

# Oregon Pacific Wealth Management, LLC

## DISCLOSURE BROCHURE

### (Appendix 1: Wrap Fee Program Brochure)

#### Item 1: Cover Page

**Oregon Pacific Wealth Management, LLC**

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**November 2, 2021**

This wrap fee brochure provides information about the qualifications and business practices of Oregon Pacific Wealth Management, LLC. If you have any questions about the contents of this brochure, please contact us at (541) 902-7272. 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.

Oregon Pacific Wealth Management is a state registered investment advisor. Registration of an investment advisor does not imply any level of skill or training.

Additional information about Oregon Pacific Wealth Management is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) or by state securities authorities.

The SEC's website also provides information about persons affiliated with Oregon Pacific Wealth Management who are registered, or are required to be registered, as investment advisor representatives of Oregon Pacific Wealth Management.

## **Item 2: Material Changes**

The material changes in this brochure from the last annual updating amendment of Oregon Pacific Wealth Management on 01/26/2021 are described below. Material changes relate to Oregon Pacific Wealth Management's policies, practices or conflicts of interests only.

- The firm is has transitioned to registration with the United States Securities and Exchange Commission from its prior registration at the state level.
- The firm is no longer associated with LPL Financial.
- The firm's representatives are no longer licensed insurance agents.

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#### Item 4 Services, Fees and Compensation

Oregon Pacific Wealth Management, LLC (“OPWM”) is a limited liability company formed in 2016 in the State of Oregon. OPWM is owned by Oregon Pacific Banking Company, which is wholly owned by Oregon Pacific Bancorp.

As discussed below, Oregon Pacific Wealth Management offers to its clients (individuals, high-net worth individual, pension and profit sharing plans, business entities, trusts and estates), investment advisory services, and related consulting services.

#### OREGON PACIFIC WEALTH MANAGEMENT, LLC WRAP PROGRAM

OPWM sponsors a Wrap Fee Program which provides investment management services on a wrap fee basis in accordance with OPWM’s investment management wrap fee program (the “Program”). The Program offers a discretionary/non-discretionary investment advisory program that includes investment advisory, portfolio management, as well as reporting and transaction costs for a single fee, or *wrap fee*.

**Please Note: Non-Discretionary Service Limitations.** Clients that determine to engage OPWM on a non-discretionary investment advisory basis **must be willing to accept** that OPWM cannot effect any account transactions without obtaining prior verbal or written consent to any such transaction(s) from the client. Thus, in the event of a market correction during which the client is unavailable, OPWM will be unable to effect any account transactions (as it would for its discretionary clients) without first obtaining the client’s verbal or written consent.

A wrap fee program allows our clients to pay a specified fee for investment advisory services and the execution of transactions. The advisory services include portfolio management of which the fee is not based directly upon transactions in client accounts but bundled with our costs for executing transactions. We do not charge our clients higher advisory fees based on their trading activity, but they should be aware that we may have an incentive to limit our trading activities in their account(s) because we are charged for executed trades. By participating in a wrap fee program, clients may end up paying more or less than they would through a non-wrap fee program where a lower advisory fee is charged, but trade execution costs are passed directly through to the client by the executing broker.

The wrap fee does not include annual account fees or other administrative fees, such as wire fees, charged by Manager or brokerage firm; certain odd-lot differentials, transfer taxes, transaction fees mandated by the Securities Act of 1934, , postage and handling fees, and charges imposed by law with regard to transactions in the Client’s account; and advisory fees, expenses or sales charges (loads) of mutual funds (including money market funds), closed-end investment companies or other managed investments, if any, held in Client’s account. The wrap fee also does not cover certain costs associated with securities transactions in the over-the-counter market, such as fixed income securities where Manager must approach a dealer or market maker to purchase or sell a security. Such costs include the dealer’s mark-up, mark-down or spread and odd-lot differentials or transfer taxes imposed by law.

Schwab Advisor Services, a division of Charles Schwab & Co., Inc (Schwab) shall serve as custodian for Program accounts. Schwab also makes available to OPWM other products and services that benefit OPWM but may not benefit its clients’ accounts. These benefits may include national, regional or OPWM specific educational events organized and/or sponsored by Schwab Advisor Services. Other potential benefits may include occasional business entertainment of personnel of OPWM by Schwab Advisor

Services personnel, including meals, invitations to sporting events, including golf tournaments, and other forms of entertainment, some of which may accompany educational opportunities. Other of these products and services assist OPWM in managing and administering clients' accounts. These include software and other technology (and related technological training) 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 OPWM's fees from its clients' accounts, and assist with back-office training and support functions, recordkeeping and client reporting. Many of these services generally may be used to service all or some substantial number of OPWM's accounts, including accounts not maintained at Schwab Advisor Services. Schwab Advisor Services also makes available to OPWM other services intended to help OPWM manage and further develop its business enterprise. These services may include professional compliance, legal and business consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, employee benefits providers, human capital consultants, insurance and marketing. In addition, Schwab may make available, arrange and/or pay vendors for these types of services rendered to OPWM by independent third parties. Schwab Advisor Services may 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 OPWM. While, as a fiduciary, OPWM endeavors to act in its clients' best interests, OPWM's recommendation/requirement that clients maintain their assets in accounts at Schwab may be based in part on the benefit to OPWM of the availability of some of the foregoing products and services and other arrangements and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest.

#### **COMPREHENSIVE PORTFOLIO MANAGEMENT**

Our comprehensive portfolio management service encompasses asset management as well as providing financial planning/financial consulting to clients. It is designed to assist clients in meeting their financial goals through the use of financial investments. We conduct at least one, but sometimes more than one meeting (in person if possible, otherwise via telephone conference) with clients in order to understand their current financial situation, existing resources, financial goals, and tolerance for risk. Based on what we learn, we propose an investment approach to the client. We may propose an investment portfolio, consisting of exchange traded funds, mutual funds, individual stocks or bonds, or other securities. Upon the client's agreement to the proposed investment plan, we work with the client to establish or transfer investment accounts so that we can manage the client's portfolio. Once the relevant accounts are under our management, we review such accounts on a regular basis and at least quarterly. We may periodically rebalance or adjust client accounts under our management. If the client experiences any significant changes to his/her financial or personal circumstances, the client must notify us so that we can consider such information in managing the client's investments.

#### **MISCELLANEOUS ADVISORY SERVICES DISCLOSURE**

If requested by the client, OPWM may recommend the services of other professionals for certain noninvestment implementation purposes (i.e. attorneys, accountants, insurance, etc.), including certain of OPWM's investment adviser representatives in their separate registered/licensed capacities as discussed below. The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from OPWM.

**Please Note:** If the client engages any such recommended professional and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional.

**Please Also Note:** It remains the client's responsibility to promptly notify OPWM if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising OPWM's previous recommendations and/or services.

**Please Note: Fee Differentials.** As indicated in Item 5 below, OPWM shall price its services based upon various objective and subjective factors. As a result, OPWM's clients could pay diverse fees based upon the market value of their assets, the complexity of the engagement, geographic differences, and the level and scope of the overall consulting services to be rendered. The services to be provided by OPWM to any particular client could be available from other advisers at lower fees. All clients and prospective clients should be guided accordingly.

**Sub-Advisory Agreement with Investment Adviser:** Under its *Investment Management Agreement*, OPWM has discretionary authority to hire and fire Sub-Advisor(s), which can manage the investments in your designated account on a discretionary basis in accordance with your stated investment objectives.

**Independent Managers:** OPWM may allocate (and/or recommend that the client allocate) a portion of a client's investment assets among unaffiliated independent investment managers in accordance with the client's designated investment objective(s). In such situations, the Independent Manager[s] shall have day-to-day responsibility for the active discretionary management of the allocated assets. OPWM shall continue to render investment advisory services to the client relative to the ongoing monitoring and review of account performance, asset allocation and client investment objectives. Factors which OPWM shall consider in recommending Independent Manager[s] include the client's designated investment objective(s), management style, performance, reputation, financial strength and reporting.

**Client Obligations:** In performing its services OPWM 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. Moreover, each client is advised that it remains his/her/its responsibility to promptly notify OPWM if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising OPWM's previous recommendations and/or services.

**Disclosure Statement:** A copy of OPWM's written Brochure shall be provided to each client prior to, simultaneously with, the execution of the Investment Advisory Agreement.

As of July 2021 Oregon, Pacific Wealth Management had \$119,000,000 in assets under management on a discretionary basis and \$0 in assets under management on a non- discretionary basis.

## Fee Schedule

Assets Under Management	Annual Percentage of Assets Charge*
\$0 to \$249,999.99	1.30%
\$250,000 to \$499,999.99	1.20%
\$500,000 to \$999,999.99	1.10%
1 Million to \$1,999,999.99	1.00%
2 Million to \$4,999,999.99	0.85%
5 Million to \$9,999,999.99	0.75%
Over 10 Million	negotiable

1. We may also provide investment advice or financial planning to Clients on an hourly or fixed rate fee. Our maximum hourly rate is \$250.00 per hour depending on the complexity of the issue being addressed. Fixed fee project pricing is quoted for each project, depending on the scope of work performed. Notwithstanding the above, fees are generally negotiable.
2. Clients may elect to have OPWM's advisory fees deducted from their custodial account. Both OPWM's *Investment Advisory Agreement* and the custodial/clearing agreement may authorize the custodian to debit the account for the amount of OPWM's investment advisory fee and to directly remit that management fee to OPWM in compliance with regulatory procedures. In the limited event that OPWM bills the client directly, payment is due upon receipt of OPWM's invoice.
3. Unless the client directs otherwise or an individual client's circumstances require, OPWM may recommend/require that clients establish brokerage accounts with Schwab Advisor Services division of Charles Schwab & Co., Inc. (Schwab), a registered broker-dealer, member SIPC to maintain custody of clients' assets and to effect trades for their accounts. The final decision to custody assets with Schwab is at the discretion of the Advisor's clients, including those accounts under ERISA or IRA rules and regulations, in which case the client is acting as either the plan sponsor or IRA accountholder. OPWM is independently owned and operated and not affiliated with Schwab. Schwab provides OPWM with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to advisors. Schwab's services include brokerage services that are related to the execution of securities transactions, custody, research, including that in the form of advice, analyses and reports, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.
4. OPWM's annual investment advisory fee shall be prorated and paid quarterly, in advance, based upon the market value of the assets on the last business day of the previous quarter. For the initial billing period, the fee is pro-rated for the remainder of the quarter (if services commenced in the middle of the calendar quarter), this pro-rated fee is billed on the first business day of the quarter following the commencement of services.

## **OTHER TYPES OF FEES & EXPENSES**

The client may pay custodial fees, charges imposed directly by a mutual fund, index fund, or exchange traded fund which shall be disclosed in the fund's prospectus (i.e., fund management fees and other fund expenses), mark-ups and mark-downs, spreads paid to market makers, wire transfer fees and other fees and taxes on brokerage accounts and securities transactions. These fees are not included within the wrap fee that is charged by our firm.

Our investment advisory representatives receive a portion of the advisory fee that they pay us, either directly as a percentage of their overall fee or as their salary from our firm. In cases where our investment advisory representatives are paid a percentage of their overall advisory fee, this may create an incentive to recommend that they participate in a wrap fee program rather than a non-wrap fee program (where they would pay for trade execution costs). This is because, in some cases, we may stand to earn more compensation from advisory fees paid to us through a wrap fee program arrangement if their account is not actively traded.

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

OPWM generally requires an aggregate account minimum of \$100,000 for investment advisory services. However, OPWM, in our sole discretion, may waive our account minimum or charge a lesser advisory fee based upon certain criteria (i.e., anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.)

Types of clients we typically manage wrap fee accounts on behalf of, include:

- Individuals and High Net-Worth Individuals;
- Pension and Profit Sharing Plans;
- Pooled Investment Vehicles;
- Corporations, Limited Liability Companies and/or Other Business Types.

The *Investment Advisory Agreement* between OPWM and the client will continue in effect until terminated by either party by written notice in accordance with the terms of the *Investment Advisory Agreement*.

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

We are the sponsor of the Program, and our Chief Investment Officer acts as the portfolio manager for the Program accounts. As a firm, we maintain approval standards for portfolio managers who wish to participate as a Program account manager. Each portfolio manager candidate provides our firm with background information that includes, but is not limited, to the following items:

- Investment philosophy and management style.
- Years of industry experience.
- Educational background, including graduate and undergraduate degrees.
- Professional designations.
- Disciplinary history for 10 years.
- Credit history for 10 years.

We verify and evaluate the above-referenced information as part of our due diligence for accepting a portfolio manager in the Program.



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

We do not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of your assets).

## **METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

The following are methods of analysis Oregon Pacific Wealth Management may utilize in providing investment advice.

### **Tactical Asset Allocation**

OPWM's tactical asset allocation process is based on technical research using relative strength (Factor analysis), which allows us to pursue the areas of the market that are exhibiting strength, and potentially avoid the weakest areas. Through this process OPWM utilizes the investment principal of actively allocating capital to the most attractive asset classes, including cash, while avoiding the least attractive.

### **Technical Analysis**

We utilize technical analysis to evaluate potential investments. Unlike fundamental analysis, technical analysis does not analyze the company's value, but instead analyzes the stock's price movement in the market. Charting is a form of technical analysis in which the various technical factors are diagrammed in order to illustrate patterns. Technical analysis studies the supply and demand in the market in an attempt to determine what direction, or trend, will continue in the future. Cyclical analysis is another form of technical analysis which focuses on the regularity of movements in the stock market and times trading to coincide with anticipated market cycles. However, there are risks involved with this method, including the risk that the trends will change unpredictably, which is why we use a combination of methods and obtain information from a variety of sources.

### **Fundamental Analysis**

We also utilize fundamental analysis to evaluate securities for potential investments. Fundamental analysis is a technique that attempts to determine a security's value by focusing on the economic well-being of a financial entity as opposed to only its price movements. When conducting fundamental analysis, we will review a company's financial statements and consider factors including, but not limited to, whether the company's revenue is growing, if the company is profitable, if the company is in a strong enough position to beat its competitors in the future, and if the company is able to repay its debts. Because it can take a long time for the market to reflect the company's value, the risk associated with this method of analysis is that a gain is not realized until the stock's market price rises to the company's true value.

The valuation method is a technique we also use to calculate a theoretical value for a security in order to estimate potential future market prices. When utilizing the valuation method, we will review such things as a security's earnings per share, price to earnings, and growth rate.

## **INVESTMENT STRATEGIES**

We use a variety of investment strategies depending on your circumstances, financial objectives, and needs. We may recommend implementing one or more of the following investment strategies:

- Tactical Asset Allocation (TAA) - strategies designed to adapt to market strength.
- CoreSatellite- strategies designed to tactically weight asset classes around a diversified core allocation.
- Asset allocation - strategies based on long term investor goals that incorporate factor weightings.

## **RISK OF LOSS**

Clients must understand that past performance is not indicative of future results. Therefore, current and prospective clients (including you) should never assume that future performance of any specific investment or investment strategy will be profitable. Investing in securities (including stocks, mutual funds, and bonds) involves risk of loss. Further, depending on the different types of investments there may be varying degrees of risk. Clients and prospective clients should be prepared to bear investment loss including loss of original principal.

Our portfolios are designed for investors who are able to hold the investment for one or more years. Investors should be able to accept price volatility during this period, the level of which should match the stated risk tolerance of the respective investor.

Our portfolios are designed to meet stated investment objectives based on your Investment Policy Questionnaire (IPQ). The portfolios are not designed to match equity market returns during strong rallies. Although the portfolios seek low volatility and principal protection, asset allocation decisions may not achieve these goals in all cases. There is no guarantee a portfolio will meet a target return or investment objective. Investments in bonds involve interest rate and credit risk. Bond values change according to changes in interest rates, inflation, and credit climate and issuer credit quality. Interest rate rises will reduce the value of a bond. Although longer term bonds may pay more income, their value is more susceptible to interest rate variation than shorter term, lower yield bonds. Stock markets and individual stocks may be subject to large price fluctuations.

Diversification cannot protect an investor from these fluctuations. The use of indexed funds is not fully guaranteed to track an intended market and may carry additional 'product' risks.

Because of the inherent risk of loss associated with investing, our firm is unable to represent, guarantee, or even imply that our services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or declines. There are certain additional risks associated when investing in securities through our investment management program.

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.

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.

Company Risk. When investing in stock positions, there is always a certain level of company or industry specific risk that is inherent in each investment. This is also referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. For example, if a company's employees go on strike or the company receives unfavorable media attention for its actions, the value of the company may be reduced.

Fixed Income Risk. When investing in bonds, there is the risk that 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.

ETF and Mutual Fund Risk – When investing in an ETF or mutual fund, it will bear additional expenses based on its pro rata share of the ETFs 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. OPWM may, at its discretion, invest in leveraged ETFs which provide two times the exposure to a stated index or asset class. These ETFs may be held for periods longer than one week.

**Please Note: Inverse/Enhanced Market Strategies:** OPWM may utilize long and short mutual funds and/or exchange traded funds that are designed to perform in either an: (1) inverse relationship to certain market indices (at a rate of 1 or more times the inverse [opposite] result of the corresponding index) as an investment strategy and/or for the purpose of hedging against downside market risk; and (2) enhanced relationship to certain market indices (at a rate of 1 or more times the actual result of the corresponding index) as an investment strategy and/or for the purpose of increasing gains in an advancing market. There can be **no assurance** that any such strategy will prove profitable or successful. In light of these enhanced risks/rewards, a client may direct OPWM, in writing, not to employ any or all such strategies for his/her/their/its accounts.

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.

Emerging Markets - Where justified by the investment analysis outlined above, investment either indirectly or directly in emerging markets may be included in a portfolio. Emerging markets can experience high volatility and risk in the short term.

OPWM may allocate client investment assets among various Sub-Advisors that may utilize individual equity (stocks), debt (bonds), and fixed income securities, mutual funds and/or exchange traded funds (“ETFs”) (including inverse ETFs and/or mutual funds that are designed to perform in an inverse relationship to certain market indices), on a discretionary and non-discretionary basis in accordance with the client’s designated investment objective(s).

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

The portfolio manager has access to all of the information you provide them, including your financial information, investment objectives, risk tolerance level, tax status, investment experience, financial status, and other information relating to your investment profile questionnaire.

Our firm has adopted a Privacy Policy, in accordance with Regulation S-P under section 504 of the Gramm Leach-Bliley Act, which restricts our firm and our investment adviser representatives’ use of and access to

your nonpublic personal information. Our investment adviser representatives as well as portfolio manager have access to your information on an as needed basis in order to service your needs under the Program.

In order for us and our portfolio manager to effectively manage your account and assist you in meeting your financial objectives, you must update us as soon as possible when any changes to your personal or financial information occur. You may obtain a complete copy of our Privacy Policy by contacting our main office at the number on the front of this brochure.

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

There are no restrictions on when you may contact or consult with us or your investment adviser representative regarding the Program or your account.

### **Item 9 Additional Information**

#### **Disciplinary Information**

OPWM has not been the subject of any disciplinary actions.

#### **Financial Industry Activities & Affiliations**

OPWM is a wholly owned subsidiary of Oregon Pacific Banking Co. (NASDAQ symbol: ORPB). Oregon Pacific Banking Co. is a wholly owned subsidiary of Oregon Pacific Bancorp, a bank holding company. Oregon Pacific Banking Co. and OPWM may share revenue in certain instances. We do not believe this creates a material conflict of interest with clients.

**Insurance Products:** OPWM may receive an advisory fee for the management of insurance products sold to advisory clients by a licensed insurance agent. OPWM works with insurance agents to provide insurance products for its clients, of which in many cases OPWM will charge a management fee. OPWM advisers may recommend, on a fully disclosed basis, the purchase of certain insurance products. A conflict of interest exists to the extent that OPWM recommends the purchase of insurance products where OPWM's supervised persons receive advisory compensation.

OPWM does not serve as an insurance agency to offer fixed insurance, fixed annuities or fixed indexed annuities;

- OPWM does not conduct due diligence of the fixed insurance, fixed annuities or fixed indexed annuities; and
- OPWM does not review, approve nor supervise the insurance agents we work with.

#### **Code of Ethics**

OPWM maintains an investment policy relative to personal securities transactions. This investment policy is part of OPWM's overall Code of Ethics, which serves to establish a standard of business conduct for all of OPWM's representatives that is based upon fundamental principles of openness, integrity, honesty and trust, a copy of which is available upon request.

OPWM 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, 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 OPWM must acknowledge the terms of the Code of Ethics annually, or as amended.

Neither OPWM nor any related person of OPWM recommends, buys, or sells for client accounts, securities in which OPWM or any related person of OPWM has a material financial interest.

OPWM and/or employees of OPWM may buy or sell securities that are also recommended to clients. Accordingly, it uses the same processes and procedures in developing investment strategies (and other financial services) for clients as for its employees. Thus, employees will often invest in the same or other investment products as recommended to clients. Any potential conflicts of interest will be disclosed to clients.

OPWM anticipates that, in appropriate circumstances, consistent with clients' investment objectives, it will cause accounts over which OPWM has management authority to effect, and will recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which OPWM, its affiliates and/or clients, directly or indirectly, have a position of interest. OPWM's employees and persons associated with OPWM are required to follow OPWM's Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of OPWM and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for OPWM's clients.

### **Review of Accounts**

For those clients to whom OPWM provides investment supervisory services, account reviews are conducted on an ongoing basis by the client's investment advisor representative or qualified designee. All investment supervisory clients are advised that it remains their responsibility to advise their investment adviser representative and OPWM of any changes in their investment objectives and/or financial situation. OPWM encourages you to request a review with your investment adviser representative to discuss such things as account performance, changes in the client's investment objectives, goals, and financial situation, tax planning, estate planning, retirement planning and any other questions the client may have concerning their investment portfolio. If you only receive financial planning services from OPWM, you may be charged a separate fee for meetings with your investment adviser representative. You should read carefully the agreement with OPWM to determine the amount of such separate fees, if any on an annual basis.

OPWM **may** conduct account reviews on an other-than-periodic basis upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and client request.

Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. OPWM may also provide a written periodic report summarizing account activity and performance.

### **Client Referrals and Other Compensation**

OPWM is affiliated with Oregon Pacific Banking Co. as both entities are subsidiaries of Oregon Pacific Bancorp, a publicly traded company under the NASDAQ stock symbol ORPB. OPWM may pay Oregon Pacific Banking Co. a portion of fees under certain circumstances. The fees are not charged to OPWM's

customers nor are transaction costs or portfolio fees increased to cover the costs of OPWM's fees paid to Oregon Pacific Bank for certain referrals to OPWM.

With the above affiliation in mind, it is important to understand that OPWM is not a bank. The securities, managed investments and insurance products offered by OPWM are: **NOT FDIC INSURED, NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY, NOT BANK GUARANTEED, NOT A DEPOSIT OF THE BANK, and MAY GO DOWN IN VALUE.**

**Outside Money Managers:** OPWM and our supervised persons may refer clients to outside money managers for advisory services not provided by OPWM. OPWM and these outside money managers are not affiliated.

#### **Financial Information**

Registered investment advisors are required in this item to provide you with certain financial information or disclosures about OPWM's financial condition. OPWM 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.

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