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OARSMAN CAPITAL, INC.
FORM ADV – PART 2A INFORMATION
March 30, 2024

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This Brochure provides information about the qualifications and business practices of Oarsman Capital, Inc. ("OCI"). If you have any questions about the contents of this Brochure, please contact us at (414) 221-0081. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Additional information about OCI, including a copy of its Form ADV Parts 1 & 3 (Form CRS), is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 – Material Changes to this Brochure Since March 24, 2023 Annual Update

LRC Aviation Advisors

In January 2023, Oarsman Capital ("OCI") launched LRC Aviation Advisors ("LRC"), a division of Oarsman Capital. This division has a unique market niche that is focused on airline pilot retirement plans and financial planning. LRC's target market is airline pilots and their families to provide the knowledge and services specific to the different retirement requirements in the airline industry.

Use of Independent Managers

In August 2023, OCI began to engage certain independent investment managers through Charles Schwab & Co., Inc.'s Managed Account Marketplace ("Schwab Marketplace") program to actively manage a portion of some clients' assets by investing in a variety of investments and employing various investment techniques. Additional information about the Firm's use of these independent investment managers can be found in Item 4 under Use of Independent Managers, Item 5 under Independent Manager Fees, Item 10, Item 11, Item 12, and Item 17 under Independent Managers.

New Assets at Schwab

Item 10 and Item 14 have been updated to disclose a conflict of interest related to an agreement OCI has with Charles Schwab & Co., Inc.'s ("Schwab") whereby OCI is entitled to an economic benefit for new OCI client assets custodied at Schwab and new OCI client asset managed by Independent Managers on Schwab Marketplace. If the amount of new OCI assets at Schwab exceeds pre-determined thresholds, Schwab has agreed to pay for an agreed-upon amount of OCI expenses in eligible categories (certain legal, compliance, technology/research, marketing and consulting services) after OCI submits the vendor invoice for payment. OCI has determined that it will only submit invoices for payment by Schwab that pertain to services that benefit OCI's current clients, such as (but not limited to) financial planning software or research services.

Custody

Item 15 was updated to disclose that OCI has custody of client assets as a consequence of its ability to withdraw its advisory fee directly from client accounts and its ability to direct transactions to third parties contingent upon a signed standing letter of authorization from a client and certain other requirements being met.

Material Risks

Item 8 was updated to describe the material risks associated with OCI's investment strategies, including general risks, market risk, management risk, allocation risk, equity risk, fixed income risk, municipal securities risk, mutual fund risk, exchange-traded fund risk, options risk, independent managers risk, foreign securities risk, longevity risk, cybersecurity risk and risks associated with natural disaster/epidemic/pandemic.

Employee Accounts Managed by OCI

Item 5 and Item 7 were updated to reflect that OCI provides advisory services to certain of its employees. Most employees of OCI receive investment advisory services from OCI without paying a fee but otherwise these employee accounts are treated like other client accounts.

Account Valuation Practices

Item 5 was updated to disclose OCI's valuation practices utilized to calculate advisory fees and performance. OCI uses pricing information provided by the client's custodian. Prices of securities OCI routinely recommends to clients are widely available and do not generally require OCI to determine a value based on its fair valuation policies and procedures.

Trade Aggregation and Allocation

Item 12 was expanded to describe OCI’s trade aggregation and allocation practices. From time to time, OCI may determine it is in the clients’ best interest to aggregate like transactions for a number of client accounts into a ‘block’ trade. All participants in the block trade receive an average price.

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Item 4 - Advisory Business

Oarsman Capital, Inc. ("OCI") is an investment adviser registered with the U.S. Securities and Exchange Commission ("SEC") that provides investment-management services, mutual fund/exchange-traded fund portfolios, separate accounts managed by independent investment managers ("Independent Managers"), financial-planning services and retirement plan advisory services to a variety of retail and institutional clients. OCI began providing advisory services in 2000. Registration does not imply a certain level of skill or training. OCI is majority owned by Robert W. Phelps and Benjamin Kebbekus. OCI does not control any other firm; its only business is providing investment advice.

In January 2023, OCI launched LRC Aviation Advisors ("LRC"), a division of OCI. This division has a unique market niche that is focused on airline pilot retirement plans and financial planning. LRC's target market is airline pilots and their families to provide the knowledge and services specific to the different retirement requirements in the airline industry.

The advisory services of OCI are described below.

Investment-Management Services

OCI provides Investment Management Services to individual, trust and institutional clients seeking to implement long-term investment programs. OCI also serves as a sub-advisor to other investment advisory entities. OCI constructs and manages portfolios for its clients that comprise one or more of the following investment asset classes, among others: common stocks, debt securities (U.S. Treasury, U.S. Government Agency, corporate and municipal), mutual funds, exchange-traded funds/notes, stock options, and cash equivalents. OCI emphasizes the use of securities it believes are of fundamental quality and, in the case of common stocks and stock-based mutual- and exchange-traded funds, offer capital-appreciation potential. Investment programs for taxable individual and trust clients emphasize a long-term perspective, tax-efficient strategies and the control of investment risk. Programs for tax-exempt/-deferred clients seek to achieve risk-adjusted returns superior to an appropriate benchmark over multi-year periods that encompass both 'bull' and 'bear' market phases.

OCI focuses on customized portfolios to meet client needs by analyzing multiple factors, including but not limited to, risk preference, investment horizon, cash flows and tax consequences. Based on discussions of a client's particular circumstances and objectives, OCI establishes goals and objectives. OCI will use proprietary modeling tools or other financial tools to develop a client's personal investment policy and creates and manages a portfolio based on that policy. OCI generally manages advisory accounts on a discretionary basis. This means that after obtaining discretionary authority in writing from a client, OCI will make purchases and sales as it deems necessary. Account supervision is guided by the stated objectives of each client (i.e., maximum capital appreciation, growth, income, or growth and income). Clients are permitted to place reasonable restrictions (e.g. sector, asset class, company specific) on the types of investments which OCI utilizes in their accounts.

In identifying potentially attractive common stocks to purchase, OCI favors well established companies that possess, among other desirable attributes, proprietary products and/or services, track records of consistent earnings growth, financial strength, experienced management, and well articulated strategies for future growth. Many, though not all such companies, are global industry leaders with large market capitalizations. OCI also seeks to invest in stocks with reasonable valuations. In assessing valuation, OCI typically analyzes current and historical data regarding a stock's price/earnings, enterprise value/cash flow, price/sales, and/or price/book ratios. Discounted-cash-flow analysis is also utilized where appropriate.

OCI constructs portfolio for its clients with common stock holdings that are broadly diversified among several economic/industry sectors, while at the same time may include strategic concentrations intended to benefit from cyclical and/or longer-term trends. To broaden portfolio holdings to include investments that fall outside OCI's core-equity discipline, OCI will invest a portion of client assets in equity mutual funds and/or exchange-traded funds/notes whose managers employ an investment approach that differs from that of OCI (e.g., small-company stocks, non-U.S. stocks, high-yield income investments, real-estate- and commodity-related investments, among others).

OCI invests client assets in stocks with the intention of holding them for an extended period of time; accordingly, portfolio turnover is expected to be relatively low. A stock is eliminated from a client's portfolio (sold) if OCI believes the company has lost its fundamental quality or growth potential. A stock position is reduced (trimmed) in a portfolio if OCI believes the stock's valuation more than adequately reflects the company's assessed quality and growth potential. Short-term market-timing strategies are generally avoided. However, a major change in OCI's market outlook can result in a reallocation of assets among security classes (if consistent with client-established guidelines).

OCI invests a portion of most clients' assets in U.S. dollar-denominated debt securities primarily to provide a reliable source of portfolio income and to enhance stability of principal. In most cases, investment-grade notes and bonds are used, and the average maturity of portfolio holdings generally does not exceed 10 years. Tax-exempt (municipal) securities are diversified geographically and corporate debt securities are diversified by industry. OCI generally holds debt securities for an extended period (e.g., maturity) and portfolio turnover is expected to be relatively low. A debt security may be sold if OCI believes there has been a major reduction in the creditworthiness of the issuer, if OCI identifies a security deemed more attractive in terms of yield and/or quality, or if a change in OCI's interest rate and/or economic forecast necessitates an adjustment to the portfolio's asset allocation, average maturity, sector allocation (e.g., government vs. corporate), or industry exposure.

Mutual Fund/Exchange-Traded Fund Portfolios

For clients whose investment needs or preferences do not call for a fully customized portfolio comprising primarily of individual common stocks and fixed-income securities, OCI offers a program that utilizes model asset-allocation strategies, each targeting a specific investment objective/risk tolerance, and implemented using mutual funds and exchange-traded funds (MFs, ETFs).

In OCI's MF/ETF program, the Firm offers several model asset allocations, with initial portfolio composition and ongoing management driven by the firm's economic and financial-market outlook. OCI makes recommendations regarding a particular model/strategy based on factors including, but not limited to, the client's financial situation, long-term goals, investment objectives and attitude toward risk. Specific mutual funds/ETFs are selected based on their ability to provide desired asset exposure, historical investment performance, and cost-efficiency.

Use of Independent Managers

For clients whose investment needs require additional diversification, OCI recommends that clients engage certain Independent Managers through Charles Schwab & Co., Inc.'s Managed Account Marketplace program ("Schwab Marketplace") to actively manage a portion of some clients' assets by investing in a variety of investments and employing various investment techniques. OCI recommends Independent Managers only when it is in the client's best interest and reviews suitability at least annually. OCI evaluates a variety of information about Independent Managers, which generally includes the Independent Managers' public disclosure documents, materials supplied by the Independent Managers themselves and other third-party analyses that OCI believes are reputable. Independent Managers are selected based on their ability to provide desired asset exposure, historical investment performance, and cost efficiency. On an ongoing basis, OCI monitors the performance of those accounts being managed by Independent Managers. OCI seeks to ensure the Independent Managers' strategies remain aligned with its clients' investment objectives and overall best interests. Refer to Item 10 for additional information on conflicts of interest created by OCI's recommendation of Independent Managers on Schwab Marketplace.

The specific terms and conditions under which a client engages an Independent Manager are set forth in a separate written agreement with the designated Independent Manager. In addition to this brochure, clients should also review the written disclosure brochures of the respective Independent Managers engaged to manage their assets.

<u>Financial-Planning Services</u>

OCI provides financial-planning services that include, among other things, household/business cash-flow analysis; retirement-income planning; risk-tolerance profiling; asset-allocation design; pension- and health-care benefits analysis; tax planning; and family-survivorship guidance. Financial-planning services are generally provided at no additional cost to clients who have retained OCI for Investment Management and/or Mutual Fund/Exchange-Traded Fund Portfolio services. OCI generally does not provide financial planning services to clients as a standalone service.

Financial-planning services assist clients in evaluating the appropriateness of existing and/or potential financial arrangements, with the aim of enhancing the probability of attaining various financial goals. In providing these services, OCI uses industry-standard methods and technology-based tools to perform calculations based on information provided by the client or prospect and informed by capital-market assumptions and alternative planning scenarios. Results are hypothetical and intended to be reviewed and updated regularly. Individuals should consult with their legal and/or tax advisers regarding the appropriateness of any financial plan. Clients and prospects are to notify OCI immediately if there have been any material changes in their financial situation.

In conjunction with financial-planning services, OCI may provide clients with discretionary investment-advisory services for their self-directed employer-sponsored retirement-plan (e.g., 401(k), 403(b), PRAP) accounts and/or Individual Retirement Accounts (IRAs). If OCI recommends that a client retain OCI to provide investment-advisory services for retirement-plan assets not previously overseen by OCI, that recommendation creates a conflict of interest, as OCI will earn incremental fees if the client follows the recommendation. OCI policies require that all such recommendations be in the client's best interest.

<u>Retirement-Plan Advisory Services</u>

OCI offers educational and/or advisory services to retirement plans and their participants. OCI's services are designed to complement the services of unaffiliated third-party retirement plan administrators in assisting plan sponsors, plan trustees, and investment committees in meeting their management and fiduciary obligations to plan participants under the Employee Retirement Income and Securities Act ("**ERISA**").

OCI supplements the services provided by the plan administer – who assists the plan in creating an investment policy statement defining the types of investments to be offered and the restrictions that may be imposed – by providing education services to plan participants and monitoring the performance of the plan's investment vehicles. OCI assists with participant enrollment meetings and provides investment-related educational seminars to plan participants on topics including, but not limited to, diversification, asset allocation, risk tolerance, time horizon as well as other topics specific to a particular plan. *Plan participants are responsible for all individual investment decisions and allocations made within the plan.*

As of December 31, 2023, OCI had assets of $698,050,258 under discretionary management and $5,254,948 under non-discretionary management.

Item 5 - Fees and Compensation

Fees paid to OCI are for OCI investment-advisory services only and are negotiable. Advisory fees paid to OCI do not include, for example, fees charged by third-party advisors, such as accountants or attorneys, brokerage commissions, account closing/transfer fees, custodial fees, taxes, separate account investment management fees charged by Independent Managers and other costs incidental to the purchase and sale of investments. In addition, transaction costs and other account fees will be charged by brokerage firms in accordance with each brokerage firm's commission and account-fee schedule. See Item 12, Brokerage Practices, for additional information.

In addition to OCI's investment-advisory fee, all mutual funds and exchange-traded funds in which a client's assets are invested charge their own internal fees and expenses (the funds' 'expense ratio'). This expense ratio represents the percentage of fund assets used to operate the fund, and comprises investment-management fees, administrative costs, brokerage costs, distribution fees and other operating expenses. Though these expenses are paid by the fund, they are ultimately borne by clients via a reduction in fund net-asset value. In most cases, clients can invest directly in MF/ETF shares outside of their account managed by OCI and avoid incurring OCI's advisory fee. Clients should consider both OCI's advisory fee and fund expense ratios (which are set forth in the prospectus for each fund) when evaluating the total cost of any OCI investment program or comparing that cost with those of other investment programs.

OCI often purchases commission-free ETFs and no-transaction-fee (NTF)/"no-load" share classes of mutual funds, which can be purchased and sold without incurring incremental transaction costs. The use of no-load/NTF funds can be advantageous in volatile market conditions and for clients who make regular contributions or withdrawals from their accounts, both of which can increase trading activity. No-load/NTF funds generally have higher ongoing operating expenses (expense ratios) than similar-objective funds carrying loads and/or transaction fees. Accordingly, clients with larger accounts and those who make infrequent contributions/withdrawals could find OCI programs more costly than other investment programs.

Transactions made by OCI on behalf of clients can result in tax consequences. For non-tax-deferred (e.g., personal, joint and trust) accounts, fund-share redemptions and security sales are taxable events that may accelerate the recognition of capital gains (and losses); some redemptions/sales may result in short-term, rather than long- term, capital gains (and losses).

<u>OCI Advisory Fees</u>

Advisory fees are calculated based on the value of investments in a client's account(s). All asset-based fees are negotiable, but are typically subject to the following fee schedule:*

Assets Under Management	Annual Rate	Quarterly
First $500,000	1.0%	0.250%
Next $500,000	0.8%	0.200%
Next $2 million	0.7%	0.175%
Next $2 million	0.6%	0.150%
Over $5 million	0.5%	0.125%

*Subject to a minimum account size of $100,000 (though this may be waived at OCI's discretion).

Advisory fees are billed in advance, generally on a calendar-quarterly basis at a rate equal to one-quarter of the annual rate. Fees are based on the market value of the managed account(s) as of the last business day of the prior quarter. The fee for any period which is less than a full quarter is pro-rated based on the number of days during the period OCI managed the account. A client will receive a pro-rated refund of prepaid fees by giving OCI 30 days' advance written notice of intent to terminate his/her investment-management relationship (provided such notice is given more than 30 days before the end of a billing period). No adjustment or refund is made with respect to partial withdrawals during any billing period. With written client authorization, fees are billed directly to, and debited from, the client's account(s), unless other arrangements for payment are requested by the Client. OCI, in its sole discretion, combines the value of accounts for immediately family members for fee billing purposes.

Most employees of OCI receive investment advisory services from OCI without paying a fee but otherwise these employee accounts are treated like other client accounts. OCI maintains portfolio management and trading policies and procedures designed to address conflicts of interest associated with these accounts and ensure that all clients are treated fairly over time.

As previously described, mutual funds and exchange-traded funds pay internal advisory fees to their investment managers, which payments reduce the net asset value of the funds' shares. Additionally, OCI bills clients a fee based on the total value of their portfolios, which may be partly or entirely composed of mutual fund and/or exchange-traded fund holdings. Clients whose portfolios include such funds pay two levels of fees, one directly to OCI for investment-advisory services, and one indirectly to the manager of the funds.

OCI may amend its fees upon advance written notice to the client.

The contract for Advisory Services may be terminated at any time upon 30 days' advance written notice from one party to the other.

Financial Planning Services

Financial-planning services are generally provided at no additional cost to clients who have retained OCI for Investment Management and/or Mutual Fund/Exchange-Traded Fund Portfolio services. OCI generally does not provide financial planning services to clients as a standalone service.

Retirement-Plan Advisory Services Fees

OCI is generally compensated for its retirement-plan advisory services based on a fixed fee or a percentage of assets. All terms, including the agreed upon fee and payment schedule, will be evidenced in an agreement between OCI and the plan or plan fiduciary. Either party to the agreement may terminate our agreement upon 30-days' advance written notice to the other party. If paid in advance, a prorated portion of OCI's fee will be refunded to the client based on the number of days services were actually provided. Factors affecting the final agreed-upon fee include, but are not limited to, the asset size of the plan, complexity of available investment options within the plan, and the overall participant base. OCI's fee is payable quarterly and coordinated with the plan trustee(s) and the third-party administrator.

Independent Manager Fees

Each Independent Manager charges a fee that is in addition to the fee charged by OCI. The Independent

Managers' fees are generally charged quarterly and vary between 0.50% and 0.65%, depending on the value and type of the assets being managed. Please refer to the Form ADV 2A for the respective Independent Manager for details relating to their fee-billing practices.

Account Valuation Practices

Fees are based on the market value of the managed account(s) as of the last business day of the prior quarter. OCI uses pricing information provided by the client's custodian for purposes of valuing client portfolios, whether for fee billing or investment performance calculations. Prices of securities OCI routinely recommends to clients are widely available and do not generally require OCI to determine a value based on its fair valuation policies and procedures. OCI maintains account valuation (including fair valuation) policies and procedures designed to provide reasonable assurance the prices used for fee billing and investment performance calculation purposes are accurate.

Item 6 – Performance-Based Fees and Side-by-Side Management

OCI does not charge any performance-based fees. All fees are disclosed in Item 5 above.

Item 7 - Types of Clients/Minimum Account Size

OCI makes its advisory services available to a wide variety of clients including, but not limited to, individuals, pension and profit-sharing plans, trusts, estates, charitable organizations, corporations and other business entities. The firm also serves as a sub-advisor to other investment advisors.

OCI manages accounts for employees of the firm. Most employees do not pay a fee for such services but otherwise these employee accounts are treated like other client accounts. OCI maintains portfolio management and trading policies and procedures designed to address conflicts of interest associated with these accounts and ensure that all clients are treated fairly over time.

OCI has a minimum account size of $100,000. However, this minimum may be waived at OCI's discretion.

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

Analyses and Strategies

OCI's security analysis methods include, but are not limited to, fundamental analysis (evaluating securities based upon their historical and projected financial performance); cyclical analysis (determining the desirability of an issue based upon the status of an issue within the price cycle the security or similar securities have followed historically); and technical analysis (using historical charts to track individual security or market patterns over time).

OCI's main sources of information include, but are not limited to, financial data services/websites, newspapers and magazines, research materials prepared by others, company financial reports, and corporate rating services.

Also, see Item 4 above for a more detailed explanation of the services and related investment strategies provided by the firm.

General Risks

OCI does not guarantee the results of advice given. Significant losses can occur by investing in any security, or by following any strategy, including conservative investment strategies recommended or applied by OCI.

Security Risks

Your account may be subject to the following risks:

- Market Risks - Client accounts are subject to general market risks. The value of investments in client accounts will increase or decrease in response to movements in the market. Market risks, including but not limited to political, regulatory, economic, and social developments, and developments that impact specific economic sectors, industries, or segments of the market, can affect the value of client accounts. In addition, turbulence in financial markets and reduced liquidity in equity, credit and/or fixed income markets may negatively affect many companies, which could adversely affect client accounts. These risks may be magnified if certain events or developments adversely interrupt the global supply chain. In these and other circumstances, such risks might affect companies on a worldwide scale. Recent examples include risks related to the coronavirus pandemic.

- Management Risks - OCI's investment approach may not produce the intended result due to a particular asset class or security type not performing as expected within OCI's investment strategies. As a result, the overall performance of a client's account may decline or be less than expected.

- Allocation Risks - At times, OCI's judgments as to the asset classes in which client accounts should invest may prove to be wrong, as some asset classes may perform worse than others or the equity markets generally from time to time or for extended periods of time.

- Equity Risks - OCI invests portions of client assets directly into equity investments, primarily stocks, or into mutual funds or ETFs that invest in the stock market. Stocks generally increase or decrease in value based on the earnings of a company and based on general industry and market conditions. The value of a company's share price may decline as a result of poor decisions made by management, lower demand for the company's services or products or if the company's revenues fall short of expectations. The mutual funds and ETFs recommended by OCI may invest in small or mid-cap companies which have additional risks. Smaller companies tend to be more volatile and have higher failure rates due to more limited markets financial resources and management experience. Additionally, smaller companies exhibit greater price volatility and sensitivity to market selling pressure than larger companies. There are also risks associated with the stock market overall. The stock market may experience periods of turbulence and instability.

- Fixed Income Risks – OCI invests portions of client assets directly into bonds or into mutual funds or ETFs that invest in bonds. A bond's market value is affected significantly by changes in interest rates – generally, when interest rates rise, the bond's market value declines and when interest rates decline, its market value rises. Generally, a bond with a longer maturity will entail greater interest rate risk but have a higher yield. Conversely, a bond with a shorter maturity will entail less interest rate risk but have a lower yield. An additional risk is reinvestment risk that future cash flows will need to be invested in lower yielding securities. A bond's value may also be affected by changes in its credit quality rating or the issuer's financial condition.

- Municipal Securities Risks – OCI invests portions of client assets directly into municipal securities or into mutual funds or ETFs that invest in municipal securities. Municipal securities carry different risks than other fixed income securities described above. These risks include the municipality's ability to raise additional tax revenue or other revenue (in the event the bonds are revenue bonds) to pay interest on its debt and to retire its debt at maturity. Municipal bonds are generally tax-free at the federal level, but may be taxable in individual states other than the state in which both the investor and municipal issuer are domiciled.

- Mutual Fund Risks – OCI invests certain client assets into mutual funds. Mutual funds vary in risk depending on their investments, with growth funds being more risky than conservative, income-oriented funds. Mutual funds are subject to investment advisory, transactional, operating, and other expenses. The value of mutual funds' investments and the net asset value of the funds' shares will fluctuate in response to changes in market and economic conditions, as well as the financial condition and prospects of companies in which the funds invest. The performance of each fund will depend on whether the fund's investment adviser is successful in pursuing the fund's investment strategy.

- ETF Risks - OCI invests certain client assets into mutual funds. You may lose money investing in an ETF if the value of securities owned by the ETF declines. You could pay more to purchase ETF shares, or receive less in a sale of shares, than the actual net asset value of the shares. In addition, when you invest in an ETF, you will bear additional expenses based on your pro rata share of the ETF's operating expenses. The risk of owning an ETF generally reflects the risks of the underlying securities that the ETF is designed to track and the investment strategies employed by such ETF. The ETF may not track the underlying index.

- Options Risks – Although not common, certain of OCI clients invest in equity options. Purchasing options involves the risk that the underlying instrument will not change price in the manner expected, so an investor loses their premium.

- Independent Manager Risks - For clients whose investment needs require additional diversification, OCI may recommend clients engage certain Independent Managers through Schwab Marketplace to actively manage a portion of some clients' assets by investing in a variety of investments and employing various investment techniques. Other than with respect its recommendations to invest in and redeem from an Independent Manager, OCI has no control over the investment strategies or decisions of the Independent Managers included in client portfolios. Independent Managers invest in a broad range of securities which all have their own risks. Should OCI become dissatisfied with the investment decisions of an Independent Manager, its only course of action would be to recommend its clients liquidate their investments with that Independent Manager.

- Foreign Securities Risks – OCI invests portions of client accounts in mutual funds and ETFs that may utilize foreign securities. Foreign securities are subject to additional risks not typically associated with investments in domestic securities. These risks may include, among others, currency risk, country risks (political, diplomatic, regional conflicts, terrorism, war, social and economic instability, currency devaluations and policies that have the effect of limiting or restricting foreign investment or the movement of assets), different trading practices, less government supervision, less publicly available information, limited trading markets and greater volatility. To the extent that the mutual funds or ETFs invest in issuers located in emerging markets, the risk may be heightened by political changes, changes in taxation, or currency controls that could adversely affect the values of these investments. Emerging markets have been more volatile than the markets of developed countries with more mature economies.

- <u>Longevity Risk –</u> There is a risk that OCI clients outlive their investment portfolio. This risk is particularly relevant for people who are retired or are nearing retirement.

<u>Cybersecurity Risks</u>

OCI relies on information technology and electronic communications to conduct business, which subjects OCI and its clients to the risk of cyber incidents. While OCI has reasonable controls designed to protect against cyber incidents resulting in unauthorized access to confidential information or business disruptions, not all cyber incidents are preventable. Should a cyber incident occur, it could have a negative impact on OCI and its clients.

<u>Natural Disaster/Epidemic/Pandemic Risk</u>

Natural or environmental disasters, such as severe weather and widespread disease, including pandemics and epidemics, have been and can be highly disruptive to economies and markets, adversely impacting individual companies, sectors, industries, markets, currencies, interest and inflation rates, credit ratings, investor sentiment, and other factors affecting the value of client accounts. Given the increasing interdependence of global economies and markets, conditions in one country, market, or region are increasingly likely to adversely affect markets, issuers, and/or foreign exchange rates in other countries, including the U.S. These disruptions could prevent OCI from executing advantageous investment decisions in a timely manner and negatively impact OCI's ability to achieve the investment objectives of its investment strategies. These disruptions could also prevent OCI and its vendors or service providers from maintaining normal business operations or could result in the loss of services of key personnel on a temporary or long-term basis due to illness or other reasons. Any such event(s) could have a significant adverse impact on the value of client accounts and the risk profile of OCI's investment strategies.

Item 9 - Disciplinary Information

OCI does not have any disciplinary information to report regarding itself or any of its representatives or other related persons.

Item 10 - Other Financial Industry Activities and Affiliations

OCI has an agreement with Charles Schwab & Co., Inc.'s ("Schwab") whereby OCI is entitled to an economic benefit for new OCI client assets custodied at Schwab and new OCI client asset managed by Independent Managers on Schwab Marketplace. If the amount of new OCI assets at Schwab exceeds pre-determined thresholds, Schwab has agreed to pay for an agreed-upon amount of OCI expenses in eligible categories (certain legal, compliance, technology/research, marketing and consulting services) after OCI submits the vendor invoice for payment. OCI has determined that it will only submit invoices for payment by Schwab that pertain to services that benefit OCI's current clients, such as (but not limited to) financial planning software or research services. OCI's submitting and Schwab's payment of third-party invoices is in no event a recommendation, endorsement or sponsorship from Schwab. This arrangement with Schwab creates a conflict of interest because OCI has incentive to recommend its clients utilize Schwab for custody services and/or recommend clients utilize Independent Managers through Schwab Marketplace. OCI has a fiduciary duty to exercise good faith and act solely in the best interest of clients and maintains policies and procedures, including a Code of Ethics, which requires the interests of clients be placed ahead of other interests to address this conflict of interest. Refer to Item 12 for factors that OCI considers when it recommends Service Providers (which includes Schwab) to OCI clients, including benefits OCI receives from recommending Service Providers which are in addition to the payment of expenses by Schwab, as described above. OCI recommends Independent Managers only when it is in the client's best interest and reviews suitability at least annually. Refer to Item 4 for additional information on OCI's process to evaluate Independent Managers prior to recommending them to clients and ongoing monitoring of Independent Managers to ensure that the mangers' performance, investment strategies and costs (among other considerations) remain aligned with clients' investment objectives and overall best interests.

In addition, both clients and OCI may receive compensation from Schwab in the form of money to reimburse the client or OCI for transfer fees, service fees, withdrawal/liquidation fees or other miscellaneous fees associated with moving OCI client assets from a different custodian or platform to Schwab.

OCI does not receive any compensation from Independent Managers that it recommends, nor does it have any other business relationship with any Independent Manager that would incentivize OCI to recommend one Independent Manager over another.

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

OCI, or its officers, directors, portfolio managers and employees, may invest in the same securities that are the subject of investment advice to clients. This may create an incentive for employees to place their own interests ahead of OCI's clients. OCI has established a Code of Ethics applicable to all persons at the firm who have access to confidential information regarding client purchases or sales of securities or who are involved in making recommendations for client accounts or have access to nonpublic information about such recommendations. Designed to prevent conflicts between the financial interests of clients and the interests of OCI's staff, the Code incorporates procedures to ensure OCI staff do not improperly benefit from their knowledge of pending or actual OCI client trades or disadvantage OCI clients with their personal trades, requires reporting of transactions quarterly and requires reporting of all securities positions in which OCI staff have a beneficial interest at least annually. The Code of Ethics allows OCI supervisors to determine whether to allow or prohibit certain employee securities trades based on transactions made, or anticipated to be made, in the same securities for Client accounts. OCI does not have advance knowledge of trades to be executed within client accounts by Independent Managers. The Code is required to be reviewed annually and updated as necessary. A complete copy of the firm's Code is available upon request.

Item 12 - Brokerage Practices

OCI does not exercise discretion to select custodian/brokerage firms (collectively known as "Service Providers") for its client accounts; *clients are free to use the Service Provider of their choice.* OCI generally recommends clients use one of several Service Providers with which it has established relationships that facilitate the efficient delivery of investment advisory services. Clients should be aware that when they use the transaction services of recommended Service Provider, they may not always realize the most favorable execution of transactions. However, OCI believes potentially higher execution costs are offset by the more efficient service delivery attained by using recommended Service Providers. Clients should also be aware that should they choose to use a Service Provider other than one recommended by OCI, they may not receive execution services (or costs) comparable to those received by other OCI clients. For example, some 'full-service' brokerage firms have minimum transaction charges that are many times greater than those available through recommended Service Providers. In addition, when making a large number of like transactions for multiple client accounts, OCI generally will execute the larger number of trades at recommended Service Providers prior to executing the smaller number of trades at other client-designated Service Providers.

Service Providers are recommended to OCI clients because of their execution capability, cost-effectiveness, quality of technology platforms, and value of investment-research, client-relationship and practice-management services. Research services include analytical reports on industries and individual companies and their equity and debt securities, as well as global economic, financial-market and geo-political developments that bear directly on the investment decision-making process. Client-relationship and practice-management services include timely notices of corporate actions (e.g., bond calls, security tender offers) affecting securities held in client accounts, the ability to efficiently move funds as directed by clients among their investment accounts and other accounts they may designate, and timely notification that desired transactions cannot be completed due to insufficient liquidity (cash). OCI does not process transactions through recommended Service Providers in return for those Service Providers referring new clients to OCI.

OCI will generally seek to obtain the best execution at the best security price available with respect to each transaction. The best price means the best net price without regard to the specific sales price and specific commission. OCI will seek reasonably competitive commission rates. However, OCI clients may not always pay the lowest available commission. OCI may "block" similar orders for multiple accounts into one order for the purpose of trying to obtain a better average price for all accounts in the block. Refer to additional information on OCI's trade aggregation practices in section Trade Aggregation and Allocation below.

Clients should be aware that their accounts may incur transaction costs in addition to any commissions charged by their custodian broker when transactions occur in over-the-counter securities on an agency basis. Also, clients' choice on which custodian broker to utilize may limit or eliminate OCI's ability to obtain best price and execution.

As described above, OCI receives economic benefits as a consequence of the custody and trading relationships it has with Service Providers because it does not have to produce or pay for the research or other services received itself. These benefits include the following products and services, provided to OCI without cost or at a discount: duplicate client statements and confirmations, consulting services, access to an 'institutional' trading desk, access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares directly to or from client accounts), the ability to have advisory fees deducted directly from client accounts, access to an electronic communications network for client order entry and account information, access to mutual funds with no transaction fees, and free or discounted compliance, marketing, research, technology, and practice-management products and services offered by Service Providers and/or third-party vendors. Service Providers may also pay for business consulting, professional services, and research received by OCI and may also pay or reimburse expenses (travel, lodging, meals, and entertainment expenses) for OCI personnel to attend conferences or meetings relating to their service platforms or to their advisor custody and brokerage services generally. Such services made available by Service Providers are intended to help OCI manage and further develop its business enterprise, and such services may or may not depend on the amount of brokerage transactions directed to them. Services provided to OCI by Service Providers are used to service all of OCI's client accounts. Some of these products and services made available by Service Providers may benefit OCI, but may not directly benefit its clients.

In addition, refer to Item 10 for information on an agreement between OCI and Schwab which provides an economic benefit to OCI for new OCI client assets custodied at Schwab and new OCI client assets managed by Independent Managers on Schwab Marketplace.

The receipt of economic benefits by OCI creates a potential conflict of interest and may directly or indirectly influence OCI's recommendation of Service Providers for custody and brokerage services.

Trade Aggregation and Allocation

From time to time, OCI may determine it is in the clients' best interest to aggregate like transactions for a number of client accounts into a 'block' trade. If a block trade is filled at several prices through multiple trades, an average price will be calculated for all trades executed by the broker for the block and all participants in the block trade receive the average price. Only trades executed within the block on a single trading day are combined for purposes of calculating the average price. On occasions when OCI receives a partial fill of its block trade order, the partial fill is allocated on a pro rata basis, subject to rounding and reasonable efforts to minimize trading costs.

From time to time, OCI directs block trades to a third-party broker (i.e., other than the client's custodian) for execution. The execution fees associated with such third-party block trades, paid by clients participating in the trades, provide OCI access to investment research products and services that would otherwise be unavailable to it. When a client account participates in such a third-party block trade, it may pay a higher transaction cost than would have been obtainable elsewhere. Higher transaction costs will not be paid unless OCI determines that 1) the amount is reasonable in relation to the services in terms of a particular transaction or OCI's overall responsibilities with respect to client accounts; 2) such commission payments are made in compliance with applicable state and federal laws; and 3) total commissions paid by the clients either alone, or in aggregate with other accounts, are reasonable in relation to benefits obtained. Research products and services obtained by OCI as a result of third-party block transactions are used to inform investment decisions that affect all OCI clients; OCI does not attempt to allocate benefits to clients according to incremental transaction costs incurred by individual clients.

Schwab Marketplace

OCI recommends that certain clients engage Independent Managers whose portfolio management services are available through Schwab Marketplace. Schwab does not act as a sponsor in relation to Schwab Marketplace, and its compensation for Schwab Marketplace services, which may include brokerage, custody, research and other services, is separate from the Independent Manager's fee. Clients who participate in the Schwab Marketplace program generally appoint Schwab as the broker for the execution of transactions with respect to the applicable account assets. The Schwab Sponsored Program brochure, which is delivered to clients participating in such a program, further details Schwab's brokerage practices and brokerage fees.

Trade Errors

It is OCI's policy for clients to be made whole following a trade error. When OCI causes a trade error to occur in a client account that results in a loss, OCI will reimburse the client, unless the executing broker's policy is to absorb de minimis losses (e.g., under $100). If the trade error results in a gain, the client shall keep the gain, unless the executing broker's or other third party's (responsible for processing errors) policy is to a handle differently, such as donating the gain to charity or allowing the executing broker to keep de minimis gains. OCI maintains policies and controls surrounding trade errors, designed to provide reasonable assurance trade errors are properly addressed.

Item 13 - Review of Accounts and Reports

OCI Portfolio Managers and Investment Advisor Representatives utilize both custodian-provided Internet platforms and internally-supported third-party portfolio-management software to monitor key parameters of client accounts (e.g., changes in market value, cash flows and balances, recent transactions) on a near-continuous basis. In addition, client accounts generally are reviewed by the same OCI personnel no less frequently than quarterly, in conjunction with the written-report process described below. Factors triggering additional portfolio reviews, which generally occur numerous times per year, include significant changes in economic and/or financial-market conditions, favorable or unfavorable news about a specific security or issuer, and client requests for *ad hoc* reviews and/or meetings.

OCI generally provides written reports on a quarterly basis to accounts under its discretionary investment management. Some clients, including but not limited to those whose portfolios are managed via one of OCI's mutual-fund/ETF/ETN asset-allocation strategies, may receive only custodian-generated reports, generally on a monthly basis. OCI's written reports generally include the period-end market value, historical cost and current yield of assets in the client's portfolio, as well as data on recent investment performance. These reports are retained by OCI and used during client meetings, which, though not regularly scheduled, may be arranged by OCI and the client from time to time.

OCI does not place fixed limits on the number of client accounts assigned to any investment professional.

Item 14 - Client Referrals and Other Compensation

OCI has an agreement with Schwab whereby OCI is entitled to an economic benefit for new OCI client assets custodied at Schwab and new OCI client asset managed by Independent Managers on Schwab Marketplace. If the amount of new OCI assets at Schwab exceeds pre-determined thresholds, Schwab has agreed to pay for an agreed-upon amount of OCI expenses in eligible categories (certain legal, compliance, technology/research, marketing and consulting services) after OCI submits the vendor invoice for payment. Refer to Item 10 for additional information on this conflict of interest and how OCI addresses it.

OCI does not, as of the publication date of this brochure, compensate anyone who is not a supervised person of OCI, nor does it compensate any other firm, for client referrals (although OCI reserves the right to do so while disclosing any such arrangement to clients and prospective clients). Any such future arrangement would involve the cash payment by OCI of a portion of the client's advisory fee over one or more years. Such arrangement would not increase the amount a client pays for the advisory services of OCI. In connection with any future arrangement of this sort, OCI will provide the client, in advance, additional disclosure regarding the arrangement and the compensation.

OCI pays certain employees cash compensation that is directly related to obtaining clients for the firm. No additional amount is added to the client's investment advisory fee as a result of the compensation paid to employees.

Item 15 - Custody

OCI does not maintain custody of client assets, except as a consequence of its ability to withdraw its advisory fee directly from client accounts and its ability to direct transactions to third parties contingent upon a signed standing letter of authorization from a client and certain other requirements being met. OCI has written authority from these clients to engage in these transactions and complies with the appropriate regulatory guidance. In addition, all transactions are fully disclosed on client account statements sent by the qualified custodian. OCI encourages you to review these statements carefully. To the extent a client receives any account or other investment ownership statement from OCI, OCI recommends the client carefully compare the report to information provided on the custodian's statements received by the client. OCI also maintains policies and procedures designed to provide reasonable assurance that clients' qualified custodians are sending statements to its clients and that OCI does not inadvertently obtain further custody over client assets.

Item 16 - Investment Discretion

Most clients grant OCI discretionary authority in its provision of investment advisory services; OCI and its advisors may exercise investment discretion when that authority is granted by clients. All accounts are subject to a written asset management agreement which describes this authority, fees and other matters. Discretionary authority permits OCI and its advisors to select the securities to buy and sell, the amount to buy and sell, when to buy and sell, and the commission rate paid without obtaining specific consent from the client for each transaction. At times, advisors make different recommendations and effect different transactions with respect to the same securities to different advisory clients.

When an Independent Manager is used to manage all or a portion of the client's account, the Independent Manager, not OCI, exercises discretion to purchase or sell investments in the account managed by the Independent Manager.

Item 17 - Voting Client Securities Proxies

OCI and its Representatives may vote proxies on behalf of clients based on the authority granted to OCI by the client in the asset management agreement. The following information summarizes OCI's Policies and Procedures regarding the voting of proxies when providing advisory services to its clients.

OCI's Policies and Procedures relating to voting proxies are designed to ensure that proxies are voted in the best interests of clients. The Policies and Procedures do not apply in cases where the client retains voting authority, a determination generally made at the time of account opening and completion of the OCI asset management agreement.

Clients who retain voting authority will receive proxy solicitations and supporting materials from their account custodian (or a transfer agent), not from OCI. OCI will, upon request, assist clients who retain voting authority with questions regarding proxies and/or voting procedures. In cases where the client has delegated voting authority to OCI, OCI will nevertheless abide by specific voting instructions as requested, in writing, by the client on a case-by-case basis.

Proxies OCI Will Vote. Given the time and costs associated with the analysis of proxy solicitations and the mechanics of voting, OCI has determined that voting every proxy is not in the best interest of clients.

Unless otherwise agreed in writing with a client, OCI will vote, on behalf of clients who have delegated proxy-voting authority, proxies for common stock securities listed on OCI's most recently filed 13F report, which is available to the public on the SEC's website: www.sec.gov/edgar.

To assist in the analysis of proxy solicitations and the administration of proxy voting, OCI has retained Institutional Shareholder Services (ISS), a third-party advisory firm. OCI will review research materials and recommendations provided by ISS on a proxy-by-proxy basis. While OCI will in most cases cast votes on behalf of clients in accordance with ISS recommendations, OCI retains discretion to vote in a manner different from those recommendations on a case-by-case basis.

Primary Objective. Proxies will be voted in a manner intended to maximize the value of client investments. In evaluating a particular proxy proposal, OCI will take into consideration, among other things, the period of time over which the shares of the issuer are expected to be held, the size of the position, the costs involved in the proxy proposal, and the existing governance documents of the company, as well as its management and operations.

OCI will vote in accordance with management's recommendations on many issues, as management capability is an important criterion used by OCI in selecting investments. Proxy proposals that change the status of a company will be reviewed to evaluate the desirability of the change and to determine the benefits to shareholders. OCI's primary objective is always to protect and enhance the economic interests of its clients.

Exceptions. When OCI believes management is acting on its own behalf or in a manner adverse to the well-being of shareholders, OCI may elect to vote against management's recommendations as a means to represent its clients' interests. In situations where OCI is displeased with the performance of current management, OCI may withhold votes or vote against proposals by management as a means of communicating this dissatisfaction. OCI reviews all proposals relating to management and director compensation in light of the company's performance and corporate governance practices. OCI normally will vote against significant compensation increases, or compensation not tied to company performance, in instances where it believes the company is under-performing and/or management has not added value commensurate with compensation.

Social, Political & Environmental Issues. OCI recognizes the activity or inactivity of a company with respect to matters of social, political or environmental concern may affect the success of the company and the value of its securities. Given that management capability and alignment of management and shareholder interests are important criteria used by OCI in selecting investments, OCI normally supports management's position on matters of social, political or environmental concern, except where it believes a different position would be in the best interests of shareholders.

Shareholder Proposals, Transparency. OCI will not support shareholder proposals that dictate a company's business practices, unless OCI believes such proposals are in the best interest of clients. OCI believes proposals related to ordinary business matters are more properly the responsibility of the company's management and board of directors. However, OCI may support shareholder proposals it believes will increase the transparency of the company's business decision-making processes (as opposed to those seeking to dictate the outcome of those processes).

Conflicts. In evaluating proxy proposals, OCI must consider whether any circumstances exist that may give rise to a conflict of interest in connection with voting client proxies, either because of a business relationship between OCI and the company or otherwise. If OCI determines that a potential conflict of interest exists, the matter will be reviewed by management and, to the extent necessary, legal counsel, and a final determination will be made as to whether it is appropriate for OCI to vote. If such a final determination results in OCI not voting a particular proxy for which it has accepted responsibility to vote, affected clients will be notified and given the opportunity to vote themselves. Alternatively, OCI may, after disclosure of the conflict, consult directly with a client and obtain the client's consent to vote the proxy.

How to Obtain More Information. For additional information regarding OCI's proxy voting policies and procedures, or to obtain information regarding specific votes cast on your behalf, you may contact us by writing to OCI at 759 North Milwaukee Street, Suite 605 Milwaukee, Wisconsin, 53202 or by calling (414) 221-0081.

Independent Managers. Independent Managers will vote proxies for client accounts under their management as agreed upon with the client and disclosed in the Independent Manager's ADV Part 2A.

Item 18 - Financial Information

OCI does not receive fees of more than $1,200 six months or more in advance; thus, no financial statement for OCI is attached. OCI does not have any financial condition that is reasonably likely to impair its ability to meet its contractual commitment to any client.

Other Information

Policy Regarding Treatment of Confidential Client Information (Privacy Policy)

Oarsman Capital, Inc. is committed to protecting the confidentiality and security of information it collects about you. The paragraphs that follow describe the firm's privacy policy and how we treat personal information we receive about you.

Why We Collect and How We Use Information

When we evaluate your request for our services, provide investment advice to you and process transactions for your account, you typically provide us with certain personal information necessary to provide advice and process transactions. We may also use that information to offer you other services we provide which may meet your investment needs.

What Information We Collect

Personal information we collect may include:

- Name and address;
- Age/date of birth;
- Telephone numbers and email addresses;
- Social Security or taxpayer identification number;
- Occupation;
- Income;
- Assets and liabilities;
- Account balances and positions;
- Investment objectives and risk tolerance;
- Accounts at other institutions; and
- Other financial and/or personal information.

How We Protect Your Information

We do not sell your personal information to anyone. We treat information about current and former clients and their accounts in a confidential manner. Our employees, representatives and affiliates may access your information and provide it to third parties only when completing a transaction at your request or providing other services to you. We maintain physical, electronic, and procedural safeguards to protect information, and our personnel are required to comply with our established information confidentiality and security provisions.

We may share your information with nonaffiliated third parties when providing services to you. Such third parties may include retirement-plan sponsors or third-party administrators, mutual fund companies, broker-dealers/custodians, transaction-clearing firms, securities-industry professionals, and companies that assist us with the maintenance of required records and other regulatory matters. Companies we hire to provide support services are not allowed to use your personal information for their own purposes.

At your request, we may disclose your information to attorneys, accountants, securities-industry professionals, and others to assist us, or them, in providing services to you. If you close your account(s), we may share your information with the new broker/dealer, investment adviser or custodian that you select. Finally, we will disclose your information as required by laws and rules applicable to you, client-account service providers, OCI or OCI's representatives.

If you prefer that we not share your personal information (except in those circumstances described above that are permitted or required by law), you may opt out at any time by notifying us not to share your information. To notify us, please call us at (414) 221-0081.

Access To and Correction of Information

Generally, upon your written request, we will make available information for your review. Information collected in connection with, or in anticipation of, any claim or legal proceeding will not be made available.

If your personal information with us becomes inaccurate, or if you need to make a change to that information, please contact us so we can update our records.

Further Information

For additional information regarding our privacy policy, please contact OCI at 759 North Milwaukee Street, Suite 605 Milwaukee, Wisconsin, 53202 or by calling (414) 221-0081.