attorney to act on a discretionary basis on behalf of clients. When discretionary authority exists between the client and Silver Oak, Silver Oak can or will choose both the amount and type of publicly traded securities to be bought to satisfy account objectives. Silver Oak can have the authority to select the broker/dealer to execute transactions for clients and determine any commission rates to be paid for such transactions.

Silver Oak accepts any reasonable limitation or restriction to such authority on the account placed by the client. All limitations and restrictions placed on an account must be presented to Silver Oak in writing.

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

### THE CUSTODIAN AND BROKERS WE USE

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

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custody costs”).

## **HOW WE SELECT BROKERS/CUSTODIANS**

Silver Oak seek to select and recommend a custodian/broker who will hold your assets and execute transactions on terms that are overall most advantageous when compared to other available providers and their services. Silver Oak considers a wide range of factors, including, among others, these:

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

## **YOUR BROKERAGE AND CUSTODY COSTS**

For our clients’ accounts that Schwab maintains, Schwab generally does not charge you separately for custody services but is compensated by charging you commissions or other fees on trades that it executes or that settle into your Schwab account. Certain trades (for example, many mutual funds and ETFs) can or will not incur Schwab commissions or transaction fees. Schwab is also compensated by earning interest on the uninvested cash in your account in Schwab’s Cash Features Program. For some accounts, Schwab can or will charge you a percentage of the dollar amount of assets in the account in lieu of commissions. Schwab’s commission rates and asset-based fees applicable to our client accounts were negotiated based on the condition that our clients collectively maintain a total of at least \$10 million of their assets in accounts at Schwab. This commitment benefits you because the overall commission rates and asset-based fees you pay are lower than they would be otherwise.

In addition to commissions and asset-based fees, Schwab charges you a flat dollar amount as a “prime broker” or “trade away” fee for each trade that we have executed by a different broker-dealer but where the securities bought or the funds from the securities sold are

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deposited (settled) into your Schwab account. These fees are in addition to the commissions or other compensation you pay the executing broker-dealer. Because of this, in order to minimize your trading costs, we have Schwab execute most trades for your account. We have determined that having Schwab execute most trades is consistent with our duty to seek “best execution” of your trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above (see “How we select brokers/custodians”).

## **PRODUCTS AND SERVICES AVAILABLE TO US FROM SCHWAB**

Schwab Advisor Services™ is Schwab’s business serving independent investment advisory firms like us. They provide us and our clients with access to their institutional brokerage services (trading, custody, reporting, and related services), many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our clients’ accounts, while others help us manage and grow our business. Schwab’s support services are generally available on an unsolicited basis (we don’t have to request them) and at no charge to us. Following is a more detailed description of Schwab’s support services:

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

*Services that perhaps will not directly benefit you.* Schwab also makes available to us other products and services that benefit us but can or will not directly benefit you or your account. These products and services assist us in managing and administering our clients’ accounts. They include investment research, both Schwab’s own and that of third parties. We can or will use this research to service all or a substantial number of our clients’ accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

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

*Schwab Services that Generally Benefit Only Us.* Schwab also offers other services intended to



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help us manage and further develop our business enterprise. These services include:

- Educational conferences and events;
- Consulting on technology, compliance, legal, and business consulting;
- Publications and conferences on practice management and business succession; and
- Access to employee benefits providers, human capital consultants and insurance providers
- Marketing consulting and support

Schwab can or will provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab can or will also discount or waive its fees for some of these services or pay all or a part of a third party's fees. Schwab can or will also provide us with other benefits, such as occasional business entertainment of our personnel.

### **OUR INTEREST IN SCHWAB'S SERVICES**

The availability of these services from Schwab benefits us because Silver Oak does not have to produce or purchase them. Silver Oak does not have to pay for Schwab's services so long as we keep a total of at least \$10 million of client assets in accounts at Schwab. The \$10 million minimum can give Silver Oak an incentive to recommend that you maintain your account with Schwab based on our interest in receiving Schwab's services that benefit our business rather than based on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a potential conflict of interest.

Silver Oak believes, however, that our selection of Schwab as custodian/broker is in the best interests of our clients. It is primarily supported by the scope, quality and price of Schwab's services (based on the factors discussed above – see *"How We Select Custodians/Brokers"*) and not Schwab's services that benefit only us. We have approximately \$170 million in client assets under management, and do not believe that maintaining at least \$10 million of those assets at Schwab in order to avoid paying Schwab quarterly service fees presents a material conflict of interest.

### **ITEM 13 – REVIEW OF ACCOUNTS**

Wealth Management and Investment Management accounts are reviewed on a regular basis by Silver Oak's Principal, Shufan (Linda) Cao, and/or other Associated Persons. All clients are encouraged to comprehensively review financial planning issues, investment objectives and account performance with Silver Oak (in person or via telephone) on an annual basis, as applicable.

Clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer/custodian for their accounts. Wealth Management and Investment Management clients also receive a quarterly report from Silver Oak summarizing account activity and performance. Clients are urged to carefully compare the



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reports sent by their broker-dealer/custodian with those reports sent by Silver Oak and other third parties.

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

Silver Oak receives an economic benefit from Schwab in the form of the support products and services it makes available to us and other independent investment advisers that have their clients maintain accounts at Schwab. In addition, Schwab has also agreed to pay for certain products and services for which we would otherwise have to pay once the value of our clients' assets in accounts at Schwab reaches a certain amount. These products and services, how they benefit us, and the related conflicts of interest are described above (*see Item 12 – Brokerage Practices*). The availability to Silver Oak of Schwab's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

At times, Silver Oak can or will enter into solicitation agreements under which it pays fees for client referrals as permitted by Rule 206(4)-3 of the Investment Advisers Act of 1940 as amended. We accept client referrals from an individual referred to as "Solicitors." All Solicitors are required to enter into a written agreement with us that requires the Solicitor to deliver our ADV Part 2A and a separate disclosure document relating to the Solicitor's relationship with us to each potential client. Payments to Solicitors are in the form of a percentage of the investment management fee that we receive. A client referred to us by a Solicitor will not pay a higher investment management fee as a result of the referral, unless specifically stated otherwise in the Solicitor's separate disclosure document.

#### **ITEM 15 – CUSTODY**

Pursuant to federal regulations, Silver Oak is deemed to have custody of your assets if you authorize us to instruct Schwab to deduct our advisory fees directly from your account. Schwab maintains actual custody of your assets. You will receive account statements directly from Schwab at least quarterly. They will be sent to the email or postal mailing address you provided to Schwab. You should carefully review those statements promptly when you receive them. Silver Oak also urges you to compare Schwab's account statements to the periodic portfolio reports you will receive from us.

#### **ITEM 16 – INVESTMENT DISCRETION**

Silver Oak usually receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account. Each client grants trading authority to Silver Oak by signing a limited power of attorney during the brokerage account establishment process. The engagement agreement between the client and Silver Oak provides also provides that Silver Oak has discretionary authority to exercise trades on behalf of the client subject to the

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guidelines provided in the client's investment policy statement (IPS). Silver Oak creates an IPS for each client that is signed by the client before the asset allocation decisions are implemented.

When selecting securities and determining amounts, Silver Oak observes the investment policies, limitations and restrictions of the clients for which it advises. For registered investment companies, Silver Oak's authority to trade securities can also be limited by certain federal securities and tax laws that require diversification of investments and favor the holding of investments once made.

Silver Oak accepts any reasonable limitation or restriction to such authority on the account placed by the client. All limitations and restrictions placed on an account must be presented to Silver Oak in writing

#### **ITEM 17 – VOTING CLIENT SECURITIES**

Client will select if Silver Oak will vote proxies on their behalf, if so Silver Oak will vote proxies in a manner that is, in our opinion the best interests of our clients and in accordance with our established policies and procedures. Our Firm will retain all proxy voting books and records for the requisite period of time, including a copy of each proxy statement received, a record of each vote cast, a copy of any document created by us that was material to making a decision how to vote proxies, and a copy of each written client request for information on how the adviser voted proxies. If our Firm has a conflict of interest in voting a particular action, we will notify the client of the conflict and retain an independent third-party to cast a vote.

Silver Oak does not render advice to or take any actions on behalf of clients with respect to any legal proceedings, including bankruptcies and shareholder litigation.

Clients can obtain a copy of Silver Oak's complete proxy voting policies and procedures upon request. Clients can also obtain information from Silver Oak about how Silver Oak voted any proxies on behalf of their account(s).

#### **ITEM 18 – FINANCIAL INFORMATION**

Silver Oak does not require or solicit prepayment of more than \$1200 in fees per client, six months or more in advance and therefore is not required to provide a balance sheet. Additionally, registered investment advisers are required in this Item to provide you with certain financial information or disclosures about their financial condition. Silver Oak has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has not been the subject of a bankruptcy proceeding.