

**Part 2A of Form ADV: Firm Brochure**  
**March 30, 2022**

**Orleans Capital Management Corporation**  
830 West Causeway Approach, Suite 1200  
Mandeville, Louisiana 70471

Telephone: 504-592-4680  
[www.orleanscapital.com](http://www.orleanscapital.com)

This brochure provides information about the qualifications and business practices of Orleans Capital Management Corporation. If you have any questions about the contents of this brochure, please contact us at 504-592-4680. 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.

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

**Item 2: Material Changes**

Our last update of Form ADV Part 2A was March 31, 2021. The primary changes to this brochure include updated assets under management.

We will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year, which is December 31st. We will provide other ongoing disclosure information about material changes as necessary. We will also provide you with a new Brochure, as necessary, based on changes or new information. Currently, our Brochure may be requested at any time, without charge, by contacting us at (504) 592-4680.

Additional information about Orleans Capital Management Corp. is also available via the SEC's website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by using a unique identifying number, known as a CRD number. The CRD number for Orleans Capital Management Corp. is 111359. The SEC's web site also provides information about any persons affiliated with Orleans Capital Management Corp. who are registered, or are required to be registered, as Investment Adviser Representatives of Orleans Capital Management Corp.

Currently, OCM's Brochure may be requested by contacting Amy LeBoeuf or via email at [aleboeuf@orleanscapital.com](mailto:aleboeuf@orleanscapital.com).

## TABLE OF CONTENTS

|  |           |
|--|-----------|
| <b>ITEM 1: COVER PAGE</b>  | <b>1</b>  |
| <b>ITEM 2: MATERIAL CHANGES</b>  | <b>2</b>  |
| <b>ITEM 3: TABLE OF CONTENTS</b>   | <b>3</b>  |
| <b>ITEM 4: ADVISORY BUSINESS</b>   | <b>5</b>  |
| BUSINESS DESCRIPTION   | 5         |
| TYPES OF SERVICES  | 5         |
| CUSTODIAN  | 5         |
| TAILORED CLIENT ADVISORY SERVICES  | 6         |
| WRAP FEE PROGRAMS  | 6         |
| CLIENT ASSETS UNDER MANAGEMENT   | 6         |
| <b>ITEM 5: FEES AND COMPENSATION</b>   | <b>6</b>  |
| COMPENSATION   | 6         |
| OTHER FEES AND EXPENSES  | 7         |
| ERISA ACCOUNTS   | 7         |
| <b>ITEM 6: PERFORMANCE-BASED FEES &amp; SIDE-BY-SIDE MANAGEMENT</b>              | <b>7</b>  |
| <b>ITEM 7: TYPES OF CLIENTS</b>  | <b>7</b>  |
| <b>ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES &amp; RISK OF LOSS</b>     | <b>8</b>  |
| FIXED INCOME   | 8         |
| STRATEGIC DIVIDEND   | 8         |
| RISKS  | 9         |
| <b>ITEM 9: DISCIPLINARY INFORMATION</b>  | <b>9</b>  |
| <b>ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES &amp; AFFILIATIONS</b>           | <b>9</b>  |
| BACK OFFICE SERVICES   | 9         |
| DUAL REGISTRATION  | 10        |
| MARKETING PERSONNEL  | 10        |
| CHIEF COMPLIANCE OFFICER   | 11        |
| CONFLICTS  | 11        |
| <b>ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS</b> | <b>12</b> |
| CODE OF ETHICS SUMMARY   | 12        |
| POTENTIAL FOR CONFLICTS OF INTERESTS   | 13        |
| PERSONAL TRADING   | 13        |
| PRIVACY STATEMENT  | 13        |
| <b>ITEM 12: BROKERAGE PRACTICES</b>  | <b>14</b> |

|   |           |
|---|-----------|
| BROKERAGE SELECTION                                       | 14        |
| SOFT DOLLARS  | 15        |
| BROKERAGE FOR CLIENT REFERRALS                            | 17        |
| AGGREGATION OF TRANSACTIONS                               | 17        |
| PRINCIPAL AND CROSS AGENCY TRANSACTIONS                   | 17        |
| <b>ITEM 13: REVIEW OF ACCOUNTS</b>                        | <b>18</b> |
| <b>ITEM 14: CLIENT REFERRALS &amp; OTHER COMPENSATION</b> | <b>18</b> |
| OTHER COMPENSATION  | 19        |
| <b>ITEM 15: CUSTODY</b>                                   | <b>19</b> |
| <b>ITEM 16: INVESTMENT DISCRETION</b>                     | <b>19</b> |
| <b>ITEM 17: VOTING CLIENT SECURITIES</b>                  | <b>20</b> |
| <b>ITEM 18: FINANCIAL INFORMATION</b>                     | <b>20</b> |

## **Item 4: Advisory Business**

### Business Description

Orleans Capital Management Corporation ("OCM") has been a registered investment advisor since its formation in 1991. OCM provides investment advisory services to a wide range of clients, consisting of institutional clients including pensions, profit sharing plans, trusts, insurance companies and banks; as well as to high net worth individual investors. OCM primarily provides domestic core fixed income, investment grade core and intermediate fixed income management services and domestic equity asset management services.

OCM is a privately held investment advisory firm and its principal owners are Judith F. Crane (The Estate of Louis Farrell Crane), Rodney John Abele, Jr. C.F.A, Louis Farrell Crane, Jr., and Emily C. Becker.

Sandra Lai is the Chief Compliance Officer ("CCO").

### Types of Services

OCM offers investment advisory services through two primary investment strategies- Fixed Income Management and Strategic Dividend Equity. Specialized equity management focused in the energy sector is offered by Energy Opportunities Capital Management, L.L.C. ("EOCM"), an affiliate of OCM. OCM also offers balanced account and tax free municipal security management to high net worth individuals.

### Custodian

It is our policy to not recommend specific custodians to you. If you do not already have a custodial relationship, we can provide you with the names of some custodians we do business with that you may use. The funds in your account will be held in a separate account, in your name, at a custodian, not with us. You will enter into a separate custodial agreement with the custodian. This agreement, among other things, authorizes the custodian to take instructions from us regarding all investment decisions for your account. We will select the securities bought and sold and the amount to be bought and sold. The custodian will effect transactions, deliver securities, make payments and do what we instruct. Your custodian is responsible for notifying you of any purchases or sales through trade confirmations and providing you with quarterly or monthly statements. These statements list the total value at the start of the period, itemize all transaction activity during the period, and list the types, amounts, and total value of securities held as of the end of the period. You will at all times maintain full and complete ownership rights to all assets held in your account, including the right to withdraw securities or cash.

### Tailored Client Advisory Services

Investment advice and portfolio management services are provided on a continuing basis, including the appropriate allocation with consideration for each client's particular need and to help to meet each client's stated investment objectives.

### Wrap Fee Programs

OCM does not offer wrap fee programs.

### Client Assets under Management

As of December 31, 2021, OCM managed \$1,637,636,324 in assets for 197 accounts, all on a discretionary basis. OCM's affiliate, EOCM, managed assets of \$36,714,132 in assets for 14 accounts as of December 31, 2021 all on a discretionary basis.

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

OCM provides investment management services for a fee. Our Investment Advisory Agreement defines what fees are charged and their frequency. Our contract calls for us to provide you a statement for all fees that are due. All fees are charged in arrears.

Either party may terminate their Investment Advisory Agreement at any time by providing a thirty (30) day written notice to the other party. You will incur charges for advisory services rendered up to the point of termination and any fees will be pro-rated, based on the time of cancellation. The termination of an Investment Management Agreement shall not affect any obligation or liability on a client's part for any transaction entered into or obligation on the client's behalf prior to the termination.

### Compensation

Orleans Capital Management Corporation's management fees for services are negotiated separately with each client, along with the terms of the advisory agreements. The fees may be based on a fixed amount or can be based on a percentage of the assets managed by OCM. A basic compensation schedule is maintained for normal investment advisory services which specifies annual rates to be applied to the market value of assets, (including cash and accrued income) of each client account. Rates can vary according to the size and type of account.

A fee might be fixed for a year's services based on the initial size of the account and the types of assets under management. In no case will a fixed fee exceed 1% of the beginning asset value of the account. A typical fee might be 1/4 of 1% to 1% per annum of the beginning asset value. Fluctuating fees based upon the value of the assets under management will typically fall in the same range as fixed fees (1/4 of 1% to 1% of value per annum), based upon the size of the account and the type of assets under advice. Fees for most accounts will be calculated and billed

on a quarterly basis.

Compensation is not payable prior to the rendering of services and therefore is not refundable. Contracts for investment advisory services generally provide that the agreement may be terminated by either the client or the applicant by giving 30 days written notice.

#### Other Fees and Expenses

Our fees do not include brokerage charges, transaction fees, and other related costs and expenses. You may incur certain charges imposed by custodians and third-party firms. These include fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. We do not receive any compensation from these fees. All of these fees are in addition to the fee you pay us. You should review all fees charged to fully understand the total amount of fees you will pay. Services similar to those offered by us might be available elsewhere for more or less than the amounts we charge.

#### ERISA Accounts

OCM is deemed to be a fiduciary to advisory clients that are employee benefit plans or individual retirement accounts (IRAs) pursuant to the Employee Retirement Income and Securities Act ("ERISA"), and regulations under the Internal Revenue Code of 1986 (the "Code"), respectively. As such, our firm is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, OCM does not receive any compensation other than our normal assets under management fee and any applicable performance fees.

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

Orleans Capital Management Corp no longer offers a performance-based fee structure as contemplated by Rule 205-3 under the Investment Advisory Act of 1940 or similar state statute. OCM does not provide side-by-side management.

### **Item 7: Types of Clients**

Types of clients include pension and profit-sharing plans, corporations and other businesses, state or municipal government entities, insurance companies, charitable organizations, high net worth (HNW) individuals, and individuals other than HNW.

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

### Fixed Income

Orleans Capital's fixed income philosophy is premised upon the belief that bonds should represent the most stable asset class in a fund's overall portfolio, providing predictable cash flow and ensuring the ability to meet long-term obligations. Our fixed income strategy adds value through sector and security selection designed to create an enduring yield advantage over the applicable benchmark without a material variation in quality, convexity or other portfolio characteristics. The Firm's fundamental fixed income discipline has not changed since its inception, nor do we anticipate a change in the investment policy in the near term.

In general, Orleans Capital overweights the corporate and mortgage sectors of the fixed income market and underweights the Treasury sector. This strategy is based upon the historical over performance by corporate and mortgage bonds versus their Treasury counterparts. We actively avoid risk by investing in only U.S. dollar denominated securities bearing at least an investment grade rating. We also carefully monitor and address prepayment risk, interest rate risk, yield curve risk and credit risk.

Orleans Capital utilizes a team approach to fixed income asset management. As a result, all fixed income portfolio managers participate in investment decisions. The team of fixed income portfolio managers, as opposed to individual managers, is responsible for all aspects of portfolio management from general issues such as strategy to specific decisions such as individual security selection.

Portfolio managers continuously study and discuss market events and monitor economic data bearing on investment strategy. We begin with a top-down evaluation of the macroeconomic environment and an assessment of any changes in market conditions. Consideration is also given to supply and demand factors affecting the future performance of various industries and sectors. This analysis leads to the setting of industry, duration, sector and coupon targets. Using sophisticated computer software modeling we then compare the structure of individual portfolios to the target and analysis is performed to determine the most efficient transactions necessary to optimize portfolio structure.

### Strategic Dividend

In 2004, Orleans Capital launched an opportunistic equity investment strategy, the Strategic Dividend Investment Strategy, designed to provide clients with a source of stable income with strong growth potential and take advantage of the historic outperformance of dividend paying stocks. In addition, the convergence of stock and bond yields provided an opportunity to create an equity portfolio which would provide investors with a meaningful increase in portfolio income and yield versus traditional fixed income investments with an enhanced likelihood of price outperformance. OCM also utilizes a team approach to management of the Strategic Dividend strategy.



### Risks

We cannot guarantee our analysis methods will yield a return. In fact, a loss of principal is always a risk. Investing in securities involves a risk of loss that you should be prepared to handle. The investment decisions we make will not always be profitable nor can we guarantee any level of performance.

An investment in our strategies should not be all inclusive. Our strategies should be one part of an overall portfolio.

### **Item 9: Disciplinary Information**

Registered Investment Advisors are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of us or the integrity of our management. Orleans Capital Management is currently not involved in any legal or disciplinary events that would affect to a current or prospective client's evaluation of the Firm's business or integrity of our management.

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

#### Energy Opportunities Capital Management, LLC

Orleans Capital Management Corp is a 50% owner/member of Energy Opportunities Capital Management, LLC (EOCM). EOCM is a Delaware limited liability company, formed on May 9, 2008. EOCM became a SEC registered investment adviser on October 6, 2008. For more information regarding EOCM and its investment strategies, please contact OCM or visit EOCM's website at [www.energyocm.com](http://www.energyocm.com).

EOCM and OCM do conduct joint marketing efforts for their products and services. As disclosed below, marketing personnel are employees of both EOCM and OCM, and this is disclosed to the client. The ADV Part 2A Brochures for both EOCM and OCM are made available to clients and prospective clients.

#### Back Office Services

OCM provides certain back office services for its affiliate, EOCM, a registered investment adviser. OCM may provide any or all of the following services:

- trading,

- accounting,
- data entry,
- due diligence,
- reporting,
- retention of all client statements and trade confirms,
- portfolio analysis, and
- back office administration.

As a result of this relationship, certain OCM client information may be subject to disclosure to EOCM. We require EOCM to execute a joint privacy agreement and not share client information with any unauthorized person or entity.

#### Dual Registration

Certain of our Investment Adviser Representatives ("IARs") are also IARs of EOCM, namely L. Farrell Crane, Jr. and John M. Crain. They are dually registered with OCM and EOCM. Farrell is an Officer, Director, and Portfolio Manager with OCM and receives compensation from OCM. Farrell also serves as President and Portfolio Manager at EOCM. John M. Crain is an Assistant Portfolio Manager and Analyst with OCM and receives compensation from OCM. John also serves as an Assistant Portfolio Manager and Analyst with EOCM. Farrell and John receive compensation for their roles at EOCM that is in addition to the compensation they earn at OCM.

When evaluating the needs of a client for services, individuals who are investment adviser representatives of both OCM and EOCM disclose to the client that services can be provided through either advisory firm and will work with the client to determine whether the services of OCM or EOCM are most appropriate to the client. As the fees charged by OCM may be higher or lower than those charged by EOCM, clients should be aware that in this situation, the possibility of receiving greater compensation by recommending one firm over the other presents a potential conflict of interest. The firm monitors the activities of each investment adviser representative to guard against actual conflicts and make certain the client's interests are protected.

#### Marketing Personnel

The marketing personnel of OCM also serve as marketing personnel of EOCM and are employed by both companies. Thus, these employees receive salaried compensation from both OCM and EOCM. Further, these employees can earn additional compensation from both OCM and EOCM based on a percentage of fees received by OCM and EOCM, respectively.

When evaluating the needs of a client for services, individuals who are marketing personnel of both OCM and EOCM will disclose to the client that services can be provided through either advisory

firm and will work with the client to determine whether the services of OCM or EOCM are most appropriate to the client. As the fees charged by OCM may be higher or lower than those charged by EOCM, clients should be aware that in this situation the possibility of receiving greater compensation by recommending one firm over the other presents a potential conflict of interest. As a matter of firm practice, the fees paid to us by clients are not increased as a result of any incentive paid to marketing personnel. The clients pay our standard advisory fee.

#### Chief Compliance Officer

In 2014, OCM appointed Sandra L. Lai as its Chief Compliance Officer (CCO), replacing L. Farrell Crane, Jr., who continues to serve as an officer, director and portfolio manager at OCM. Ms. Lai also serves as the CCO of EOCM, OCM's affiliate, and is an employee of both OCM and EOCM.

#### Conflicts

We take the following steps to address conflicts:

- we disclose to clients the existence of all material conflicts of interest, including the potential for certain of our employees to earn compensation from EOCM in addition to compensation from OCM;
- we disclose to clients that they are not obligated to purchase recommended investment products from our employees or affiliated companies;
- we collect, maintain and document accurate, complete and relevant client information;
- we require that our employees seek prior approval of any outside employment activity so that we may ensure that any conflicts of interests in such activities are properly addressed;
- we periodically monitor these outside employment activities to verify that any conflicts of interest continue to be properly addressed by our firm; and
- we educate our employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients.

### **Item 11: Code of Ethics**

#### Code of Ethics Summary

OCM maintains a policy of strict compliance with the highest standards of ethical business conduct and the provisions of applicable federal securities laws, including rules and regulations published by the Securities and Exchange Commission. OCM's Code of Ethics outlines the Firm's

policies and procedures for employee conduct and adherence to SEC rules and regulations. The Code of Ethics applies to each employee of the firm, and is designed to ensure compliance with legal requirements and OCM's standard of business conduct.

While this Code does not address every possible situation that may arise, every employee is responsible for exercising good judgment, applying ethical principles, and bringing potential violations of the Code to the attention of the Chief Compliance Officer of OCM. To this end, Employee is required to read and acknowledge the Code and agree to uphold the required standards in their day-to-day activities at the Company.

A copy of OCM's Code of Ethics is available to any client or prospective client upon request.

#### Potential for Conflicts of Interests

OCM and each of its employees have the responsibility at all times to place the interests of clients first, not to take advantage of client transactions, and to avoid any conflicts, or the appearance of conflicts, with the interests of clients. All conflicts of interest are reviewed by the CCO and either approved or denied. All approved conflicts of interest are fully disclosed to the clients and monitored to make certain that no client is harmed in any way from these conflicts. OCM believes in transparency, as is required by SEC Regulations.

All employees understand that the following acts are prohibited:

- Employing any device, scheme or artifice to defraud
- Making any untrue statement of a material fact
- Omitting to state a material fact necessary in order to make a statement, in light of the circumstances under which it is made, not misleading
- Engaging in any fraudulent or deceitful act, practice or course of business
- Engaging in any manipulative practices
- Participating in client accounts

#### Personal Trading

OCM maintains a specific policy on Personal Securities Transactions, which, among other things, provides rules concerning employee personal transactions in the purchase and sale of securities. Employees are also required to act ethically, legally, and in the best interest of OCM and its Clients at all times. The Code of Ethics sets forth rules regarding these obligations. Employees are expected not only to follow the specific rules, but also the spirit of them.

In general, OCM's policy on Personal Securities Transactions requires that all Personal Securities Transactions be reported to compliance personnel, at a minimum at the end of each quarter.

Transactions are then reviewed by compliance personnel to determine whether any violations of the Firm's policy have occurred.

The securities purchased and held by OCM for client accounts are widely held and publicly traded. It is our policy that no person employed by our firm shall give preference to his or her own interest to that of the client. No person employed by OCM may trade ahead of a client account.

We have established the following restrictions in order to ensure our fiduciary responsibilities:

1. Our associated persons 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 affiliation with our firm, unless the information is also available to the investing public on reasonable inquiry. No person shall prefer his or her own interest to that of the clients.
2. We emphasize the unrestricted right of the clients to decline to implement any advice rendered, except in situations where a client has granted discretionary authority.
3. We require that all individuals must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
4. Any individual not in observance of the above may be subject to termination.

#### Privacy Statement

In accordance with Section 204-A of the Investment Advisers Act of 1940, OCM also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by the Firm or any person associated with the Firm.

OCM is committed to safeguarding its clients' confidential information and holds all personal information provided in the strictest confidence. These records include all personal information that OCM collects from clients or receives from other firms in connection with any of the financial services provided. However, OCM may share some client information with EOCM, its affiliate, for marketing purposes..

OCM also performs back offices services for EOCM as disclosed in "Item 10: Other Financial Industry Activities and Affiliations". In addition, the technology personnel may also be shared between OCM and EOCM. This provides these firms' technology personnel with access to the non-public information of the clients of the other firms. OCM and EOCM are regulated entities who are required to keep all non-public information of clients private and safe. These firms do not share this information with any other third parties except as allowed by law. Each firm has privacy policies and non-disclosure agreements as it relates to the protection of non-public client information. The CCOs of each entity monitor for any breaches in security.

OCM also requires other firms with whom it deals to restrict the use of Client information. OCM's Privacy Policy is available upon request.

## **Item 12: Brokerage Practices**

### Brokerage Selection

OCM has a fiduciary duty to achieve best execution when it places trades with broker-dealers. OCM will attempt to achieve best execution for a given client so that the client's total costs or proceeds in a transaction are the most favorable under the circumstances. Where multiple competing markets exist for listed stocks, OCM should make sure that the security is executed on the best market or best market maker. Factors considered when placing a trade for a client with a particular broker-dealer include:

- Quality of overall execution services provided by the broker-dealer;
- Promptness of execution;
- Provide dedicated telephone lines;
- Creditworthiness and business reputation of the broker-dealer;
- Research (if any) provided by the broker-dealer;
- Promptness and accuracy of oral, hard copy or electronic reports of execution;
- Ability and willingness to correct trade errors;
- Promptness and accuracy of confirmation statements;
- Ability to access various market centers;
- The broker-dealer's facilities, including any software or hardware provided to the adviser;
- The market where the security trades;
- Any expertise the broker-dealer may have in executing trades for the particular type of security;
- Commission charged by the broker-dealer;
- Historical commission rates of the broker-dealer;
- Reliability of the broker-dealer;
- Ability of the broker-dealer to use ECNs (electronic communication network to gain liquidity, price improvement, lower commission rates and anonymity);
- Reputation of the broker-dealer;
- Soft dollar program of the broker-dealer;
- Execution and operational capabilities of the broker-dealer and its clearing firm;
- Financial condition of the broker-dealer.

The determining factor in the selection of a broker-dealer/custodian to execute transactions for your accounts is not the lowest possible transaction cost, but whether they can provide what is in our

view the best qualitative execution for your account.

OCM is willing to use specific broker-dealers as instructed by a client. However, if the client directs us to use a specific broker-dealer or custodian, we may not be able to negotiate and obtain best execution.

### Soft Dollars

OCM, on behalf of its discretionary clients, may receive from broker-dealers and third party providers certain products and services and/or research, referred to as "soft dollar" credits, based on transactions placed with those broker-dealers and providers. Currently, OCM does not receive soft dollars in connection with the management of OCM client accounts. In the past, OCM received soft dollar credits from our relationship with Interstate Group ("Interstate"). As such, Interstate may provide us with certain brokerage and research products and services that qualify as "brokerage or research services" under Section 28(e) of the Securities Exchange Act of 1934 ("Exchange Act"). These research products and/or services will assist us in our investment decision making process. Soft dollars and the research services provided are generally used to service all of our clients, and therefore brokerage commissions paid by one client may result in soft dollars that are used to pay for research for other clients' accounts.

OCM's affiliate, Energy Opportunities Capital Management, LLC (EOCM) currently receives soft dollar credits from its relationship with Interstate. Those soft dollars and research services provided are generally used to service all EOCM clients. Therefore, brokerage commissions paid by one client may result in soft dollars that are used to pay for research for other clients' accounts. Further, because (1) OCM and its affiliate EOCM share investment personnel who are employees of both firms and (2) OCM provides back office and trading support to EOCM, soft dollar credits received by EOCM can and do benefit both EOCM and OCM clients.

Interstate may make available to us other products and services that benefit OCM but may not benefit the client whose trades generated the soft dollars. Some of these products and services assist us in managing and administering our client accounts, such as software and other technology that:

- provide access to client account data (such as trade confirmations and account statements),
- facilitate trade execution and allocate aggregated trade orders for multiple client accounts,
- provide research, pricing and other market data,
- provide access to Bloomberg as well as other publications,
- assist with back-office functions and recordkeeping,
- furnish client reporting functions including performance reporting,

- offer contact management systems, and
- provide access to consultants and other third party service providers who provide a wide array of business related services and technology with whom we may contract directly.

Where a broker-dealer has a soft dollar program, a client transaction executed through that firm may incur a commission greater than might be charged by another qualified broker-dealer to execute the same transaction. In each trading instance, OCM makes a determination in good faith that the commission is reasonable in relation to the value of the brokerage and research services received. Because the amount of OCM's soft dollar credits or the products or services we receive may vary depending on the custodian or broker-dealer used by our clients, we have a conflict of interest in making a recommendation to use a certain custodian/broker-dealer. Through soft dollars, OCM receives a benefit to the extent that we do not have to produce such products internally or compensate third-parties with our own money for the delivery of such services. This benefit may interfere with our duty of best execution. Therefore, OCM generally does not select, suggest, or recommend broker-dealers for its clients.

Once a client ends its relationship with OCM, any soft dollars generated during the relationship are retained by the firm. EOCM presently maintains soft dollar credits generated from former clients that are used for research that will benefit both EOCM and OCM clients.

Directed Brokerage. You may direct us to use a particular broker-dealer to execute some or all of the transactions for your account. If you do so, you are responsible for negotiating the terms and arrangements for the account with that broker-dealer since the broker-dealer provides services to you as the client rather than to OCM. We may not be able to negotiate commissions, obtain volume discounts, aggregate trades, or obtain best execution. Under these circumstances, the client may pay a higher or lower rate of commission as compared to other clients who do not direct us to use a particular broker or dealer. Among other things, by directing trades through a specified broker-dealer, a client may not obtain the benefits of volume discounts or commission reductions resulting from combined orders placed by us.

It is also the trading policy of the firm to trade non-directed accounts on a client-rotation basis ahead of directed accounts on a client rotation basis.

#### Brokerage for Client Referrals

OCM does not pay for or receive payment for client referrals from broker-dealers or third parties for brokerage services.



### Aggregation of Transactions

The Firm may (but is not obligated to) aggregate orders when possible and when dealing with the same broker-dealer, in order to achieve best execution with sales and purchases of equity securities. Under this procedure, transactions will be price-averaged and allocated among our clients in proportion to the purchase and sale orders placed for each client account on any given day.

In certain situations, we may determine to purchase or sell a particular security in different strategies. In this situation, we will allocate trades on a pro rata basis among clients in the various strategies. When placing these trades, we will aggregate on a strategy-by-strategy basis; in other words, we will place trades in one strategy before placing trades in another strategy. It is possible that clients in one strategy will receive more favorable prices than clients in other strategies. Other advisers may aggregate trades for clients in all strategies, assuring that all clients receive the same price. We may rotate the trading sequence among the various strategies so that no one strategy is consistently traded before or after another. We may rotate the order in which we trade non-directed custodians first so that no one custodian or group of clients is favored over another and then trade directed custodians next so that no one custodian or group of clients is favored over another at the directed custodians.

If you direct us to use a specific broker-dealer, we may not be able to aggregate orders or achieve best execution.

### Principal and Cross Agency Transactions

OCM does not affect any principal or agency cross securities transactions for client accounts. OCM also does not cross trade between client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer.

## **Item 13: Review of Accounts**

Portfolio managers continuously monitor portfolios and analyze market events and economic data bearing on investment strategy. In addition to this continuous monitoring, portfolio managers review each account on at least a monthly basis. Our investment process begins with a top-down evaluation of the macroeconomic environment and an assessment of any changes in market

conditions. Consideration is also given to supply and demand factors affecting the future performance of various industries and sectors. This analysis leads to the setting of industry, duration, sector, and coupon targets in fixed income accounts and sector selection in equity accounts. Using sophisticated computer software modeling we then compare the structure of individual portfolios to the target and analysis is performed to determine the most efficient transactions necessary to optimize portfolio structure.

The team of Fixed Income portfolio managers consists of Emily C. Becker (Senior Portfolio Manager), L. Farrell Crane, Jr. (Director of Research and Portfolio Manager) Phyllis Kyle (Portfolio Manager), Cappy M. Johnson (Advisor and Research Analyst), John M. Crain (Research Analyst) and Rodney J. Abele, CFA (Senior Advisor). The Committee is collectively responsible for all portfolio management and related research. Phyllis Kyle also serves as the firm's trader.

The team of portfolio managers involved in the management of the Strategic Dividend strategy include L. Farrell Crane, Jr. (Senior Portfolio Manager), John M. Crain (Assistant Portfolio Manager and Analyst) and Cappy M. Johnson (Portfolio Manager and Analyst).

Rodney J. Abele, CFA (Senior Portfolio Manager) and Cappy M. Johnson (Portfolio Manager and Analyst) are primarily responsible for managing the firm's high net worth individual accounts and smaller foundation and endowment accounts.

In that the assets of the client are held in custody, the Firm relies on the client's qualified custodian to send quarterly account statements directly to the client. The Firm will instruct the client to request that a copy of the quarterly accounting statements also be sent to the Firm.

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

The marketing personnel of OCM are also marketing personnel of EOCM and are employed by both firms. When these employees market products and services of both firms, the clients are fully informed of the dual employment and are given the ADV Part 2A Brochures for both firms.

OCM does not maintain any arrangements with unaffiliated third parties in which the third party ("solicitor") will solicit clients on behalf of the applicant in return for a cash fee. In the event OCM was to engage a solicitor, OCM and the solicitor would enter into a written agreement setting forth the terms and conditions of their solicitation arrangement, including the compensation to be received by the solicitor for his or her solicitation services. OCM would monitor the solicitor's activities to ensure that he or she is performing his or her duties under the solicitation agreement

in a manner consistent with OCM's instructions and the applicable provisions of the Investment Advisers Act of 1940.

In the event a solicitor solicited a client or prospective client on OCM's behalf, the solicitor would furnish the client or prospective client with: (i) a current copy of OCM's disclosure statement in which information is given about OCM and its investment advisory business, as required by section 275.204-3 of the rules and regulations promulgated under the Investment Advisers Act of 1940 ("Rules") ("applicant disclosure statement"); and (ii) a copy of the solicitor disclosure statement in which information is provided about the solicitation arrangement between OCM and the solicitor as required by section 275.206(4)-3 of the Rules ("solicitor's disclosure statement"). OCM also would obtain from the client, prior to, or at the time of entering into any investment advisory agreement with the client, a signed and dated acknowledgment, acknowledging the client's receipt of OCM's disclosure statement and the solicitor's disclosure statement.

OCM would pay the solicitor a cash fee equal to a percentage of investment advisory fees paid to OCM by the client who enters into an investment advisory agreement with OCM as a result of the solicitor's solicitation activities. No part of the fee paid to the solicitor shall in any way be charged to any client of OCM. In addition, there shall be no differential among OCM's clients with respect to the amount or level of investment advisory fees charged by OCM, as a result of the existence of any agreement pursuant to which OCM has agreed to compensate a solicitor for rendering services in soliciting clients for, or referring clients to, OCM.

#### Other Compensation

OCM does not receive any other compensation other than the management and performance fees previously disclosed.

#### **Item 15: Custody**

OCM does not maintain physical custody of client funds. The custody of client funds are held by a qualified custodian of the client's choosing. However, OCM does have the ability to deduct advisory fees directly from certain clients' custodial accounts, which can be deemed to be a form of custody. In this cases, Clients will receive account statements from their qualified custodian. Even though we do, upon request, provide clients with customized statements of their accounts, we urge clients to compare the account statements they receive from the qualified custodian with those received from OCM.

#### **Item 16: Investment Discretion**

OCM will supervise and direct the investment of the client accounts subject to such limitations as

the client may impose in writing. OCM as agent and attorney-in-fact with respect to the client's account, without prior consultation with the client, may, (a) direct the purchase, sell, exchange, conversion, and otherwise trade in stocks, bonds and other securities including money market instruments, (b) direct the amount of securities purchased, sold, exchanged, and otherwise traded, (c) place orders for the execution of such securities transactions with other third party broker-dealers, and (d) determine the commission rates paid. OCM will allocate brokerage transactions in a manner it believes to be fair and responsible to its clients, and consistent with client objectives. Adhering to a strict formula will not be practicable given the variation in client objectives and guidelines.

#### **Item 17: Voting Client Securities**

The Firm shall vote proxies to the extent requested by client on behalf of the client's interests. Proxy votes generally will be cast in favor of proposals that maintain or strengthen the shared interests of shareholders and management, increase shareholder value, maintain or increase shareholder influence over the issuer's Board of Directors and management, and maintain or increase the rights of shareholders; proxy votes generally will be cast against proposals having the opposite effect. In certain limited cases, there may be conflict between the Advisor's interests and those of clients. In those cases, portfolio managers make every effort to vote in each specific client's best interest.

If the client has designated OCM as the voting agent, OCM will retain all records of such votes as required by law. OCM has contracted with Broadridge Financial Solutions, Inc. to handle Proxy Voting starting in 2013.

Clients may request information about how The Firm voted proxies on their behalf by contacting OCM directly. Upon request, The Firm's proxy voting policies and procedures will be sent to clients.

#### **Item 18: Financial Information**

In 2020, OCM participated in the Payroll Protection Program. Though OCM qualified for the PPP loan, the firm was not in danger of being unable to meet its obligations to its clients.

Investment Advisers are required to provide clients with certain information and disclosures regarding the financial condition of the Firm. OCM 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.