



## **Octagon Financial Services, Inc.**

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**March 20, 2020**

### **FORM ADV PART 2A BROCHURE**

This Form ADV Part 2A ("Disclosure Brochure") provides information about the qualifications and business practices of Octagon Financial Services Inc. ("OFS" or the "Advisor"). If you have any questions about the contents of this Disclosure Brochure, please contact us at (703) 905-3300.

OFS is a registered investment advisor with the U.S. Securities and Exchange Commission ("SEC"). The information in this Disclosure Brochure has not been approved or verified by the SEC or by any state securities authority. Registration of an investment advisor does not imply any specific level of skill or training. This Disclosure Brochure provides information through OFS to assist you in determining whether to retain the Advisor.

Additional information about OFS and its Advisory Persons is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching with our firm name or our CRD# 107335.

## Item 2 Summary of Material Changes

Form ADV 2 is divided into two parts: *Part 2A (the "Disclosure Brochure")* and *Part 2B (the "Brochure Supplement")*. The Disclosure Brochure provides information about a variety of topics relating to an Advisor's business practices and conflicts of interest. The Brochure Supplement provides information about Advisory Persons of OFS. OFS believes that communication and transparency are the foundation of its relationship with Clients and will continually strive to provide its Clients with complete and accurate information at all times. OFS encourages all current and prospective Clients to read this Disclosure Brochure and discuss any questions you may have with us. And of course, we always welcome your feedback.

### Material Changes

Since the filing of our last annual updating amendment, dated March 26, 2019 we have no material changes to report.

### Future Changes

From time to time, we may amend this Disclosure Brochure to reflect changes in our business practices, changes in regulations and routine annual updates as required by the securities regulators. This complete Disclosure Brochure or a Summary of Material Changes shall be provided to each Client annually and if a material change occurs in the business practices of OFS.

At any time, you may view the current Disclosure Brochure on-line at the SEC's Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching with our firm name or our CRD# 107335. You may also request a copy of this Disclosure Brochure at any time, by contacting us at (703) 905-3300.

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## Item 4 Advisory Business

### A. Firm Information

Octagon Financial Services, Inc., (referred to as "OFS," the "Advisor," "we," or "us") is a registered investment advisor with the U.S. Securities and Exchange Commission ("SEC"). OFS is subsidiary of Octagon Worldwide, the global sports and entertainment representation and marketing arm of the Interpublic Group of Companies, a publicly held company listed on the New York Stock Exchange (NYSE:IPG). We are headquartered in McLean, VA. Since 1983, OFS and affiliated companies have been serving the financial and investment needs of entertainers and professional athletes at every level, from retired legends, to active superstars, to the emerging talent of the future (herein referred to as "Clients"). The following companies own OFS, directly or indirectly:

**Direct Owner:** Octagon, Inc.

**Indirect Owner:** Interpublic Group of Companies, Inc.

The Advisor serves as a fiduciary to Clients, as defined under the applicable laws and regulations. As a fiduciary, the Advisor upholds a duty of loyalty, fairness and good faith towards each Client and seeks to mitigate potential conflicts of interest. Our fiduciary commitment is further described in our Code of Ethics. For more information regarding our Code of Ethics, please see Item 11 - Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.

To meet the often complex financial and investment needs of our Clients, we have teamed with independent institutional investment managers, brokerage firms, insurance companies, and banks to make available a diverse range of financial and investment products and services, including financial planning and portfolio management services, brokerage and insurance products, and accounting and tax services.

As you review this Disclosure Brochure, please note which products and services are provided by independent companies and which are provided by OFS. Your legal and contractual rights will differ in important ways depending on (i) the specific product or service, (ii) whether we or another company provides the product or service, (iii) the capacity in which we or another company is acting when providing the product or service, and (iv) the terms of your written agreement for the product or service.

### B. Advisory Services Offered

OFS works with Clients through its "Full Service Program," consisting of the following types of services, customized to meet each Client's specific situation and needs:

- Financial Planning Services
- Portfolio Management Services
- Cash Management Services
- Tax Services

We adjust the timing and scope of the Component Services to meet your individual circumstances. As Clients progress through their careers, their needs for particular financial or investment services will change. In the early stages of their careers, some Clients may not require significant Financial Planning Services or Cash Management Services, may not have sufficient assets to participate in certain investment programs, and may have less complex tax issues to consider. We strive to tailor the services to suit each Client's situation.

## **Financial Planning Services**

At the beginning of our relationship with a new Client, we will ask about their personal and family circumstances, career plans, financial situation, investment goals and objectives, and tolerance for investment risk. Based on this information, we will work with the Client to identify specific planning services where we will focus our efforts during the initial year of our relationship. Over the course of your relationship with us, we will periodically review with you relevant aspects of the financial process. Generally, we consider the following issues as part of the Financial Planning Services:

### **Cash Flow & Budgeting:**

Analysis of the Client's current income, expenses, taxes, savings, and investment history, and the potential effects of various investment choices, tax strategies, or other planning techniques towards improving the Client's current and future cash flows, assets, and tax liabilities.

### **Portfolio Review:**

Analysis of the Client's current investment portfolio and allocation and weighting among investments of different asset classes or market sectors, with the goal of improving diversification, reducing volatility, minimizing taxes, or enhancing performance.

### **Insurance Planning:**

Review of the Client's current life and disability insurance limits and coverage to identify circumstances where the Client may benefit from purchasing additional insurance or annuity products. Retirement Planning: Preparation of projections regarding the Client's estimated financial needs at certain ages in the future and amounts which should be added to the portfolio in order to meet future obligations and attain the Client's investment objectives.

## **Caution Regarding Projections.**

When we develop projections for you, whether of estimated future income, expenses, inflation, tax liabilities, or other matters, we will rely on the information you provide and on certain assumptions about key economic, financial, and tax matters. While we believe the assumptions will be reasonable at the time made, there is no assurance that these assumptions will prove correct in the future; our assumptions may turn out to be wrong. To the extent the information you provide is inaccurate or incomplete, or our assumptions prove incorrect, our projections will likely not reflect your actual experience.

## **Investment Management Services**

OFS provides discretionary investment management services for its Clients either directly or through allocation to unaffiliated Third-Party Managers participating in a Managed Account Program. For Clients with accounts managed through a Managed Account Program, the Third-Party manages will also require such authority.

Based on information you provide about your individual and family circumstances, financial situation, securities portfolio, investment objectives (such as income, balanced growth and income, or maximum growth, for example), expected investment time horizon, tolerance for volatility or risk in your portfolio, and liquidity needs, we will work with you to develop an appropriate investment program.

OFS primarily allocates Client assets among various Third-Party managers, we may also manage all or a portion a Client's account(s) internally. In addition to Third-party managers, OFS may construct Client portfolios utilizing mutual funds, exchange-traded funds ("ETFs"), individual equity securities and fixed income securities. OFS may employ other types of investments as necessary to achieve the Client's objectives. OFS may also recommend that certain accredited investors (as defined by Rule 501 of the Securities Act of 1933) invest in privately placed securities, which may include debt, equity

or interests in pooled investment vehicles (e.g. hedge funds). Where applicable, OFS may also provide advice regarding legacy positions or other investments held in a Client's portfolio. *Please refer to Item 8 - Methods Of Analysis, Strategies & Risk Of Loss for information about the investment strategies and types of investments we generally recommend to Clients.*

### **Managed Account Programs**

Most Clients allocate the largest portion of their investible assets to be managed by us through a Managed Account Program sponsored by one of the institutional management firms we recommend (each referred to as a "Sponsor").

We believe many Clients can benefit from the diverse investment products, strategies, portfolios, and institutional managers available through Managed Account Programs. We will assist the Client to select an appropriate Managed Account Program and to designate an initial investment strategy and model portfolio, and if appropriate, a third-party manager to manage their account. Currently, we have Clients participating in the Managed Account Programs sponsored by Dynasty Wealth Managers, LLC ("DWM"), a subsidiary of Dynasty Financial Partners, LLC ("DFP") (collectively "Dynasty"), Envestnet and other investment platforms. The vast majority of our Clients are using Managed Account Programs through Dynasty. Please see Item 10 - Other Financial Industry Activities & Affiliations for additional disclosures.

Dynasty provides an integrated platform service provider of business resources to Registered Investment Advisors ("RIA"). Dynasty provides access to trading technology, reporting, custody and investments through an open architecture system. Dynasty selects, builds and monitors investment portfolios in order to cater to various levels of investor sophistication.

OFS uses Dynasty's Separately Managed Accounts ("SMA") and Unified Managed Accounts ("UMA") to create custom portfolios for a range of Client needs. Dynasty's SMA/UMA solutions include:

- Institutional quality research
- Integrated flexible performance reporting options
- A single technology platform to manage trading, research and reporting

Accounts participating in a Managed Account Program will typically pay a quarterly Program Fee (calculated as a percentage of assets) that include (i) the Program Sponsor's services in researching and adjusting the model portfolios and strategies, screening available investment options, and performing initial due diligence and on-going monitoring of Third-Party Managers, (ii) the day-to-day investment management services of Third-Party Managers, if any, selected for the account, and (iii) the broker-dealer's brokerage and custody services.

Clients should understand that Managed Account Programs offered are typically "wrap fee" programs. Clients who are not familiar with wrap fee programs should take care to understand the special characteristics of these programs. Please refer to Item 4.D for further information about wrap fee programs.

For Clients that we recommend a Managed Account Program, we will explain the objectives of the program and the wrap fee features of the program, the characteristics and risk profiles of the available investment portfolios, the management styles and strategies of the Third-Party Managers, and the potential benefits, costs, risks, and requirements of the program. The Client will also receive the Managed Account Program's Disclosure Brochure describing the Program Sponsor's methodologies for developing investment portfolios and strategies, and selecting Third-Party Managers.

Clients who choose to participate in a Managed Account Program must sign separate agreements with the Program Sponsor and with a brokerage firm that will hold the account's assets and provide brokerage services. We will assist the Client to identify a suitable model portfolio or strategy, and if applicable to the Managed Account Program, an appropriate Third-Party Manager to provide day-to-day management of the Client's Program account[s].

### **Cash Management Services**

Typically, we will recommend a Cash Management Account for a portion of Client assets outside of a Managed Account Program. We offer Cash Management Services through SunTrust Bank, an independent bank based in Nashville, Tennessee. Clients participating in this service will arrange for checks, transfers, or other sources of income to be deposited to an account held in their name at SunTrust Bank. Client vendor invoices or bills will be forwarded to us, and we will direct timely payments on the Client's behalf. Clients will authorize certain OFS Supervised Persons to disburse funds from their account(s). Cash Management Clients will receive monthly statements from us and also directly from SunTrust Bank. Clients are encouraged to compare our statements with the statements from SunTrust Bank, and to alert us immediately of any discrepancies.

### **Tax Services**

Many of our Clients have complex tax situations and will benefit from having their U.S. federal and state income tax returns prepared by one of our Supervised Persons, or where appropriate, an independent tax firm we retain. Clients will also receive, upon request, tax projections prepared by us or another firm. Returns and projections will be prepared based on information provided by the Client or sources the Client identifies. Neither we nor any independent firm we engage will be responsible for verifying, authenticating, or auditing any information from the Client or other sources, nor will we (or any independent firm) be responsible for identifying or disclosing errors, fraud, or other illegal acts. Clients should be aware that we will usually rely on the advice and services of independent firms in providing the Tax Services. While we believe these firms are qualified and capable of providing these services, OFS will not be responsible for errors, penalties, interests, or other costs as a result of errors by a firm we retain for the Tax Services.

### **Other Advisory Services**

A Client may ask us to provide advice or consulting services outside the scope of our Full Service Program. For example, a Client may ask for advice regarding a specific issue related to estate planning or tax planning strategies. We will negotiate the terms of these limited scope services, on a case-by-case basis.

### **C. Tailored Services & Client-Imposed Restrictions**

We tailor our investment advice and services to the financial situation, investment objectives, investment time horizon, risk tolerance, and liquidity needs of each account, according to information provided by the Client through written questionnaires, telephone or in-person discussions, and periodic account reviews and meetings. We permit Clients to impose reasonable restrictions on the types of securities we recommend or purchase for their account, and permit Clients to change these restrictions by written notice to us. However, Clients should be aware that the terms of Managed Account Programs may restrict the Client's ability to impose restrictions on account investments. These restrictions will be described in the disclosure document or Client's Managed Account Agreement.

### **D. Information About Wrap Fee Programs**

We are required to provide information about wrap fee programs for which we provide portfolio management services. A wrap fee program combines portfolio management services and transaction fees into a single advisory fee.



Although we recommend various wrap fee programs to our Clients, we do not provide "portfolio management services" for those programs. We assist our Clients in choosing a wrap fee program, model investment portfolio or strategy, and for some Programs, an appropriate Third-Party Manager to meet their needs, and then monitor account performance and exercise discretion to change or replace the account's model, strategy, or Third-Party Manager, as necessary.

**Special Considerations Regarding Wrap Fee Programs.** Clients participating in wrap fee programs should consider that wrap fee arrangements are not suitable for every account. The benefits of the arrangement depend on a number of factors, particularly the amount of the wrap fee, the number and frequency of account trades, and the types of securities the account will trade.

A wrap fee arrangement is likely to be more beneficial for accounts that expect relatively frequent trading, such as where a Third-Party Manager intends to pursue an active trading strategy. In that case, a wrap fee arrangement that combines the costs of investment advice and brokerage services into a single fee may cost less than a traditional managed account arrangement where the account pays brokerage commissions separate from (and in addition to) fees for investment advice. Conversely, an account that expects a relatively small number of trades each year would likely find a wrap fee arrangement to be more costly than paying the separate costs of brokerage commissions and fees for investment advice.

Clients are cautioned to review the information in the disclosure brochure for wrap programs they are considering to understand the costs and factors they should consider when deciding whether to participate in (or to continue to participate in) the programs. Clients should also consider that lower cost programs for similar advisory, brokerage, and custody services may be available through programs available through other advisers or broker-dealers, either through a wrap fee or on a separate cost basis.

#### **E. Assets Under Management**

As of December 31, 2019, OFS managed Client assets of \$801,611,125 on a discretionary basis, and did not manage any assets on a non-discretionary basis.

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

#### **A. Fee Schedule, Minimum Fees & Negotiability of OFS Fees**

The annual fee for our services (the "OFS Fee") is 1.00% of the Client assets we manage, subject to a minimum fee and/or retainer according to the following schedule:

<b>Sport</b>	<b><u>Range of Minimum Fee:</u></b>
Baseball	\$2,500 - \$7,500
Football	\$5,000 - \$15,000
Tennis	\$2,500 - \$5,000
Hockey	\$2,500 - \$5,000
Basketball	\$7,500 - \$15,000
Golf	\$5,000 - \$10,000
Action Sports	\$5,000

The minimum annual OFS Fee is negotiated within the stated ranges based on our assessment of a variety of factors particular to each account. For certain sports (e.g., hockey), the advisory agreement will provide for a minimum fee that is determined, in part, by the League in which the Client plays a majority of any quarter or year.



When calculating the OFS Fees, we include Client assets invested in Managed Accounts Programs, mutual fund programs, Cash Management Accounts and other accounts or investments. The OFS Fees will not be reduced by any fees or expenses the Client incurs with respect to a Managed Account Program, Cash Management Account or other account(s) or investment(s).

### **Fees for Other Services**

For Clients who request advisory services outside the scope of the Full Service Program, we negotiate the terms and fees for the services on a Client-by-Client basis. Depending on the scope of the services, the type and size of the account, among other factors, we may agree to a flat fee or on an hourly fee, billed at a rate not to exceed \$300 per hour.

### **Negotiability of Fees & Other Terms**

We retain the discretion to negotiate or waive all or a portion of our fee, any minimum account size requirement, or other terms related to our relationship with any Client, and to negotiate alternative fees, minimums, or other terms on a Client-by-Client, and service-by-service basis.

When negotiating these matters, we usually consider, among other factors, the size of the account, anticipated future fees or other compensation, anticipated future additional assets from the Client or related accounts, and existing or anticipated advisory, referral, or other relationships that may benefit us. OFS may agree, in its discretion, to aggregate related accounts to achieve a minimum account size requirement or to calculate our fee. The specific terms of each Client's advisory arrangement will be agreed in writing between OFS and the Client.

***Negotiation of Fees for Managed Accounts Programs.*** Clients should be aware that Sponsors of Managed Account Programs (or the Third-Party Managers they select) may not agree to negotiate the fees or terms of their services.

### **B. Payment of Fees**

OFS Fees paid from a Managed Account Program account will be deducted quarterly in advance at the beginning of each calendar quarter; other OFS Fees will be deducted quarterly in arrears after the end of each calendar quarter and will be deducted from the Cash Management Account. If there is no Cash Management Account or the assets are insufficient, OFS Fees will be deducted from other assets we manage.

OFS Fees payable in advance are calculated on the value of the assets as of the close of business on the last trading day of the preceding quarter (or value as of the close of the custodian's statement-reporting period closest to the beginning of such quarter), as applied on a consistent basis by account. For the initial calendar quarter, OFS Fees are calculated beginning on the date the Client and OFS have signed the advisory agreement and will be deducted immediately upon each deposit of assets into an account, using the then-current value. OFS Fees deposited during subsequent quarters are prorated starting with the date the custodian credits the deposit to the account. There will not be any refunds or adjustments of prepaid OFS Fees for partial withdrawals during a quarter.

OFS Fees payable in arrears will be calculated based on the value of the assets as of the end of each calendar quarter (or value as of the close of the custodian's statement-reporting period closest to the end of such quarter) and will be deducted promptly after the end of each quarter. For the first calendar quarter, OFS Fees will be prorated according to the number of days beginning on the date the Client and OFS have signed the Advisory Agreement. For the final quarter, we will deduct a prorated fee based on the value of the assets as of the date withdrawn and the number of days from the beginning of such quarter to the date of termination.

***Risks from Liquidating Investments to Pay Fees.*** The custodian will be authorized to deduct the OFS Fees (and any Managed Account Program or Third-Party Manager fees) directly from the Client's account according to our (or a sponsor's or Third-Party Manager's) instructions, without further notice to or consent of the Client. Clients are required to provide the custodian with any additional documentation, as a custodian or we request to facilitate the deduction and payment of the OFS Fees. If sufficient cash is not available in the account to pay OFS Fees or Third-Party Manager fees when due, the custodian will raise cash by selling account investments selected by the custodian, without prior notice to or further consent of the Client. If the custodian sells mutual fund or other investment company securities, the issuer may charge redemption fees for the shares redeemed. The account may also incur a contingent deferred sales charge or a short-term trading or other penalty intended to discourage short-term trading of investment company securities.

Additionally, whenever securities are sold in a taxable account, the Client will likely have a taxable event. Further, there is a risk that the sales proceeds will be less than the cost incurred to purchase the securities, thereby causing the account to realize a loss and forego the opportunity for future appreciation of the securities that were sold.

### **C. Other Fees & Expenses**

The Managed Account Programs are offered on a "wrap fee" basis, which means an account participating in one of these Programs will be charged asset-based fees for investment advisory services provided by OFS, Dynasty, and any Third-Party Manager, but will not be charged separately for transactions in the account[s]. The costs of brokerage, trade execution, clearing, and custody services will be "bundled" into the asset-based fees. However, Dynasty or Fidelity may charge an administration or reporting fee not based on account transactions. The specific fees will be described in the account's advisory agreement with us and in the separate Managed Account Agreement for the Managed Account Program. The Client's account statement for the Program account may reflect payment of a single fee for the Program (to be shared among Dynasty, OFS, and any Third-Party Manager), or may reflect separate fees paid by to OFS, Dynasty, and the Third-Party Manager.

Accounts that do not participate in a wrap fee program will pay our fee for investment advice, and may also pay the Brokerage and Investment Expenses described below for brokerage and related trade execution, clearing, and settlement services. Depending on the custodian, the account may also pay the Custody Costs described below.

### **Brokerage and Investment Expenses**

As used in this Disclosure Brochure, the term "Brokerage and Investment Expenses" refers to the following:

- commissions, ticket charges, and other fees charged by brokers who execute securities transactions for an account on an agency basis;
- mark-ups, mark-downs, or other spreads included in the amount charged by or paid to a dealer for securities bought or sold on a principal basis, and underwriting fees, dealer concessions, or related compensation in connection with securities acquired in underwritten offerings;
- odd lot differentials, transfer or other taxes, floor brokerage fees, exchange fees, service and handling fees, electronic fund or wire transfer fees, costs of exchanging currencies, margin interest, postage and delivery expenses, and other expenses charged with respect to an account;
- initial and deferred sales charges, short-term redemption fees, fund exchange fees, and surrender penalties charged for early redemptions of variable products; and

- costs of margin interest or other borrowing costs for amounts borrowed by an account, costs of cash management services (including for "sweep" arrangements of idle cash into bank deposit accounts or money market mutual fund accounts), and direct and indirect fees for other financial or investment services provided by brokers, custodians, or other financial institutions for an account.

### **Custody Costs**

As used in this Disclosure Brochure, the term "Custody Costs" refers to compensation paid to the custodian of an account's assets for services in connection with: (1) receiving, holding, and delivering securities deposited, purchased, sold, exchanged, redeemed, borrowed or loaned; (2) receiving cash deposits, dividends, interest, and the proceeds of transactions, and making payments for account purchases and costs; and (3) recordkeeping and reporting with respect to the account and account activity. All accounts will pay Custody Costs, unless otherwise agreed by the custodian.

Certain custodians do not charge separately for custody services but will be compensated through commissions or transaction-based fees for security transactions executed through the custodian (or its affiliates) or through asset-based fees for assets settled into the custodian's accounts, or both. The specific Custody Costs and terms of a custodian's services will be described in the account's agreement with the custodian.

### **Investment Company and Structured Product Expenses**

Accounts that invest in mutual funds, exchange-traded funds ("ETFs"), or other investment company securities, or invest in exchange-traded notes ("ETNs") or other structured products will bear the following indirect costs:

- the internal management, operating, and investment fees and expenses charged by mutual fund companies or other investment companies to their shareholders, including servicing and distribution fees paid pursuant to Rule 12b-1 ("12b-1 Fees"), recordkeeping fees, and transfer and sub-transfer agent fees; and
- the investor fees, issuer fees, tracking fees, and expense ratio fees that accrue for the duration of an ETN or other structured product.

The specific risks, potential benefits, fees, and expenses of mutual funds, other investment company securities, ETNs or other structured products are described in each product's prospectus or summary disclosure. Clients should become familiar with such information prior to investing.

### **Availability of Investment Products and Services from Other Firms**

Clients could purchase mutual funds, ETFs, ETNs, or other investment company securities or structured products through other brokers, agents, or financial services firms, or in some cases, directly from the issuer, without using our services. However, in those cases, the Client would not receive the benefit of our advice regarding which investments may be most appropriate in view of the account's investment objectives, risk tolerance, and liquidity needs, or the benefit of our on-going monitoring and management services.

When considering the total costs and the value of our services, Clients should consider the OFS Fees, the additional management fees of Managed Account Programs, the Brokerage and Investment Expenses, the Custody Costs, and the Investment Company and Structure Product Expenses described in this Disclosure Brochure, as they pertain to the investment products, services, strategies, and transactions for the Client's account.

### **Fees and Expenses of Similar Services or Investments**

Our OFS Fees and the costs of the Managed Account Programs, the Brokerage and Investment Expenses, and the Custody Costs may be higher (or lower) than the fees or expenses for the same or similar services or products available through other investment advisers, broker-dealers, or financial firms.

### **D. Prepayment of Management Fees, Client Withdrawals & Refunds**

If a Client terminates their advisory agreement, we will refund the unearned portion of any prepaid OFS Fees we have received, usually within 30 days after we learn of the termination. Upon termination of a Managed Account Agreement, the Client must contact the Sponsor of the Managed Account Program to request a refund of any unearned, prepaid fees (other than OFS Fees), subject to the terms of the Client's Managed Account Agreement.

For accounts that have invested in Market Linked Notes (MLDs) offered through Deutsche Bank, if accrued earnings are forfeited because of a premature transfer of the MLDs, we will adjust future OFS Fees owed us (or make a refund, if the account has terminated) by the amount of OFS Fees we previously collected on the value of the MLD earnings that are forfeited.

*Please refer to Item 5.B for further information about paying OFS Fees in advance.*

### **Limitation on Prepaid Fees**

We do not require or solicit prepayment of more than \$1,200 in fees per Client, six months or more in advance.

### **E. Compensation from the Sale of Securities or Other Investment Products**

Our President, Frank Zecca, is separately registered as a representative of Cetera Financial Specialists LLC ("Cetera"), a FINRA registered broker-dealer, and are also appointed as agents for various life insurance companies. Clients who wish to purchase variable products or wish to invest in securities on a transactional basis outside of a fee-based account structure (as described in Item 4 above) may be offered these services. OFS primarily provides all investment advisory services on a fee basis. If securities or insurance is implemented through Cetera, Mr. Zecca will receive separate, yet customary brokerage commissions, sales charges, insurance commissions, or other compensation for selling securities or other investment products, and they may be eligible to receive incentive awards (such as sales awards or other prizes such as trips or bonuses) for recommending certain types of insurance policies or investment products.

OFS does not receive any sales compensation our Supervised Persons receive as representatives of Cetera or as agents of insurance companies. Similarly, we do not receive 12b-1 Fees or other asset-based distribution or service fees in connection with Client investments. A Client will not be charged both a commission and an ongoing advisory fee for the same assets.

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

We do not charge fees based on a share of capital gains on or capital appreciation of the assets of any Client's account.

## Item 7 Types of Clients

We focus on the financial needs of professional athletes at all stages of their careers, and the families, trusts, estates, retirement planning vehicles, and businesses of these individuals. The amount of each type of Client is available on the Advisor's Form ADV Part 1A. These amounts may change over time and are updated at least annually by the Advisor.

We do not impose a specific minimum account size; however, we do impose a minimum annual fee and a minimum fee for specific services, as disclosed in Item 5 - Fees and Compensation, which may be negotiated with each Client.

Clients should consider that the Sponsors of the Managed Account Programs may impose separate minimum account values or sizes to open or maintain an account. Additionally, each Third-Party Manager may establish its own minimum requirements, which will be stated in the Client's Managed Account Agreement or disclosure brochure. For the Dynasty Programs, the Third-Party Managers generally require a minimum account size of \$100,000.

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

### A. Methods of Analysis

**Fundamental Analysis.** Through fundamental analysis, we attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced or overpriced.

Fundamental analysis does not attempt to anticipate market movements. As such, this method of analysis may not recognize when the price of a security is moving up or down as a result of overall market movement regardless of the economic and financial factors considered in a fundamental analysis of the stock.

**Technical Analysis.** Through a number of different statistical measures and data regarding the direction and velocity of movements in certain market averages and indices, prices for securities or other investment products, and economic indicators, we seek to identify short, intermediate, and longer term market trends or cycles, and recurring patterns of market movements, to assist us in determining when to enter or leave a market.

Technical analysis provides indications of market direction and potential turning points, but is an imprecise tool that can result in inaccurate buy or sell signals that do not coincide with actual market turns. Technical analysis does not consider the underlying financial condition of a company. As such, technical analysis carries the risk of generating a buy signal based on market trends for stock in a company that is poorly-managed or financially unsound and that may underperform regardless of overall market movement.

**Analysis of Mutual Funds and ETFs.** We look at the experience and track record of the managers of the account's mutual funds and ETFs to determine if the managers have demonstrated the ability to invest successfully over periods of time and in different economic conditions. We also look at the underlying investments in an attempt to identify significant overlap with the underlying investments held in other funds or ETFs, in the account. We monitor the funds and ETFs in an attempt to determine if they are continuing to follow their stated investment strategies.

A risk of our mutual fund and ETF analysis is that, as with all securities, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, we do not control and do not have complete information about the underlying securities owned by the mutual funds and ETFs in the account. There is a risk that the investment managers of two or more funds or ETFs may have invested in a particular security, thereby increasing the risk to the Client if that security were to fall in value. Additionally, there is always a risk that a manager may deviate from a stated investment mandate or strategy, which could make the holding(s) less suitable for a portfolio.

***Risks of Inaccurate or Biased Information.*** Our methods of analysis assume the information we receive about the securities we analyze, such as ratings, financials, or research reports. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

## **B. Investment Strategies**

We use the following investment strategies, as appropriate, depending on the particular needs of the Client and the investments in the account: Long-term purchases. This strategy emphasizes the purchase of investments to be held for a year or longer. Typically we employ this strategy when:

- we believe a security to be currently undervalued, or
- we want exposure to a particular asset class over time, regardless of the current projection for this class.

A risk of a long-term purchase strategy is that by holding a security for the anticipated length of time, we may not take advantages of short-term gains that could be profitable to a Client. Moreover, if our predictions are incorrect, the security may decline sharply in value before we make the decision to sell.

***Short-term purchases.*** This strategy seeks to purchase securities with the idea of selling them within a relatively short time (typically a year or less). We do this in an attempt to take advantage of conditions that we believe will soon result in a favorable swing in the securities' prices.

A short-term purchase strategy carries the risk that if the anticipated price swing does not materialize, the account may be faced with a long-term investment in a security that was designed to be a short-term purchase, or potentially taking a loss. In addition, this strategy involves more frequent trading than does a longer-term strategy, and will result in increased brokerage and other transaction-related costs, as well as less favorable tax treatment of short-term capital gains.

## **C. Risk of Loss**

Investing in securities involves risk of loss that Clients should be prepared to bear. Securities are not guaranteed and you may lose money on your investments. We ask that you work with us to be sure we understand your willingness and financial ability to bear the risks of your current investments and the investments we recommend for your account.

## **Item 9 Disciplinary Information**

**There are no legal, regulatory or disciplinary events involving OFS or any of its Supervised Persons.** OFS and its Advisory Persons value the trust you place in us. As we advise all Clients, we encourage you to perform the requisite due diligence on any advisor or service provider in which you partner. Our backgrounds are on the Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching with our firm name or our CRD# 107335.



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

### **A. Other Financial Industry Activities & Affiliations**

*Please refer to Item 5 - Fees and Compensation for information about the conflicts of interest involving Supervised Persons who are separately registered as representatives of a broker-dealer or appointed as agents for various insurance companies.*

### **B. Arrangements with Other Investment Advisors**

#### **Relationship with Dynasty**

As noted in Item 4 - Advisory Services, OFS maintains a business relationship with Dynasty, which provides the Advisor with operational and back office support including access to a network of service providers. Through the Dynasty network of service providers, OFS has access to trading technology, transition support, reporting, custody, brokerage, investments, compliance and other related services. The Advisor also recommends Dynasty's subsidiary, DWM, a registered investment adviser, to clients for its Managed Account Program (also detailed in Item 4 - Advisory Services). While OFS believes this open architecture structure for both operational and investment services best serves the interests of its advisory clients, this relationship may potentially present certain conflicts of interest due to the fact that Dynasty retains a portion of the platform or other third party fees paid by the Advisor or clients for the services referenced above. In light of the foregoing, OFS seeks at all times to ensure that any material conflicts are addressed on a fully-disclosed basis and handled in a manner that is aligned with its clients' best interests. OFS does not receive any portion of the fees paid directly to Dynasty, its affiliates or the service providers made available through Dynasty's platform. In addition, the Advisor reviews all such relationships, including the service providers engaged through Dynasty, on a periodic basis in an effort to ensure clients are receiving competitive rates in relation to the quality and scope of the services provided.

*Please refer to Items 4.B - and 4.D for additional information about our recommendations of Managed Account Programs and the compensation we receive, and the conflicts of interest we have in recommending Managed Account Programs.*

*Please refer to Item 4.B and 14 - Client Referrals and Other Compensation for information about our Referral Services and the conflicts of interest we have when acting as a solicitor for other investment advisers.*

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

### **A. Code of Ethics**

OFS has adopted a Code of Ethics that sets forth high ethical standards of business conduct that we require of all persons associated with OFS (our "Supervised Persons").

OFS and its Supervised Persons owe a duty of loyalty, fairness, and good faith towards our Clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code.

Our Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by each of the Advisor's Access Persons. Among other things, our Code of Ethics also requires the prior approval of



any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering (except when we have only one access person). Our Code also provides for oversight, enforcement, and recordkeeping provisions.

Our President and/or Chief Compliance Officer may grant exceptions to certain provisions contained in the Code where the interests of our Clients will not be adversely affected or compromised. Doubts arising in connection with personal securities trading should be resolved in favor of the Client even at the personal expense of our Supervised Persons.

Our Code of Ethics further includes our policy prohibiting the use of material non-public information. While we do not believe that we have any particular access to non-public information, Supervised Persons are reminded that such information may not be used in a personal or professional capacity.

A copy of our Code of Ethics is available to our Clients and prospective clients. You may request a copy by calling us at (703) 905-3300.

#### **B. Recommendations Involving the Advisor's Material Financial Interests**

We do not recommend that Clients invest in securities in which OFS or our Supervised Persons have a material financial interest. Please refer to Item 5 - Fees and Compensation for information about securities or insurance products which our Supervised Persons may recommend and for which they will receive sales commissions as well as continuing, asset-based fees.

#### **C. Investments in Securities We Recommend to Clients**

Under the Code of Ethics, OFS and its Supervised Persons are permitted to buy or sell securities for their personal accounts identical to or different than those recommended to Clients. We have adopted the procedures described in Item 11.D to address the actual and potential conflicts of interest raised by these policies. OFS and its Supervised Persons will never trade in their own accounts to the detriment of any Client.

#### **D. Investments Around Same Time as Client Transactions**

Under the Code of Ethics, OFS and its Supervised Persons are permitted to trade for their own accounts side-by-side with Clients in the same securities at or around the same time as Clients on the same trading day. However, virtually all trading is handled through the separate trading facilities of the Sponsors or Third-Party Managers, and most commonly involve purchases or sales of mutual funds priced daily at NAV.

Because the Sponsors or Third-Party Managers conducts trading through their separate trading facilities, OFS does not have prior knowledge of or participate in trades placed for Client accounts. We believe these characteristics, and others, of our business help to mitigate risks of front-running or other forms of improper trading activities.

Our Code of Ethics includes the following policies to address our actual and potential conflicts of interest.

- It is our policy that no Supervised Person shall prefer his or her own interest to that of a Client or make personal investment decisions based on the investment decisions of Clients.
- We will provide our Clients with sufficient disclosure of our conflicts of interest to permit them to evaluate the conflicts and make informed decisions about whether to engage us or to continue our engagement as the Client's investment advisor.
- We and our Supervised Persons are permitted to buy or sell securities for our personal

accounts identical to the securities recommended to Clients, and may have an interest or position in certain securities which we may also recommend to Clients.

- A Supervised Person shall not buy or sell securities for their personal portfolio(s) where their decision is substantially derived, in whole or in part, by reason of his or her employment unless the information is also available to the investing public on reasonable inquiry.
- No Supervised Person shall prefer his or her own interest to the interest of a Client.
- We maintain records of all securities holdings of the Advisor and its Access Persons, and they are reviewed on a regular basis by the Chief Compliance Officer ("CCO") or delegate.
- OFS emphasizes the unrestricted right of the Client to decline to implement any advice rendered, except in situations where OFS is granted discretionary authority of the Client's investments.
- OFS requires that all Supervised Persons must act in accordance with all applicable Federal and State laws and regulations governing registered investment advisory practices.
- Any individual not in observance of the above may be subject to discipline, including termination.

## **Item 12 Brokerage Practices**

### **A. Selecting Broker-Dealers & Determining Reasonableness of Compensation**

In this Item 12 - Brokerage Services, we describe the factors we consider in selecting or recommending broker-dealers for Client accounts and transactions, and in determining the reasonableness of their compensation. We also describe various conflicts of interest that may influence our recommendations.

For accounts participating in Managed Account Programs, all securities transactions for the account will be placed through the broker-dealer designated by the Program's Sponsor (usually, the Sponsor or an affiliate of the Sponsor). For the Dynasty Programs, Fidelity has been designated as the broker-dealer to provide brokerage and custody services.

Dynasty does not restrict the use of various broker-dealers, however it would be highly unusual to use a broker-dealer other than Fidelity since the account would, in effect, be paying twice for brokerage services: first, to Fidelity through the wrap fee, which includes the costs of Fidelity's brokerage services; and second, to any other brokerage firm the Client designates, through additional commissions and other transaction costs. Dynasty will not reduce or offset the wrap fee by the brokerage or other transactions costs a Client incurs by placing orders through a different broker-dealer. Additionally, Fidelity will assess the account an extra fee per trade for orders placed with other broker-dealers.

The practical result of a wrap fee program is that the Client has limited brokerage services to the broker-dealer available through the program.

*Please see Item 12.C for further information about the consequences of directing brokerage.*

## **Research & Soft Dollar Benefits**

### **Participation in Institutional Advisor Platform**

The Advisor has established an institutional relationship with Fidelity Clearing & Custody Solutions, an affiliate under Fidelity Investments, Inc. ("Fidelity") to assist the Advisor in managing Client account[s]. Access to the Fidelity Institutional platform is provided at no charge to the Advisor. The Advisor receives access to software and related support without cost because the Advisor renders investment management services to Clients that maintain assets at Fidelity. The software and related systems support may benefit the Advisor, but not its Clients directly. In fulfilling its duties to its Clients, the Advisor endeavors at all times to put the interests of its Clients first. Clients should be aware, however, that the receipt of economic benefits from a custodian creates a potential conflict of interest since these benefits may influence the Advisor's recommendation of this custodian over one that does not furnish similar software, systems support, or services.

Additionally, the Advisor may receive the following benefits from Fidelity: receipt of duplicate Client confirmations and bundled duplicate statements; access to a trading desk that exclusively services its institutional participants; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to Client accounts; and access to an electronic communication network for Client order entry and account information.

Currently, we recommend for new accounts the brokerage services of Fidelity. Although we recommend that Clients establish accounts through Fidelity, it is the Client's decision to select the custodian and broker of their account assets. OFS is not affiliated with Fidelity.

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

The products and services that Fidelity makes available to us benefit OFS, but may not directly benefit any particular Client's account. Many of these products and services may be used to service other Client accounts, including accounts not maintained at Fidelity.

We do not attempt to put a specific dollar value on the services received by each account or to allocate the relative costs or benefits of these services among accounts, believing that the research we receive will help our firm to fulfill its overall duty to its Clients. We may not use each particular product or service to service all Clients.

In selecting custodians, we consider the transaction costs (including commissions or spreads, market impact costs, and opportunity costs), as well as the full range and quality of the brokerage and related services a broker or dealer provides to help us in managing Client accounts. We consider the speed, certainty, consistency and accuracy of execution, responsiveness to our inquiries and requests, willingness and speed in resolving errors or other discrepancies, access to financial products and markets, and research, analyses, and various electronic products and services provided by the broker or dealer.

Some brokers and dealers make available to us general economic information, company specific information, or regulatory and compliance information available regardless of commissions or spreads paid, which we do receive in limited instances. The information received is not dependent on commission rates or spreads paid by our Clients.

Although we do not always use or receive research or other non-execution services from brokers or dealers (whether proprietary or prepared by third parties), in those situations where we do consider such items in selecting a broker or dealer, we typically consider the following (depending on the broker or dealer):

- data services, such as stock quotes, trading volumes, company financial data, and economic data;
- research reports analyzing a company's performance or securities;
- portfolio analysis software;
- corporate governance research, analytics, and rating services that contain substantive content of the type permitted under Section 28(e);
- specialized publications regarding particular industries, products, or services;
- market research, including market color, optimal execution venues, and pre-trade and post-trade analytics; and
- performance of functions incidental to the execution of securities transactions, including clearance, settlement, and short-term custody services.

To the extent we use them, these products and services are designed to augment our own internal research and investment strategy capabilities.

OFS will determine in good faith that Client transaction costs are reasonable in relation to the value of the services provided by the broker or dealer, viewed in terms of either the particular transaction or the overall relationship. However, it is likely that the commissions, spreads, or other costs Clients pay for transactions executed through a broker or dealer we select will sometimes be higher than the costs another broker or dealer would have charged. OFS may select a broker or dealer to execute transactions for a Client's account, even if the account will incur higher transaction costs than it would have incurred if another broker had been used and even if the account does not benefit from the research services or products provided by that broker.

We do not attempt to put a specific dollar value on the services received by each account or to allocate the relative costs or benefits of these services among accounts, believing that the research we receive will help our firm to fulfill its overall duty to its Clients. We may not use each particular product or service to service all Clients.

Clients should understand that when we receive research or other products or services from brokers, OFS receives a benefit because it does not have to produce or pay for the research, products, or services. Therefore, we may have an incentive to select or recommend a broker based on our interest in receiving the research or other products or services, rather than on our Clients' interest in receiving most favorable execution. Since this incentive results in a conflict of interest, we have adopted the following policies and procedures to monitor and mitigate the conflict:

- We periodically evaluate the usefulness of services received from brokers in relation to the compensation we estimate that each broker or dealer receives from Client transactions; and
- We perform regular internal qualitative rankings of all brokers or dealers.

We have not adopted procedures specifically designed to direct Client transactions to particular brokers or dealers in return for the non-execution products or services described above. However, we typically only place orders with brokers or dealers that we have approved, and each of the brokers and dealers on our approved list provides some type of non-brokerage product or service that may be viewed as providing an economic benefit to OFS.

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

We do not receive Client referrals from broker-dealers, and do not direct Client trades to any broker-dealer to obtain referrals.

#### **Directed Brokerage**

Because most of our Clients' accounts are managed through Managed Account Programs, we do not routinely recommend, request, or require that Clients direct us to execute transactions through a specific broker-dealer. However, we will accept such directions if it is to a broker-dealer we have approved and with whom we have a relationship. Because of the strong economic incentive for wrap fee accounts to execute transactions only through the broker-dealer available in the wrap fee program (e.g., Fidelity, for accounts in the Dynasty Programs), by agreeing to participate in a wrap fee program, in a practical sense, the Client will have directed the use of the specific broker-dealer available through the program.

*Please refer to Item 4.D for information about wrap accounts using the brokerage services of the broker-dealer provided through the wrap program.*

Clients should understand that if we (or a Third-Party Manager, for accounts in a wrap program) are directed or limited to placing orders with a particular broker-dealer, we (or a Third-Party Manager, for a wrap account) may be unable to achieve most favorable execution of Client transactions and this practice may cost the Client more money. When a Client directs the use of a particular broker or dealer, orders for the Client will not be aggregated with orders for other Clients, and the Client will not receive the benefit of reduced transaction costs or better prices that may result from aggregation of Client orders, as discussed in Item 12.B.

Also, when we (or a Third-Party Manager) are directed (or limited) to use a particular broker-dealer, we (or they) will not have the authority to negotiate commissions, obtain volume discounts, or seek price improvement from other broker-dealers. Consequently, best execution may not be achieved and may cost the Client more than if we or a Third-Party Manager had discretion to select another broker-dealer. A disparity may arise such that Clients who direct brokerage will pay higher overall costs and receive less favorable prices than Clients who do not direct brokerage. Not all investment advisers require Clients to direct brokerage; and not all investment advisory programs limit the Client's choice of investment adviser.

Because most Client assets are managed through Managed Account Programs, Cash Management Accounts, or other programs, we do not frequently place orders for Client trade. We do not aggregate orders for multiple accounts into block orders. Clients should be aware that other investment advisers will aggregate multiple Client orders for the same security to obtain better prices and reduce overall transaction charges. The costs of block orders are usually shared by all of the accounts included in the block, typically, on a prorated basis. For certain types of securities (particularly exchange-traded and over-the-counter stocks and fixed income securities), the use of block orders may enable an adviser to negotiate volume discounts and execute trades in a timelier manner. However, for securities priced at daily NAV, these benefits are generally not available. Because we do not aggregate any orders of multiple accounts, trades we place for your account will not receive the potential benefits that might be obtained by accounts whose orders are aggregated.

Although not expected, in the event we accept Client instruction to execute transactions through a specific broker or dealer, Clients should understand that under those circumstances we may be unable to achieve most favorable execution of the transaction and this practice may cost the Client more money. When a Client directs the use of a particular broker or dealer, orders for the Client's account will not be aggregated with orders for our other Clients' accounts, and the Client will not receive the benefit of reduced transaction costs or better prices that may result from aggregation of Client orders, as discussed in Item 12.B.

Also, when we are directed to use a particular broker or dealer, we will not have the authority to negotiate commissions, obtain volume discounts, or seek price improvement from other brokers or dealers. Consequently, best execution may not be achieved and may cost the Client more than if we had discretion to select the broker or dealer. A disparity may arise such that the Client who directs brokerage will pay higher overall costs and receive less favorable prices than Clients who do not direct brokerage.

### **B. Aggregation of Security Transactions**

We will have the authority, but not the obligation, to combine or aggregate orders for multiple accounts with orders for other accounts for the purpose of "block trading." Block trading can enable us to obtain better prices and reduce overall transaction charges by negotiating volume discounts, executing trades in a timelier manner, and allocating transaction costs among all of the accounts included in the block, typically, on a prorated basis. However, Clients should be aware that due to the types of investments in various accounts, and differences in account objectives, cash positions, account types, and the systems OFS has available for placing orders with brokers and dealers, among other factors, block orders may be uncommon for some or all accounts. Accounts whose orders are not aggregated with other orders of other accounts will not receive the benefits of potentially lower transaction costs, timelier or better execution, or volume discounts that might be obtained by accounts whose orders are aggregated.

Block orders will usually be executed through an "average price account" or similar account such that transactions for all accounts participating in the order will be averaged as to price and transaction costs, and the securities purchased or net proceeds received will be allocated pro rata among the accounts in proportion to their respective orders placed that trading day. If OFS cannot obtain execution of all aggregated orders at prices or for transactions costs that OFS believes are desirable, OFS will allocate the securities or proceeds of the orders that are executed among the participating accounts according to Adviser's internal order allocation procedures.

Typically, partial fills will be allocated among accounts in proportion to the total orders participating in the block, unless OFS determines under the particular circumstances that another method of allocation is equitable (such as a rotation or other method). Such exceptions may occur due to varying cash availability across accounts, divergent investment objectives and existing concentrations, tax considerations, investment restrictions, performance relative to the applicable benchmark, performance relative to other accounts in the same strategy, and desire to avoid "odd lots" (an amount of a security that is less than the normal unit of trading for that security).

In certain situations, aggregation of orders may operate to the disadvantage of some accounts, such as where an account may have been able to have its order executed at a more favorable time on a particular trading day. Adviser will ensure that no account is unreasonably or systematically disadvantaged through the use of block trading.



## Item 13 Review of Accounts

### A. Periodic & Other Account Reviews

**Financial Planning Services.** OFS and the Client will engage in periodic meetings, telephone conversations and other communications to discuss and review various financial planning topics. A budget containing a cash flow analysis, investment plan and other planning matters will be prepared and presented as needed. Periodic updates may be necessary to update the initial recommendations. The Client should keep OFS informed of any material changes in the Client's information and/or the assumptions used in developing any of the planning documents. OFS and the Client will decide whether any updates should be made to the plan.

**Portfolio Management Services.** Accounts that participate in Managed Account Programs are subject to continuous review by an OFS committee that also conducts at least monthly reviews of the account to evaluate consistency of the current investment objectives, asset allocation and concentration levels, risk parameters, and current management style as compared to the originally expressed baseline metrics for such items, as well as consistency with any investment restrictions or investment policy guidelines established by the Client. The portfolio manager oversees the conclusions and recommendations of the analysts on a monthly or more regular basis. More frequent reviews can be triggered material changes in the assumptions or variables factors for the account, such as significant market or economic factors, or changes in the Client's financial situation, large withdrawals or significant deposits, or changes in account objectives, liquidity needs, or risk tolerance. Similar reviews are also conducted regarding Client assets OFS manages on a discretionary basis outside of a Managed Account Program. At least annually, we review accounts to determine whether investment objectives are being met.

**Cash Management Services.** Cash Management Accounts are reviewed at least monthly and reconciled to the statements received from SunTrust Bank. The initial reviews and reconciliations are performed by qualified staff members. The staff reports and cash reconciliations are monitored on a regular basis by OFS's senior officers, including its Chief Compliance Officer and Vice President, and are reviewed in depth at least annually or more frequently in the event of significant changes in the number or amount of transactions, or situations where the Client requests more or less liquidity in the Cash Management Account. In addition, because OFS is deemed to have custody of these assets, the Cash Management accounts are subject to an annual surprise verification of assets conducted by an independent accountant registered with the Public Company Accounting Oversight Board. However, the reports of the surprise verification are not provided to Clients.

**Tax Services.** Except as necessary to respond to Client questions about a tax return or items presented in a return or tax projection, upon delivery of the completed tax return(s), we will not conduct subsequent reviews with respect to tax matters, unless specifically engaged by the Client for such purposes for additional consideration.

### B. Client Reports

**Financial Planning Services.** Planning documents such as a budget, cash flow analysis, investment plan, etc. will be prepared and updated as needed. The Client and OFS will discuss any material changes in the Client's information and the assumptions used in developing any planning documents. We will recommend appropriate updates to the documents, which may or may not be presented in writing, depending on the nature and extent of the changes.



**Portfolio Management Services.** Portfolio Management Clients will receive, on at least a quarterly basis, statements directly from the custodian of their account identifying the amount of funds and each security in the account at the end of the period and setting forth all transactions in the account during that period. In addition, OFS will provide the following reports, as determined by the aggregate value of the accounts we manage for the Client:

<u>Account Value</u>	<u>Reports from OFS:</u>
under \$500,000	investment portfolio statements
\$500,000 - \$3,000,000	investment portfolio statements, plus statements of financial condition and investment values
over \$3,000,000	investment portfolio statements, statements of financial condition and investment values, and cash flow statements, tax projections, as needed

**Cash Management Services.** Cash Management Clients will receive, on a monthly basis, statements directly from SunTrust Bank, the custodian of their Cash Management Account. The Client will also receive from us reports identifying deposits and disbursements, all transactions in the account, and balances as of the end of the reporting period. Clients are urged to compare our reports promptly with the custodian's statement to identify any discrepancy and to notice us immediately by contacting our Chief Compliance Officer by telephone at (703) 905-3300, as soon as possible.

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

### **Referral Arrangements with Broker-Dealers and Insurance Companies**

*Please refer to Item 5 - Fees and Compensation for information about cash and non-cash compensation (including sales awards or other prizes) our Supervised Persons receive in connection with Client purchases of securities or insurance products and how we address these conflicts of interest.*

*Please refer to Item 12 above for information about benefits we receive from broker-dealers for referring Clients or directing Client orders to them, and how we address these conflicts of interest.*

### **Referrals to Other Investment Advisers**

In some situations, we may refer Clients to other investment advisers and will be paid compensation for making the referral instead of our ongoing investment management fees. Pursuant to a referral agreement, these investment advisers will compensate us for referring accounts to their investment advisory programs. The referral fees we receive for making referrals to these investment advisers may provide an economic incentive for us to make the referrals. This conflict is mitigated by OFS waiving its investment management fees for these assets and providing the Client will a full disclosure of the fees paid to OFS.

## **Item 15 Custody**

OFS requires that each Client establish an account at a "qualified custodian". If a Client's account is not implemented through a Managed Accounts Program, the Client may be required to select a custodian to retain their funds and securities and direct OFS to utilize that custodian for the Client's security transactions. OFS does not have the discretion to select the custodian, but will recommend a custodian with which OFS maintains an institutional relationship. For more information about custodians and brokerage practices, see Item 12 - Brokerage Practices".

OFS is deemed to have custody under the securities laws as OFS has check writing and money privileges for certain Client accounts. For Clients that are provided bill payment services, OFS will have OFS retains an independent audit firm to conduct an annual surprise custody examination pursuant to securities regulations.

Clients will receive account statements directly from the custodian on at least a quarterly basis showing all transactions in the account during the reporting period. The custodian's statements are separate from the reports we provide to Clients, as described in Item 13 - Review of Accounts.

We urge you to review carefully the account custodian statements and compare them to reports we provide. If you find any discrepancies or have questions, please contact our Chief Compliance Officer by telephone, (703) 905-3300, or by email at [compliance@ofswwealth.com](mailto:compliance@ofswwealth.com), as soon as possible.

## **Item 16 Investment Discretion**

OFS generally has discretion over the selection and amount of securities to be bought or sold in Client accounts without obtaining prior consent or approval from the Client. However, these purchases or sales may be subject to specified investment objectives, guidelines, or limitations previously set forth by the Client and agreed to by OFS. Discretionary authority will only be authorized upon full disclosure to the Client. The granting of such authority will be evidenced by the Client's execution of an Investment Advisory Agreement containing all applicable limitations to such authority. All discretionary trades made by OFS will be in accordance with each Client's investment objectives and goals. If a Client wishes to impose reasonable limitations on our authority (such as restrictions on the type of securities or the selection of any particular Third-Party Manager for the account), such limitations must be included in the Client agreement or otherwise submitted to us in writing. The Client may change or amend these limitations, as desired, by written instruction by mail or email.

An account participating in a Managed Account Program must grant investment discretion to the Third-Party Manager(s) that manages the account(s). The Managed Account Agreement will govern whether restrictions may be imposed on an account's investments, the manner of imposing such restrictions, and the extent of permissible restrictions.

## **Item 17 Voting Client Securities**

For accounts that do not participate in a Managed Account Program, we require the Client to retain responsibility for voting all account securities. We will not vote, exercise rights, make elections, or take other such actions with respect to securities held for accounts we manage. If desired, a Client may instruct us in writing to forward to the Client or a third-party materials we receive pertaining to proxy solicitations or similar matters. Upon our receipt of such written instructions, we will use commercially reasonable efforts to forward such materials in a timely manner. In the absence of the Client's written request, we will discard account proxy and related materials.

Clients may obtain proxy materials by written request to the account's custodian. For information about how to obtain proxy materials from a custodian, Clients may contact us by telephone at (703) 905-3300 or by mail sent to the attention of our Chief Compliance Officer at the street address shown on the front of this Disclosure Brochure. However, we will not provide advice about the issues raised by any proxy solicitation or other request for action.

For accounts that participate in a Managed Account Program, authority to vote account securities is usually delegated to the Third-Party Manager or the Sponsor; however, the Client must refer to the terms of his or her specific agreement to determine whether the Client is permitted or required to delegate proxy voting authority to the Sponsor or a Third-Party Manager. These terms will vary by Program and Third-Party Manager.

Similarly, we will not advise or exercise rights, make elections, or take other actions with respect to legal proceedings involving companies whose securities are or were held in the Client's account, including asserting any claims or voting in bankruptcy or reorganization proceedings, or filing "proofs of claim" in class action litigation. If desired, a Client may instruct us in writing to forward to the Client or a third party any materials we receive pertaining to such matters. Upon our receipt of such written instructions, we will use commercially reasonable efforts to forward such materials in a timely manner. In the absence of the Client's written request, we will discard such materials.

## **Item 18 Financial Information**

Neither OFS, its parent, nor its management, have any adverse financial situations that would reasonably impair the ability of OFS to meet all obligations to its Clients. Neither OFS, nor any of its Advisory Persons, has been subject to a bankruptcy or financial compromise. OFS is not required to deliver a balance sheet along with this Disclosure Brochure as the Advisor does not collect fees of \$1,200 or more for services to be performed six months or more in advance.