

# **SCHWAB INSTITUTIONAL INTELLIGENT PORTFOLIOS**

## **WRAP FEE BROCHURE**

### **Oregon Pacific Wealth Management, LLC**

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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 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.

**Item 3: Table of Contents**

**Table of Contents**

Item 2: Material Changes..... 2

Item 3: Table of Contents..... 3

Item 4: Advisory Business..... 4

Item 5: Types of Clients..... 5

Item 6: Portfolio Manager Selection and Evaluation..... 5

Item 7: Client Information Provided to Portfolio Managers ..... 8

Item 8: Client Contact with Portfolio Managers ..... 8

Item 9: Additional Information..... 8

## **Item 4: Advisory Business**

### **A. Description of the Advisory Firm**

Oregon Pacific Wealth Management, LLC (hereinafter “OPWM”) provides portfolio management to clients under this wrap fee program sponsored by SCHWAB INSTITUTIONAL INTELLIGENT PORTFOLIOS.

Portfolio management fees are withdrawn directly from the client’s accounts with client’s written authorization.

Fees are paid in advance. The advisory fee is calculated using the average daily balance of the assets of the prior billing period. Refunds for any fees paid in advance but not yet earned will be refunded on a prorated basis and returned within fourteen days to the client via check or return deposit back into the client’s account. For all asset-based fees paid in advance, the fee refunded will be equal to the balance of the fees collected in advance minus the daily rate\* times the number of days elapsed in the billing period up to and including the day of termination. (\*The daily rate is calculated by dividing the annual asset-based fee rate by 365.)

Clients may terminate the agreement without penalty, for full refund of OPWM’s fees, within five business days of signing the Investment Advisory Contract. Thereafter, clients may terminate the Investment Advisory Contract generally with 5 days written notice.

### **B. Contribution Cost Factors**

The program may cost the client more or less than purchasing such services separately. There are several factors that bear upon the relative cost of the program, including the trading activity in the client’s account, the adviser’s ability to aggregate trades, and the cost of the services if provided separately (which in turn depends on the prices and specific services offered by different providers).

### **C. Additional Fees**

OPWM will wrap third party fees (i.e., custodian fees, brokerage fees, mutual fund fees, transaction fees, etc.) for wrap fee portfolio management accounts. OPWM will charge clients one fee and pay all transaction fees using the fee collected from the client. Accounts participating in the wrap fee program are not charged higher advisory fees based on trading activity, but clients should be aware that OPWM has an incentive to limit trading activities for those accounts since the firm absorbs those transaction costs.

Certain other fees are not included in the wrap fee and are paid for separately by the client. These include, but are not limited to, margin costs, charges imposed directly by a mutual fund or exchange traded fund, fees associated with “step out” transactions if the account uses different custodians or broker-dealers, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on

brokerage accounts and securities transactions.

## **D. Compensation of Client Participation**

Neither OPWM, nor any representatives of OPWM receive any additional compensation beyond advisory fees for the participation of client's in the wrap fee program. However, compensation received may be more than what would have been received if client paid separately for investment advice, brokerage, and other services. Therefore, OPWM may have a financial incentive to recommend the wrap fee program to clients.

## **Item 5: Types of Clients**

There is no account minimum.

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

### **A. Selecting/Reviewing Portfolio Managers**

OPWM will not select outside portfolio managers for management of this wrap fee program. OPWM will be the sole portfolio manager for this wrap fee program and will select investments available from the Schwab Institutional Intelligent Portfolio platform.

OPWM will use industry standards to calculate portfolio manager performance.

OPWM reviews the performance information to determine and verify its accuracy and compliance with presentation standards. The performance information is reviewed by OPWM.

### **B. Related Persons**

OPWM and its personnel serve as the portfolio managers for all wrap fee program accounts. This is a conflict of interest in that no outside adviser assesses OPWM's management of the wrap fee program. However, OPWM addresses this conflict by acting in its clients' best interest consistent with its fiduciary duty as sponsor and portfolio manager of the wrap fee program.

### **C. Advisory Business**

OPWM offers ongoing wrap fee portfolio management services based on a suite of risk-based portfolios. OPWM does not create an Investment Policy Statement for each client, this is completed by Schwab Institutional Intelligent Portfolios, also known as the Program Sponsor, through their digital interface. The client will complete an electronic questionnaire, which outlines the client's current situation (income, tax levels, and risk tolerance levels). Portfolio management services include, but are not limited to, the following:

- Asset Allocation
- Asset Selection
- Regular portfolio monitoring

OPWM evaluates current investment, and each model allocation with respect to overall risk.

Risk tolerance levels and investment model are determined by a questionnaire within the program sponsors' digital interface.

Portfolio management accounts participating in the wrap fee program will not have to pay for transaction or trading fees. OPWM will charge clients one fee, and pay transaction fees using the advisory fee collected from the client. Certain other fees are not included in the wrap fee and are paid for separately by the client. These include, but are not limited to, margin costs, charges imposed directly by a mutual fund or exchange traded fund, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions.

Accounts participating in the wrap fee program are not charged higher advisory fees based on trading activity, but clients should be aware that OPWM has an incentive to limit trading activities for those accounts since the firm absorbs those transaction costs. To address this conflict, OPWM will always act in the best interest of its clients consistent with its fiduciary duty as an investment adviser.

### ***Services Limited to Specific Types of Investments***

See the Schwab Wealth Investment Advisory, Inc. (SWIA) Institutional Intelligent Portfolios Disclosure Brochure, which is delivered to clients by SWIA during the enrollment process, for additional information.

### ***Client Tailored Services and Client Imposed Restrictions***

OPWM offers the same suite of services to all of its clients. Specific client investment strategies and their implementation are dependent upon the client's current situation (income, tax levels, and risk tolerance levels) as determined by the program sponsor. Clients are not permitted to impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs.

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

As discussed herein, OPWM acts as portfolio manager for this wrap fee program. OPWM manages the investments in the wrap fee program, and will manage wrap fee accounts differently than non-wrap fee accounts in that These portfolios will be managed within the Schwab Institutional Intelligent platform. This is an automated investment management platform, that allows for some portfolio customization based on the firm's investment approach. All fees to the investor will be included in the single management fee. The fees paid to the wrap account program will be given to OPWM as a management fee.

## ***Amounts Under Management***

OPWM has the following assets under management:

Discretionary Amounts:	Non-Discretionary Amounts:	Date Calculated:
\$119,000,000	0.00	July 2021

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

OPWM does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

Clients paying a performance-based fee should be aware that investment advisers have an incentive to invest in riskier investments when paid a performance-based fee due to the higher risk/higher reward attributes.

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

### **Methods of Analysis**

See the Schwab Wealth Investment Advisory, Inc. (SWIA) Institutional Intelligent Portfolios Disclosure Brochure, which is delivered to clients by SWIA during the enrollment process, for additional information.

### **Investment Strategies**

See the Schwab Wealth Investment Advisory, Inc. (SWIA) Institutional Intelligent Portfolios Disclosure Brochure, which is delivered to clients by SWIA during the enrollment process, for additional information.

*Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.*

## ***Material Risks Involved***

### **Methods of Analysis**

The SWIA Program Disclosure Brochure includes a discussion of various risks associated with the SWIA Program, including the risks of investing in ETFs, as well as risks related to the underlying securities in which ETFs invest. In addition, the SWIA Program Disclosure Brochure also discusses market/systemic risks, asset allocation/strategy/diversification risks, investment strategy risks, trading/liquidity risks, and large investment risks.

## **Investment Strategies**

*Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.*

## ***Risks of Specific Securities Utilized***

*Past performance is not indicative of future results. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.*

## ***Voting Client Securities (Proxy Voting)***

OPWM will not ask for, nor accept voting authority for client securities. Clients will receive proxies directly from the issuer of the security or the custodian. Clients should direct all proxy questions to the issuer of the security.

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

All client information material to managing the portfolio (including basic information, risk tolerance, sophistication level, and income level) is provided to the portfolio manager. The portfolio manager will also have access to that information as it changes and is updated.

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

OPWM does not restrict clients from contacting portfolio managers. OPWM's representatives can be contacted during regular business hours using the information on the Form ADV Part 2B cover page.

## **Item 9: Additional Information**

### **A. Disciplinary Action and Other Financial Industry Activities**

#### ***Criminal or Civil Actions***

There are no criminal or civil actions to report.

#### ***Administrative Proceedings***

There are no administrative proceedings to report.

#### ***Self-Regulatory Organization (SRO) Proceedings***

There are no self-regulatory organization proceedings to report.



### ***Registration as a Broker/Dealer or Broker/Dealer Representative***

Neither OPWM nor its representatives are registered as or have pending applications to become a broker/dealer or as representatives of a broker/dealer.

### ***Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor***

Neither OPWM nor its representatives are registered as or have pending applications to become either a Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Advisor or an associated person of the foregoing entities.

### ***Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests***

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.

### ***Selection of Other Advisers or Managers and How This Adviser is Compensated for Those Selections***

When OPWM refers you to an outside money manager, OPWM will provide proper disclosure of the arrangement to you. Disclosure will be made at the time of solicitation and will include a description of OPWM's arrangement with the outside money manager and a description of the compensation arrangement. OPWM will also provide to you a copy of the outside money manager's disclosure brochure. Money managers selected by OPWM, are thoroughly reviewed to make sure they are properly licensed and registered as an investment advisor prior to acceptance.

## **B. Code of Ethics, Client Referrals, and Financial Information**

### ***Code of Ethics***

OPWM has a written Code of Ethics that covers the following areas: Prohibited Purchases and Sales, Insider Trading, Personal Securities Transactions, Exempted

Transactions, Prohibited Activities, Conflicts of Interest, Gifts and Entertainment, Confidentiality, Service on a Board of Directors, Compliance Procedures, Compliance with Laws and Regulations, Procedures and Reporting, Certification of Compliance, Reporting Violations, Compliance Officer Duties, Training and Education, Recordkeeping, Annual Review, and Sanctions. OPWM's Code of Ethics is available free upon request to any client or prospective client.

### ***Recommendations Involving Material Financial Interests***

OPWM does not recommend that clients buy or sell any security in which OPWM or a related person has a material financial interest.

### ***Investing Personal Money in the Same Securities as Clients***

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. This may provide an opportunity for representatives of OPWM to buy or sell the same securities before or after recommending the same securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest in that OPWM or its related persons may receive more compensation from investment in a security in which OPWM or a related person has a material financial interest than from other investments. Client approval will be sought for client investment in such recommendations and, if granted, such approval will be binding. OPWM will always document any transactions that could be construed as conflicts of interest and will never engage in trading that operates to the client's disadvantage when similar securities are being bought or sold. OPWM always acts in the best interest of the client consistent with its fiduciary duties and clients are not required to invest in such investments if they do not wish to do so.

### ***Trading Securities At/Around the Same Time as Clients' Securities***

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; which is to conduct client trades prior to employee trades or to allow employees to participate in block transactions alongside clients. 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.

### ***Frequency and Nature of Periodic Reviews***

Accounts are reviewed at least annually, with regard to clients' respective investment policies and risk tolerance levels.

### ***Factors That Will Trigger a Non-Periodic Review of Client Accounts***

Reviews may be triggered by material market, economic or political events, or by changes in client's financial situations (such as retirement, termination of employment, physical move, or inheritance).

### ***Content and Frequency of Regular Reports Provided to Clients***

Each client will receive a quarterly account statement from the custodian.

### ***Economic Benefits Provided by Third Parties for Advice Rendered to Clients***

OPWM is affiliated with Oregon Pacific Banking Co. as both entities are subsidiaries of Oregon Pacific Bancorp, a publicly traded company trading on the OTC market under stock symbol ORPB. OPWM pays Oregon Pacific Banking Co. a portion of its fees for certain financial services, including but not limited to: technical services, IT services, payroll and accounting services, human resource services, and executive and committed support and oversight. Extra fees are not charged to OPWM's customers nor are fees increased to cover the costs of OPWM's fees paid to Oregon Pacific Bank. Fees are paid to Oregon Pacific Banking Co. for administrative services only.

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.**

OPWM receives an economic benefit from Schwab in the form of the support products and services. These products and services, how they benefit OPWM, and the related conflicts of interest are described above under Item 12 - Brokerage Practices. The availability to OPWM of Schwab's products and services is not based on us giving particular investment advice, such as buying particular securities for clients.

**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.

### ***Compensation to Non - Advisory Personnel for Client Referrals***

OPWM does not directly or indirectly compensate any person who is not advisory

personnel for client referrals.

### ***Balance Sheet***

OPWM neither requires nor solicits prepayment of more than \$1,200 in fees per client, six months or more in advance, and therefore is not required to include a balance sheet with this brochure.

### ***Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients***

OPWM does not have any financial condition that would impair its ability to meet contractual commitments to clients.

### ***Bankruptcy Petitions in Previous Ten Years***

OPWM has not been the subject of a bankruptcy petition.