



# OAKMONT CAPITAL Management, LLC

## Part 2A of Form ADV: Firm Brochure

Oakmont Capital Management, LLC  
655 Allegheny Avenue  
Oakmont, PA 15139

(412) 828-5550

(844) 376-4244

[www.oakmontcap.com](http://www.oakmontcap.com)

March 30, 2020

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This Brochure provides information about the qualifications and business practices of Oakmont Capital Management, LLC (“Oakmont Capital” or “Firm”). If you have any questions about the contents of this Brochure, please contact us at (412) 828-5550. 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.

Oakmont Capital is a registered investment adviser. Registration as an investment adviser does not imply any level of skill or training. The written communications in this Brochure provide you with information which can be used to determine whether to hire or retain Oakmont Capital.

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

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## **Item 2. – Material Changes**

Material changes associated with Oakmont Capital Management, LLC are summarized in this section.

Since Oakmont Capital Management, LLC last updated its Brochure on March 28, 2019, the following material change has been made:

- Items 12. and 14. have been amended to account for the participation of Oakmont Capital Management, LLC in the TD Ameritrade, Inc. AdvisorDirect program and to explain certain conflicts of interest that can arise as a result.

Please note that the foregoing represents only material changes made to this Brochure since our last updating amendment. If you need further information regarding this material change or an additional copy of this Brochure, please contact Ms. Gina Kovatch, Chief Compliance Officer, at (412) 828-5550.

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## **Item 4. – Advisory Business**

Oakmont Capital was founded in 2002 and is a limited liability company organized under the laws of the Commonwealth of Pennsylvania.

The Firm and its representatives offer four primary services to individuals and institutions:

- (1) Investment Management
- (2) Institutional Consulting
- (3) Family Office
- (4) Private Investment Fund

### **Investment Management**

When acting as an Investment Manager, Oakmont Capital renders investment advisory services to Clients on an independent and autonomous basis with its actions and investment decisions being governed by the client's investment objectives and the terms and conditions agreed to in the Investment Management Agreement. Oakmont Capital's discretionary trading authority includes, but is not limited to, the buying and selling of individual securities, the re-investment of earnings, dividends, and interest, and the investment of cash balances. Other than the withdrawal of the investment advisory fee as described in Item 5. of this disclosure, Oakmont Capital does not have the discretion or authority to withdrawal, possess, or contribute additional assets to a Client's investment account. When implementing an investment strategy, Oakmont Capital attempts to meet the risk and return objectives of a Client, however success is not guaranteed. Clients should be aware that all forms of investing have the potential for loss, including the initial principal amount.

Client investment objectives, capital market assumptions, and portfolio size help determine the investment strategy design. Typically, both active<sup>1</sup> and passive<sup>2</sup> investment styles are considered in the process. Depending on Client preferences, portfolios can be managed in relation to a blended benchmark, a specific return level, or expected level of inflation.

When appropriate, an Investment Policy Statement (IPS) is drafted to help guide the investment process and relationship expectations. It typically outlines portfolio constraints, liquidity considerations, and performance standards. It is considered a "living" document and can be updated to accommodate changes that affect how a portfolio is managed. A properly written IPS can provide an effective framework for making prudent investment decisions, and consequently, clients are encouraged to notify Oakmont Capital promptly regarding any material changes to their financial circumstances or investment preferences.

### **Institutional Consulting**

Oakmont Capital offers consulting services to institutions, families, and retirement plans through a Consulting Agreement. The services include, but are not limited to:

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<sup>1</sup> An active investment strategy involves ongoing trading with the goal of outperforming an index or target return.

<sup>2</sup> A passive investment strategy tracks market weighted indexes/portfolios with limited trading.

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- Advice on fiduciary policies, procedures, and objectives
  - Modeling in the pursuit of an optimal asset allocation strategy
  - Draft and monitoring of an Investment Policy Statement
  - Discretionary re-balancing of the portfolio
  - Return pattern management and hedging programs
  - Consolidated performance reporting
  - Due diligence and fee negotiations of service providers
  - Topic specific research (real estate, private equity, hedge funds, etc.)
  - Trustee training and education.

When Oakmont Capital provides consulting services to retirement plans or similar investment programs, the appropriate plan fiduciary designated in the plan documents (e.g., the plan sponsor or named fiduciary) will (i) make the decision to retain Oakmont Capital; (ii) agree to the scope of the services that Oakmont Capital will provide; and (iii) in the absence of any discretionary arrangements, make the ultimate decision as to accept any of the recommendations that Oakmont Capital provides. The plan fiduciaries or trustees are free to seek independent advice about the appropriateness of any recommended action or service.

The Client or Oakmont Capital is entitled to terminate the Consulting agreement at any time with written notification. The other party will consider the termination effective upon receipt of the written notification.

### **Family Office**

Oakmont Capital assists families in developing investment programs to meet the wealth needs of both current and future generations while accommodating the existing business and philanthropic initiatives of the family. In many instances, Oakmont Capital acts as the Chief Investment Officer and collaboratively integrates investment advisory services into the accounting, legal, and financing infrastructure of the family. When appropriate, the use of both public and private securities are incorporated in the portfolio design process.

The Family Office services offered by Oakmont Capital are customizable and are governed through an Investment Management or Consulting Agreement. This agreement can be terminated at any time with written notification. The other party will consider the termination effective upon receipt of the written notification.

### **Private Investment Fund Advisor**

Oakmont Capital is the General Partner of the Oakmont Opportunity Fund, LP (the "Fund"). The Fund is a private investment partnership formed in the Commonwealth of Pennsylvania. Oakmont Capital is the sole General Partner and investment advisor to the Fund. Oakmont Capital restricts investments in the Fund to "accredited investors" as defined by Regulation D under the Securities Act of 1933 as well as "qualified clients" as defined by the Investment Advisers Act of 1940 ("Act"). When appropriate, Oakmont Capital will use an "Investor Suitability Questionnaire" to determine whether or not a potential Client is an "accredited investor." Prior to a Client making an investment in the Fund, Oakmont Capital discloses its relationship with the Fund in the Fund's Confidential Offering Memorandum. As with all investment solicitations, Oakmont Capital will only pursue a Client to invest in the Fund if it is believed the Fund is compatible with the Client's overall asset allocation strategy.

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The Oakmont Opportunity Fund, LP primary investments include, but not limited to, private investments, stocks, options, bonds, and exchange-traded funds. However, as outlined in the Partnership's Confidential Offering Memorandum, Oakmont Capital, as the General Partner, has the discretion to pursue and invest in any security or strategy it considers appropriate and in the best interests of the Partnership.

Oakmont Capital receives a Management Fee and/or Incentive Allocation for its services in managing and supervising the Fund's investment portfolio.

Oakmont Capital, as a General Partner, can sponsor additional Private Partnerships in the future.

### **Ownership and Control of Oakmont Capital Management, LLC**

As a limited liability company, Oakmont Capital is owned by two individuals. Mr. Koteski is the acting Managing Member. No other member directly or indirectly controls the Firm. Mr. Koteski acquired the Managing Member title in June 2002 and his CRD # is 2765692. He owns greater than 25% of the outstanding interests in the Firm. The other member has a non-controlling interest and does not participate in the day-to-day operations of the Firm.

### **Types of Investments**

Oakmont Capital will offer advice on various types of investments including, but not limited to, the following:

- Equity securities (exchange-listed, traded over-the-counter, domestic and foreign)
- Exchange traded funds (equity, fixed income, alternative)
- Warrants (domestic or international, public or private)
- Corporate debt securities (investment grade, non-investment grade)
- Commercial paper
- Certificates of deposit of various financial institutions
- Municipal securities (state and local)
- Investment company securities (mutual fund shares, variable annuities)
- Mortgage and asset backed securities
- United States government or agency securities
- Option contracts (on securities, index, and commodities)
- Private investment funds and/or partnerships including venture capital, private equity, hedge funds, real estate, commodity, oil & gas, etc. This advice is in addition to the private investment funds managed by Oakmont Capital.
- Any other type of investment deemed suitable for the Client or held in the Client's portfolio.

Depending on the situation, Oakmont Capital will advise or analyze a security based upon it being a stand-alone investment and/or part of a diversified or concentrated portfolio.

Clients have the ability to impose restrictions on the type of securities Oakmont Capital is permitted to purchase on their behalf by providing any such restrictions to Oakmont Capital in writing. The Client can add or remove these restrictions as needed or desired.

Oakmont Capital does not participate in any wrap fee programs.

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As of December 31, 2019, Oakmont Capital had approximately \$400,500,528 in assets under management, with \$118,661,338 being non-discretionary and \$281,839,190 being discretionary.

### **When Acting as an Advisor to Retirement Plan Participants or Outside Accounts**

Oakmont Capital can advise a participant within a retirement plan. When a Client or prospective client are separating from service from an employer and are covered by a retirement plan, they are typically presented with four options: (i) leaving their assets with the employer plan, (ii) rolling over the assets into a new employer's plan, (iii) rolling over the assets into an IRA, or (iv) cashing out the account (which could result in tax consequences and/or penalties). Oakmont Capital can recommend that a Client rolls over the assets into an IRA in which Oakmont Capital receives an asset-based fee. Conversely, if a Client or prospective client chooses to leave the assets with their former employer or roll them into a new employer plan, Oakmont Capital does not receive any compensation or the compensation can be lower than if the Client rolls the assets into an IRA managed by Oakmont Capital. Therefore, Oakmont Capital has an economic incentive to encourage a Client or prospective client to rollover the assets into an IRA managed by the Firm. Oakmont Capital considers a variety of factors before recommending a rollover, including but not limited to: available fees and expenses, investment options, penalty-free withdrawals, creditor and judgment protection, employer stock appreciation and required minimum distributions. No Client is under any obligation to rollover plan assets into an IRA or to engage Oakmont Capital.

If a Client account is maintained on behalf of or in connection with a retirement plan (“**Plan**”) subject to the Employee Retirement Income Security Act of 1974, as amended (“**ERISA**”), or similar government regulation, pursuant to which Client has sole authority to direct the investment thereof, Client acknowledges and understands that the investment discretion of Oakmont Capital will be limited to the investment alternatives provided by the Plan and that Oakmont Capital will have no duty, responsibility, or liability for Plan assets that are not included in the Client account. Client also agrees to furnish Oakmont Capital with a copy of the documents governing the Plan upon request. In the event that the Plan sponsor or custodian will not permit Oakmont Capital direct access, Client will provide Oakmont Capital with the password and/or log-in information to effect any transactions in the individual account of the Client pertaining to such Plan. The provision of such information shall constitute authorization by Client to access the individual account of the Client with such Plan. Client further acknowledges and understands that Oakmont Capital will not receive any communication from the Plan sponsor or custodian, and it shall remain the exclusive obligation of the Client to notify Oakmont Capital of any changes or restrictions pertaining to the individual account of the Client.

## **Item 5. – Fees and Compensation**

### **Separate Account Fees**

For rendering investment advisory services through its Separate Account practice, Oakmont Capital earns an annual investment advisory fee. This fee, paid quarterly in arrears, is determined by the following annual fee schedule and breakpoints:

- 1.00% on first \$3,000,000 of Client assets;
- 0.85% on next \$3,000,000 of Client assets;
- 0.70% on Client assets over \$6,000,000.

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The dollar value of the quarterly payment amount is based upon the market value of assets in the Investment Account at the conclusion of the calendar quarter, multiplied by one fourth of the annual fee percentage as indicated in the fee schedule above. The market value used by Oakmont Capital in calculating the investment advisory fee can vary from the market value reported by the custodian(s) due to the timing differences of dividends, interests, and/or other distributions and proceeds.

The custodian of the Client's account(s), upon instruction from of Oakmont Capital, will directly withdraw this quarterly fee from the custodial account(s) unless the Client elects an alternate payment arrangement. The above fee schedule can be amended by Oakmont Capital at its discretion.

When the Investment Account contains a private partnership or private security, Oakmont Capital will record and maintain the initial amount invested as its market value. Oakmont Capital will increase or decrease this market value when written notification is given by the private security sponsor or from the Client indicating the value has changed, including contributions and withdrawals. Absent written notification, the market value of the security will remain static for an extended period of time.

Either the Client or Oakmont Capital can terminate the Investment Management Agreement at any time with written notice to the other party.

Oakmont Capital has the discretion to prorate the quarterly fee if the opening contribution, relationship termination, or a withdrawal/contribution is made after the commencement of a quarter. The proration is based upon the total days in the quarter relative to when the contribution and/or withdraws take place. In determining such fees, Oakmont Capital can aggregate withdraws against aggregate contributions.

When multiple custodial or brokerage accounts comprise the Client's investment account, Oakmont Capital, unless directed by the Client in writing, will have sole discretion in determining the custodial account or accounts in which the investment advisory fee is withdrawn. As a result, Oakmont Capital has the authority to direct the custodian to withdraw the total investment advisory fee from a single account or from a combination of multiple accounts.

As an alternative to the fee structure described above, a "fixed fee" arrangement is available for clients. The fixed fee and payment arrangements are negotiable and range between \$500 and \$150,000 per annum. In determining the fixed fee, Oakmont Capital takes into account such items as the total market value of the Client's assets, professional time required to manage the Investment Account, and Client reporting needs. The fixed fee is payable in arrears by invoice on an annual or quarterly basis. The Client, through written authorization, can permit the custodian to pay Oakmont Capital's fee directly. However, this fee is not paid to Oakmont Capital prior to providing investment advisory services, and the amount and timing of the fixed fee is negotiable.

The Client or Oakmont Capital can terminate the fixed fee relationship at any time by written notification. The other party will consider the relationship terminated effective upon the receipt of the written notification.

"Qualified Clients," as defined by the Investment Advisers Act of 1940, have the option of entering into an "incentive fee" arrangement with Oakmont Capital. For rendering investment advisory services pursuant to the Investment Management Agreement, Oakmont Capital receives a range of 0 - 30% of the positive capital appreciation of the Client's investment account for a given calendar year after all trading and administrative costs have been deducted. This fee is calculated based upon the year ending market value of the Client's



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investment account versus the year beginning market value of the Client's investment account, adjusted for all contributions and withdrawals. The incentive fee is deducted from the Client's investment account in the first quarter of the succeeding calendar year. If there is no or negative capital appreciation in the Client's investment account for the calendar year, an incentive fee is not collected. All year ending and beginning market values are determined by the custodian of the Client's account(s).

The incentive fee can motivate Oakmont Capital to make riskier or more speculative investments than would be the case absent the incentive fee. If the relationship between Oakmont Capital and the Client is initiated or terminated prior to the end of a calendar year, the incentive fee shall be prorated based upon the value of the investment account assets and the total number of days in the year. The amount and timing of the incentive fee is negotiable and, in some cases, is in addition to the investment advisory fee charged by Oakmont Capital.

### **Institutional Consulting Service Fees**

For providing Consulting Services, Oakmont Capital will use a fee structure based upon whether the Client relationship is project based or ongoing. The fee structure is flexible and customizable depending on each Client's needs and services sought.

#### *Project Based Consulting Relationship*

For project-based relationships, Oakmont Capital will charge a flat hourly fee ranging from \$100 to \$500 or a fixed fee ranging from \$500 to \$150,000 per project. These fees are negotiable and determined based upon the complexity of the project, the time associated with completing the project, and the number of Oakmont Capital representatives assigned to it. Typically, the fee will cover all travel expenses and administrative costs associated with the project. The fee will also be paid at the completion of the project via invoice by the Client. If the project is scheduled to exist over multiple quarters, interim fees can be charged quarterly and netted against the total fee of the project. The quarterly fee is determined by the total value of the project divided by the number of quarters in which the project will exist.

#### *Ongoing Consulting Relationship*

For ongoing non-project-based relationships, Oakmont Capital will charge a fixed annual fee ranging from \$500 to \$150,000 or an asset-based fee ranging from 3 to 100 basis points. Both fee structures are negotiable and determined by the complexity of the relationship, the amount of Oakmont Capital resources required, and the time associated with it.

The negotiated fixed fee is paid quarterly in arrears and the amount is determined by multiplying the annual fee by 1/4. Typically, the fee will cover all travel expenses and administrative costs associated with the relationship. If the relationship is terminated prior to quarter end, the fee is prorated based upon the total number of days in the quarter and the day in which the termination occurs.

The asset based fee is paid quarterly in arrears and the amount is based upon the market value of assets Oakmont Capital is consulting on at the conclusion of the calendar quarter, multiplied by one fourth of the annual basis point fee (3 to 100 basis points). The market value used by OCM in calculating the investment advisory fee can vary from the market value reported by the custodian(s) due to the timing differences of dividends, interests, and/or other distributions and proceeds. If the relationship is terminated prior to quarter end, the fee is prorated based upon the total number of days in the quarter and the day in which the termination occurs. Oakmont Capital has the discretion to prorate mid-quarter withdrawals and

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contributions in determining the quarter-end market value. The proration is based upon the total days in the quarter relative to when the contribution and/or withdraw takes place.

Oakmont Capital or the Client can terminate the consulting agreement at any time with written notification. The other party will consider the termination effective upon receipt of the written notification.

### **Private Investment Fund Fees**

Oakmont Capital is the General Partner of the Oakmont Opportunity Fund, LP (the "Fund"). The fund is a private investment partnership formed in the Commonwealth of Pennsylvania. Oakmont Capital is the sole General Partner and investment advisor to the Fund.

Oakmont Capital restricts investments in the Fund to "accredited investors" as defined by Regulation D under the Securities Act of 1933 as well as "qualified clients" as defined by the Act. When required by the Act, Oakmont Capital will use an "Investor Suitability Questionnaire" to determine whether or not a potential Client is an "accredited investor."

### *Management Fee*

For its services in managing and supervising the Fund's investment portfolio, Oakmont Capital receives a Management Fee generally calculated at a rate of 1.0% per annum of each Limited Partner's capital account balance. The Management Fee is calculated and paid monthly in arrears based on the value of the Limited Partners' capital account balances as of the end of each calendar month. When the Investment Account contains a private partnership or private security, OCM will record and maintain the initial amount invested as its market value. OCM will increase or decrease this market value when written notification is given by the private security sponsor or via the Client indicating the value has changed, including contributions and withdrawals. Absent written notification, the market value of the security will remain static for an extended period of time.

### *Incentive Allocation*

As an incentive to promote investment success within the Oakmont Opportunity Fund, Oakmont Capital can specially allocate 10% of the Profit allocated to each Limited Partner. The Incentive Allocation is allocated to Oakmont Capital's capital account (if applicable) at the end of each calendar year. Profit is determined based upon the increase in a Limited Partner's capital account over the measurement period (a calendar year) adjusted for contributions and withdrawals. If Oakmont Capital permits a Limited Partner to withdraw capital or a distribution is made to a Partner as of a time other than the end of a calendar year, Oakmont Capital will receive a partial Incentive Allocation at the time of that withdrawal or distribution in proportion to the reduction in the Partner's capital account balance caused by the withdrawal or distribution. Once made, an Incentive Allocation is not subject to reversal if there is a subsequent loss.

The Incentive Allocation, which is allocated yearly but accrued monthly to Oakmont Capital's capital account, is in addition to Oakmont Capital's yearly receipt of its proportionate share of profits and losses based on its capital account balance. Oakmont Capital can vary the Incentive Allocation as to particular Limited Partners by written agreement with those Partners.

The Incentive Allocation can create an incentive for Oakmont Capital to engage in activities that are riskier or more speculative than would be the case if Oakmont Capital did not receive an Incentive Allocation.

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This is partly because once an Incentive Allocation is made, Oakmont Capital need not return it if Partners experience losses in subsequent periods.

### **General Fee Notice**

Oakmont Capital will review the accounts of affiliated entities or households for aggregation considerations for the purpose of meeting fee breakpoints. For example, this can occur when the Firm services accounts on behalf of minor children of current Clients, individual and joint accounts of spouses, and affiliated portfolios of the same entity.

The investment advisory fees charged by Oakmont Capital are exclusive of brokerage commissions, transaction fees, and other related costs imposed by custodians, brokers, and third-party investment product providers. These fees will be incurred by the Client and can also include custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer fees, and domestic/foreign taxes on brokerage accounts and securities transactions. Such fees and commissions are exclusive of and in addition to the fees charged by Oakmont Capital. Oakmont Capital will not receive any portion of these fees.

Furthermore, advice offered by Oakmont Capital can involve pooled investments including, but not limited to, mutual funds, real estate investment trusts, unitized investment trusts, exchange traded funds, master limited partnerships, and closed end mutual funds. Clients are hereby advised that all fees paid to Oakmont Capital for investment advisory services are separate and distinct from the fees and expenses charged by such pooled investments (described in each fund's prospectus) to their shareholders. These fees will generally include a management fee and fund expenses. Additionally, transaction charges are a likelihood with the purchase and/or sale of a security. Oakmont Capital does not share in any portion of these charges or fees. To fully understand the total amount of fees paid, the Client should review all fees associated with the pooled investments, Oakmont Capital, and other service providers.

### **Changes to the Investment Management Agreement**

Changes to the Investment Management Agreement, including the fee schedule outlined in this item, can be made by Oakmont Capital upon delivery to the Client of a written notice of such changes at least 30 days in advance of the effective date of any such change.

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

As disclosed above, Oakmont Capital charges a performance-based fee to the Oakmont Opportunity Fund, LLC and can enter into performance-based fee arrangements with qualified Clients. These fees are subject to an individualized negotiation with such Client. Oakmont Capital will structure any performance or incentive fee arrangement only with “qualified clients” as defined by the Act. Performance based fee arrangements can create an incentive for Oakmont Capital to facilitate investments that are considered riskier or more speculative than those under a different fee arrangement. Such fee arrangements also create an incentive to favor higher fee paying accounts over other accounts in the allocation of investment opportunities. When performance based and non-performance based Client investment accounts are being managed under the same investment strategy, Oakmont Capital will treat clients fairly by equally allocating trades to such accounts as a percentage of total market value. This prevents a conflict from influencing the allocation of investment

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opportunities among clients. Please refer to Item 5. for more detail regarding performance based (incentive fees) and investment management fees.

### **Item 7. – Types of Clients**

Oakmont Capital Management, LLC offers investment advisory services to families, individuals, trusts, estates, charitable organizations, pension and profit sharing plans, corporations and other business entities, as well as, pooled investment vehicles. The minimum account size Oakmont Capital will accept in aggregate investable assets is \$1,000,000. However, at the discretion of Oakmont Capital, smaller accounts and/or relationships can be accepted.

### **Conditions for Managing Accounts**

Clients who are charged performance-based fees are required to be "qualified clients" having at least \$1 million under management with Oakmont Capital or more than \$2,100,000 in net worth. The minimum investment amounts for the Oakmont Opportunity Fund is \$50,000. However, the amount is negotiable and can be altered at the discretion of Oakmont Capital.

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

Investment strategies implemented by Oakmont Capital can be customized, part of a model strategy (implemented for multiple Clients), or a combination of both. Oakmont Capital will make this determination based upon discussions with the Client and the amount of investable assets the Client is placing under the discretion of Oakmont Capital. The instruments used to implement these strategies are identified in Item 4. – Types of Investments.

When performing security analysis, Oakmont Capital will use a variety of techniques including fundamental, technical, and relative value analysis.

Fundamental analysis is based upon public financial and operational information available for a security. This includes, but is not limited to, such items as debt levels, earnings capabilities, management experience, free cash flow level, yield maintenance, and historical/projected growth. Oakmont Capital can use such measures to determine if a security is under or over-valued. Fundamental analysis, however, does not attempt to anticipate market movements. This presents a potential risk as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

Oakmont Capital, in certain cases, will also use technical analysis to compare historical volume and price movements of a security to its present day valuation or rolling average. Examples of such measures include, but are not limited to, 52-week price levels, volatility of price movements, up and down volume levels, graphical charts, and the identification of support and resistance levels. These measures can help determine trends which might indicate future price movements of a security. Technical analysis does not consider the underlying financial condition of a company. This presents certain risks in that a poorly managed or financially unsound company has the potential to underperform regardless of market movement.

Relative value analysis allows Oakmont Capital to determine the value of a specific security in relation to other securities and market proxies with similar characteristics. Such measures include, but are not limited

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to price-to-earnings<sup>3</sup>, price-to-book<sup>4</sup>, debt-to-equity<sup>5</sup>, price-to-sales<sup>6</sup>, return on assets<sup>7</sup>, return on equity<sup>8</sup>, free cash flow-to-equity<sup>9</sup>, and interest coverage ratios<sup>10</sup>. Oakmont Capital will use such measures to determine if a security is under or over-valued relative to another security or market.

Oakmont Capital can use a variety of information sources when conducting its analyses. These sources include security filings, broker's quotes, industry news, and security databases. In some situations, the information is maintained and/or populated by a third-party. Even though Oakmont Capital believes this information to be accurate and reliable, it cannot be guaranteed to be complete or error free.

When valuing a security and/or formulating an investment strategy, Oakmont Capital makes a variety of assumptions that may not be representative of what will actually happen in the future. Even though these assumptions are made with positive intent, they may misrepresent future events leading to the loss of capital and/or investment account market value.

Depending on market volatility dynamics, Oakmont Capital, at its discretion, will engage in frequent trading over a short period of time. When this occurs, the Client is exposed to transaction costs (e.g. brokerage fees, redemption fees) and tax consequences that are not present when Oakmont Capital is not frequently trading. These transaction and tax costs can lower the return associated with the actual investment and the Client's combined investment account. It is difficult for a Client to determine when Oakmont Capital will enter into to a period of time in which increased trading will occur.

Certain Clients authorize Oakmont Capital to use margin while implementing an investment strategy. The use of margin can increase the possibilities for profit and the risk of loss. Among other factors, the rates at which the Client can borrow along with the performance of the securities purchased on margin will affect the investment return experienced by the Client. Margin borrowing is usually obtained from the Client's broker-dealer and is typically secured by the account in which the Client's securities are held. Under certain circumstances, the margin lender has the option to demand an increase in the collateral that secures the Client's obligations, and if the Client is unable to provide additional collateral, the lender can then liquidate assets held in the account to satisfy the Client's margin obligation. A precipitous drop in the market is an example of when this can occur.

Similar to the risks associated with margin, Oakmont Capital may use securities that are levered multiple times the price movement associated with a particular sector, industry, market index, currency, or commodity. These securities increase the possibility for profit and the risk loss at factor relative to the multiple of leverage versus the non-levered position. These are speculative instruments with embedded levered market and security risks. Slight negative movements in the securities underlying the instrument can adversely affect a Client's portfolio.

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<sup>3</sup> Also known as a "P/E Ratio". It is a ratio measuring a company's current share price relative to the company's earnings per share.

<sup>4</sup> A financial ratio used to compare a company's current market price to its book value, evaluating how the company is valued by comparison of the price of outstanding shares to the net assets of the company.

<sup>5</sup> A financial ratio indicating the relative proportion of shareholder equity and debt used to finance a company's assets.

<sup>6</sup> A valuation metric for stocks, which compares a company's stock price to its revenues, an indicator of the value placed on each dollar of a company's sales or revenues.

<sup>7</sup> An indicator of how profitable a company is relative to its total assets.

<sup>8</sup> A measure of a company's profitability in relation to the equity or net assets minus liabilities.

<sup>9</sup> A measure of how much cash can be distributed to the equity shareholders as dividends or stock buybacks, after all expenses, reinvestments and debt are satisfied.

<sup>10</sup> A ratio measuring how many times a company can cover its current interest payment with its available earnings.

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Oakmont Capital may use options to implement a Client's investment strategy. However, options are not suitable for all investors. The trading of options is highly speculative and entail risks that are greater than investing in other securities. Prices of options are generally more volatile than prices of other securities. Oakmont Capital may speculate on market fluctuations in the value of securities, futures, and indices. A change in the market price of the underlying asset or index can cause a much greater change in the price of the associated option contract. In addition, to the extent that Oakmont Capital purchases options that it does not sell or exercise, the Client will suffer the loss of the premium paid. To the extent Oakmont Capital sells options and must deliver the underlying securities at the option price, the Client has an unlimited risk of loss if the price of the underlying security increases. To the extent that Oakmont Capital must buy the underlying securities, the Client risks the loss of the difference between the market price of the underlying securities and the option price. Any gain or loss derived from the sale or exercise of an option will be reduced or increased, respectively, by the amount of the premium paid. The expenses of option investing include commissions paid on the purchase, sale, and exercise of the option. Restrictions on the exercise of an option may be imposed by the Options Clearing Corporation, the options market, or a regulatory agency, which can affect the ability of Oakmont Capital to trade options. Oakmont Capital can write options on a "covered" or an "uncovered" basis. If Oakmont Capital sells covered calls, it limits the Client's opportunity to benefit from an increase in the value of the underlying security while continuing to bear the risk of decline in the value of that security. Options are utilized by Oakmont Capital on a speculative or hedging basis.

When Oakmont Capital buys fixed income securities or instruments that reflect the exposure of fixed income securities, the Client is exposed to credit risk. This is the risk that the issuer will fail to meet its financial obligations due to the Client. Fixed income securities with credit ratings below "investment grade" have higher credit risk. This risk is in addition to interest rate risk in which the price of the fixed income instrument can either rise or fall in conjunction with general market rates.

Oakmont Capital may sell securities short as a part of its investing strategy and/or trading activities. In a short sale, Oakmont Capital sells securities the Client does not own in hope that the market price of such security will decline and that Oakmont Capital will be able to subsequently buy replacement securities at a lower price. Oakmont Capital effects a short sale on behalf of the Client by borrowing securities from a broker or other third party, and subsequently "closes" the position by "returning" the security (buying a replacement security on behalf of the lender) whenever the lender chooses. As collateral for this obligation and to "close" the short position, Oakmont Capital is required to leave the proceeds of the short sale with the broker that effected the transaction, and deliver an additional amount of cash or other collateral dictated by margin regulations. Due to the Client's repayment obligation, a short sale theoretically involves the risk of unlimited loss because the price at which Oakmont Capital must buy "replacement" securities could increase without limit. There can be no assurances that the Client will not experience losses on short positions and, if they do, that the losses will be offset by gains on the long positions to which they relate. Short sales can, in some circumstances, substantially increase the impact of adverse price movements on the Client's portfolio.

Oakmont Capital utilizes various hedging techniques and strategies when managing some Client investment accounts. There is no assurance that these techniques will insulate or protect Clients from losses and/or market declines. Furthermore, the techniques can limit gains of individual securities and the total investment account, as well as, have a cost associated with implementing them. These costs include, but are not limited to, additional transaction fees, security premiums, and assignment fees.

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Unless expressly limited by the Client's Investment Policy Statement, Oakmont Capital may take concentrated positions in individual securities on behalf of the Client. The Client's investment account may be materially and adversely affected if the market value of such securities suddenly drop and do not recover.

When Oakmont Capital believes it is suitable and in the best interests of the Client, it will invest in securities with a share price of less than \$5 and/or a market capitalization of less than \$150 million. These securities are often referred to as "penny stocks." The trading of such securities is highly speculative and could entail risks that are greater than investing in securities with higher share prices and market capitalizations. These securities are usually thinly traded and their prices may be materially and adversely affected by a precipitous increase in selling volume. As a result, price changes can occur rapidly, limiting Oakmont Capital's ability in exiting the position.

Within the investment management process, Oakmont Capital may use exchange traded funds (ETF's). Due to the unique structure of these securities, they can trade at, above, or below their net asset value. At any given time, ETF shares can be halted from trading and/or an active market may not be maintained to ensure pricing integrity. If this occurs, a significant loss of capital is possible.

Oakmont Capital does not represent, warrant, or imply that the services or methods of analysis employed by the Firm can or will predict future results, successfully identify market tops or bottoms, or insulate Clients from losses due to market corrections or declines. Investing in securities involves the risk of loss and clients should be prepared to bear this risk.

#### **Item 9. – Disciplinary Information**

There are no legal or disciplinary events that would be material to a Client's evaluation of the Firm's advisory business or the integrity of its representatives or management.

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

Oakmont Capital offers general business consulting services to firms, institutions, and individuals. These consulting services can involve investment advice or investment advisory services. Representatives of Oakmont Capital perform some these consulting services during normal security market hours. The time spent by a Representative on such services varies, but typically, it does not exceed 40 hours per month. Examples of business consulting include, but not limited to, strategic planning, operational reviews, capital structure optimization, marketing and competitor analysis.

#### **Member Associations**

Mr. Marc C. De Fife, who has a non-controlling, passive minority equity interest in Oakmont Capital, is a registered representative of Hunt Financial Securities, LLC and Hunt Investment Management, LLC. Both are investment related entities.

Mr. DeFife does not transact any trades on behalf of Oakmont Capital or its Clients.

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## **Private Partnership Advisor**

As discussed in Item 4. Oakmont Capital is the General Partner of the Oakmont Opportunity Fund, LP. The fund is a private investment partnership formed in the Commonwealth of Pennsylvania. Oakmont Capital is the sole General Partner and investment advisor to the Fund. Oakmont Capital restricts investments in the Fund to "accredited investors" as defined by Regulation D under the Securities Act of 1933 as well as "qualified clients" as defined by the Investment Advisers Act of 1940. Please refer to Item 6 for a discussion of the material conflicts of interest which can arise by the compensation structure and management of the Funds and the Separate Account Advisory services provided by the Firm.

## **Item 11. – Code of Ethics**

### **Code of Ethics**

Oakmont Capital has adopted a Code of Ethics, a copy of which is available to Clients and prospective Clients upon written request. In adopting this Code, the Firm desires to comply with all applicable laws and regulations governing its practice. The management of Oakmont Capital has determined to set forth guidelines for professional standards, under which all associated persons of the Firm are to conduct themselves. Oakmont Capital has set high standards, the intention of which is to protect Client interests at all times and to demonstrate its commitment to its fiduciary duties of honesty, good faith and fair dealing with Clients. All associated persons are expected to adhere strictly to these guidelines. The Firm's Code of Ethics requires that certain associated persons submit personal securities transactions and holdings reports to Oakmont Capital which will be reviewed by the Chief Compliance Officer of Oakmont Capital on periodic basis. Associated persons are also required to report any violations of the Firm's Code of Ethics.

Oakmont Capital maintains and enforces written policies that are reasonably designed to prevent the misuse of material non-public information by Oakmont Capital or any person associated with the Firm.

### **Participation or Interest in Client Transactions**

Clients of the Firm may be solicited to invest in the Private Investment Fund managed by Oakmont Capital which is referenced in Item 4. Managing Members and related persons of the Firm may have significant investments in the Partnerships, and accordingly, the Firm has an economic incentive to recommend these Funds over other investments. Clients shall be aware of this potential conflict of interest. Prior to a Client making an investment in a Fund, Oakmont Capital discloses its relationship with the Fund in the Fund's Confidential Offering Memorandum. As with all investment solicitations, Oakmont Capital will only pursue a Client to invest in the Funds if it is believed the Funds are compatible with the Client's overall asset allocation strategy.

From time to time, Oakmont Capital or persons associated with Oakmont Capital can buy or sell securities that are recommended to its Clients or securities in which its clients are invested. It is the Firm's policy that associated persons of Oakmont Capital shall not have priority over any client account in the purchase or sale of securities. However, under certain circumstances, exceptions to the trading policy can be made at the discretion of the Chief Compliance Officer.

Persons associated with Oakmont Capital may suggest other service providers to Clients or prospective clients of the Firm. Oakmont Capital does not expect to earn or receive fees or compensation from these other service providers; however, Oakmont Capital can enter into arrangements with certain of these service providers to refer clients to Oakmont Capital as described in Item 14.



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## **Privacy Policy**

Oakmont Capital views protecting its customers' private information as a top priority and, pursuant to the requirements of the Gramm-Leach-Bliley Act, Oakmont Capital has instituted policies and procedures to ensure that customer information is kept private and secure.

Oakmont Capital does not disclose any nonpublic personal information about its customers or former customers to any non-affiliated third parties, except as permitted by law. In the course of servicing a Client's account, Oakmont Capital can share information with service providers, such as custodians, broker-dealers, auditors, and lawyers, in connection with supporting a Client relationship. The Firm restricts internal access to nonpublic personal information about the Client to those employees who need to know that information in order to provide products or services to the Client. As emphasized above, it has always been, and will always be, the Firm's policy to never sell information about current or former customers or their accounts to anyone. It is also the Firm's policy not to share information unless required to process a transaction, at the request of a customer, or as required by law.

A copy of Oakmont Capital's privacy policy notice will be provided to each Client prior to, or contemporaneously with, the execution of the Investment Advisory Agreement.

## **Item 12. – Brokerage Practices**

Oakmont Capital believes that the broker-dealers the Firm uses and/or recommends provide best execution to its Clients and seeks to ensure best execution by continuing to monitor and review trade execution quality. When selecting or assessing a broker-dealer, Oakmont Capital takes into account a full range of factors including trading costs, execution capabilities, transaction speed, trade reliability, financial stability, and integrity. Paying a higher commission rate to one broker over another is permissible if the difference in cost is reasonably justified by the quality of the total brokerage services offered.

If desired, Clients can select their own broker-dealer or use multiple broker-dealers for security transactions and custody.

Oakmont Capital does not participate in "soft dollar" arrangements with any broker-dealer, research, or product supplier, nor does Oakmont Capital receive Client referrals from broker-dealers in exchange for recommending or using those broker-dealers.

Oakmont Capital does, however, participate in a referral program initiated by TD Ameritrade, Inc. to introduce investors to independent Registered Investment Advisors. As further described in Item 14., Oakmont Capital may receive client referrals from TD Ameritrade, Inc. through its participation in the TD Ameritrade AdvisorDirect program. The participation in this program raises a potential conflict of interest, as Oakmont Capital may have an incentive to recommend that Clients custody assets and/or perform security transactions with TD Ameritrade, Inc. over other broker-dealers. However, clients ultimately may select their own broker-dealer or use multiple broker-dealers for security transactions and custody.

### **Suggestion of Brokers**

Oakmont Capital can recommend that Clients in need of brokerage and custodial services utilize TD

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Ameritrade Institutional Services, a division of TD Ameritrade, Inc., member FINRA/SIPC ("TD Ameritrade") or Charles Schwab & Co., Inc., a registered broker-dealer, member FINRA/SIPC ("Schwab"). Both TD Ameritrade and Schwab are unaffiliated with Oakmont Capital.

Oakmont Capital participates in the Institutional Advisor Program (the "Program") offered by TD Ameritrade Institutional. TD Ameritrade Institutional is a division of TD Ameritrade. TD Ameritrade offers services to independent investment advisers, which include custody of securities, trade execution, clearance and settlement of transactions. Oakmont Capital receives benefits from TD Ameritrade through participation in the Program. Oakmont Capital and/or its advisory representatives may also receive benefits such as assistance with conferences and educational meetings from product sponsors. Oakmont Capital also participates in the TD Ameritrade AdvisorDirect program, and as a result, may receive client referrals from TD Ameritrade. Oakmont Capital does not make commitments to compensate any broker dealer by directing brokerage transactions in exchange for client referrals. Referred clients should be aware of their various brokerage options, including utilizing the services of the referring broker or choosing another broker to provide custody and execution services. (Please see the disclosure under Item 14. below).

Schwab provides Oakmont Capital with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisers on an unsolicited basis, at no charge to Oakmont Capital, so long as a total of at least \$10 million of Oakmont Capital Client assets is maintained in accounts at Schwab. Such services are not otherwise contingent upon Oakmont Capital committing to Schwab any specific amount of business (assets in custody or trading). The services include brokerage, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or that would require a significantly higher minimum initial investment.

For Oakmont Capital's Client accounts maintained in its custody, Schwab generally does not charge separately for custody, but is compensated by account holders through commissions or other transaction-related fees for securities trades that are executed through Schwab Institutional or that settle into Schwab accounts. Oakmont Capital does not share in any portion of the brokerage fees/transaction charges imposed by Schwab Institutional.

Oakmont Capital can receive similar services as offered by TD Ameritrade and Schwab from other broker-dealers that custody Client assets.

### **Directed Brokerage**

Some Clients may instruct Oakmont Capital to use one or more particular brokers for the transactions in their accounts. Clients who instruct Oakmont Capital to use a particular broker should understand that this may prevent the Firm from aggregating trades with other Clients and from effectively negotiating brokerage compensation on their behalf. In some situations, these trades may be placed last behind other similar Client trades. Directed brokerage may also prevent Oakmont Capital from obtaining the most favorable net price and execution - leading to higher costs for the Client and best execution may not be achieved. Thus, when directing brokerage business, Clients should consider whether the commission expenses and execution capabilities are adequately favorable in comparison to those that Oakmont Capital may otherwise obtain for its clients. Clients are encouraged to discuss available alternatives with Oakmont Capital.

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## **Aggregation of Trade Orders**

Generally, but not always, Oakmont Capital will aggregate orders with respect to the same security purchased or sold for different Clients, including with the Fund. When orders are aggregated, each participating account receives the average share price for the transaction and bears a proportionate share of all transaction costs, based upon each account's participation in the transaction. Block trades performed for Client accounts can include proprietary or related accounts of the Firm. Such accounts are treated the same as Client accounts and are neither given preferential nor inferior treatment. Allocations of orders among Client accounts are believed to be made in a fair and equitable manner.

## **Trading Away**

When certain conditions exist, Oakmont Capital can execute securities transactions for a Client at a broker-dealer beside the one acting as a custodian for the Client's investment account. This type of transaction is known as "trading away."

Oakmont Capital may pursue such a transaction, because, but not limited to, one of the following reasons:

- 1) Another broker-dealer may provide greater liquidity when acquiring or disposing of a security.
- 2) The custodial broker-dealer may not have cost efficient access to securities Oakmont Capital wants to purchase or sale within the Client investment account(s).

If or when Oakmont Capital performs a "trade away" transaction, the Client may or may not receive a trade confirmation from the custodial broker-dealer or the broker-dealer executing the transaction. However, the transaction will be recorded on the monthly and/or quarterly statement sent to the Client by the custodial broker-dealer.

The custodial broker-dealer may charge the Client a fee per "trade away" transaction performed by Oakmont Capital. This fee is in addition to any brokerage and/or service fees charged by the executing broker.

## **Item 13. – Review of Accounts**

### **Review of Accounts**

#### *Separate Accounts*

An Investment Adviser Representative will monitor each Separate Account on a continuous basis and will conduct a review of the account at least quarterly. Significant intra-quarter "market" movements may also trigger a review. During the review, the Representative will examine the Client's account to assure the integrity of the investment strategy and its adherence to the terms and conditions agreed to in the Investment Management Agreement. For reviewing purposes, Oakmont Capital does not place any restrictions on the number of accounts assigned to each Investment Adviser Representative.

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### *Private Investment Fund*

The Fund accounts are monitored on a continuous basis and are reviewed at least quarterly by the Managing Member of Oakmont Capital. A significant movement in the "market" may also trigger a review. During the review, security values and positions are verified, and the integrity of the investment strategy as defined by the Limited Partnership Agreement and Confidential Offering Memorandum is re-affirmed. The Limited Partnership Agreement does not provide any specific instructions for performing these reviews. Oakmont Capital does not restrict the number of Private Fund accounts assigned to the Managing Member.

### **Reports to Clients**

#### *Separate Investment Accounts*

Clients will receive custodial statements from a "qualified custodian" at least quarterly, showing investment values, security transactions, cash balances, and fee withdrawals. Oakmont Capital at its discretion can also provide Clients a more customized report describing the investment strategy Oakmont Capital is implementing on behalf of the Client. This report can occur on a frequent or infrequent basis and can show such items as asset allocation, types of securities owned, and performance figures. Oakmont Capital can perform less formal reporting via e-mail and phone. Clients should compare their custodial statements to the reports provided by Oakmont Capital for accuracy. Any material discrepancies should be brought to the immediate attention of the Firm.

### *Private Investment Fund*

Limited Partners in the Fund can receive annual updates showing their capital account balances and year to date performance, although this is not required. All figures within these updates are considered estimates until the final year-end audit by a certified public accountant. When available at the conclusion of each Fund's fiscal year in December, all Limited Partners will receive their partnership "K-1" returns and a copy of the Fund's audited financial statements.

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

### **Referrals**

Oakmont Capital can receive client referrals from TD Ameritrade through its participation in the TD Ameritrade AdvisorDirect program. In addition to meeting the minimum eligibility criteria for participation in the AdvisorDirect program, Oakmont Capital may have been selected to participate in program based on the amount and profitability to TD Ameritrade of the assets in, and trades placed for, Client accounts maintained with TD Ameritrade. TD Ameritrade is a discount broker-dealer independent of and unaffiliated with Oakmont Capital and there is no employee or agency relationship between them. TD Ameritrade has established the AdvisorDirect program as a means of referring its brokerage customers and other investors seeking fee-based personal investment management services or financial planning services to independent investment advisors. TD Ameritrade does not supervise Oakmont Capital and has no responsibility for Oakmont Capital's management of Client portfolios or Oakmont Capital's other advice or services. Oakmont Capital pays TD Ameritrade an on-going fee for each successful client referral. This fee ("Solicitation Fee") is a percentage of the advisory fee that the client pays to Oakmont Capital. The Solicitation Fee is an annualized fee based on the amount of referred client assets and does not exceed 25%

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of 1%, unless such client assets are subject to a Special Services Addendum. In the case of a Special Services Addendum, the Solicitation Fee is an annualized fee based on the amount of referred client assets that does not exceed 10% of 1%. Oakmont Capital will also pay TD Ameritrade the Solicitation Fee on any assets received by Oakmont Capital from any of a referred client's family members, including a spouse, child or any other immediate family member who resides with the referred client and hired Oakmont Capital on the recommendation of such referred client. Oakmont Capital will not charge clients referred through the AdvisorDirect program any fees or costs higher than its standard fee schedule offered to its clients or otherwise pass Solicitation Fees paid to TD Ameritrade to its clients. For information regarding additional or other fees paid directly or indirectly to TD Ameritrade, clients should refer to the TD Ameritrade AdvisorDirect Disclosure and Acknowledgement Form that is provided by TD Ameritrade.

Oakmont Capital's participation in the AdvisorDirect program raises potential conflicts of interest. TD Ameritrade will most likely refer clients through the AdvisorDirect program to investment advisors that encourage their clients to custody their assets at TD Ameritrade and whose client accounts are profitable to TD Ameritrade. Consequently, in order to obtain client referrals from TD Ameritrade, Oakmont Capital can have an incentive to recommend to clients that the assets under management by Oakmont Capital be held in custody with TD Ameritrade and to place transactions for client accounts with TD Ameritrade. In addition, Oakmont Capital has agreed not to solicit clients referred to it through the AdvisorDirect program to transfer their accounts from TD Ameritrade or to establish brokerage or custody accounts at other custodians, except when its fiduciary duties require doing so. Oakmont Capital's participation in the AdvisorDirect program does not diminish its duty to seek best execution of trades for client accounts.

### **Additional Compensation**

From time to time, Oakmont Capital may also receive services, products, and research from broker/dealers. Examples of such services, products, or research include broker commentary, industry newsletters, security reports, block trading capabilities, news feeds and billing functions.

As disclosed under Item 12., Oakmont Capital participates in TD Ameritrade's institutional program. There is no correlation between the Firm's participation in the program and the investment advice it gives to its Clients, although Oakmont Capital receives economic benefits through its participation in the program that are typically not available to TD Ameritrade's retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving Oakmont Capital participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have Oakmont Capital's 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; access to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to Oakmont Capital by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by Oakmont Capital's related persons and may also pay or reimburse expenses (including travel, lodging, meals and entertainment) expenses for Oakmont Capital's personnel to attend conferences or meetings relating to the program or to TD Ameritrade's advisor custody and brokerage services generally. Some of the products and services made available by TD Ameritrade through the program may benefit Oakmont Capital but may not benefit its Client accounts. These products or services assist Oakmont in managing and administering Client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help Oakmont Capital manage and further develop its business

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enterprise. The benefits received by Oakmont Capital or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade.

Schwab Institutional also makes available to Oakmont Capital other products and services that benefit Oakmont Capital but may not benefit its client accounts. Some of these other products and services assist Oakmont Capital in managing and administering client accounts. These products and services include software and other technology that: provide access to client account data (such as trade confirmations and account statements); facilitate trade execution (including allocation of aggregated trade orders for multiple client accounts); provide research, pricing information, and other market data; facilitate payment of Oakmont Capital's fees from client accounts and assistance with back-office functions, recordkeeping, and client reporting. Generally, many of these services may be used to service all or a substantial number of the Advisor's client accounts, including accounts not maintained at Schwab Institutional. Schwab Institutional also makes available to Oakmont Capital other services intended to help Oakmont Capital manage and further develop its business enterprise. These services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, and marketing. In addition, Schwab may make available, arrange and/or pay for these types of services rendered to Oakmont Capital by independent third parties.

Schwab Institutional has the option to discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third party providing these services to Oakmont Capital. As a fiduciary, Oakmont Capital endeavors to act in the best interests of its clients. However, Oakmont Capital's recommendation that clients maintain their accounts with custodians referenced above may be based in part on benefits provided to Oakmont Capital by the availability of some of the foregoing products and services and not solely on the nature, cost, or quality of custody and brokerage services provided by the custodian, which has the potential to create a conflict of interest.

Oakmont Capital may receive similar services as offered by TD Ameritrade and Schwab from other broker-dealers that custody Client assets.

### **Item 15. – Custody**

Other than with the Private Fund, Oakmont Capital shall not have custody of any Client funds or securities except in the case of direct debiting of investment advisory fees. A qualified custodian will be used for the safe-keeping and administration of Client assets. The limited partners of the Fund shall receive audited financial statement from a certified public accountant 120 days from the conclusion of the fiscal year.

Clients within Oakmont Capital's Separate Account practice shall receive statements at least quarterly from their broker-dealer, bank or other qualified custodian that holds and maintains the Client's investment assets. Oakmont Capital can also provide Clients a more customized report describing the investment strategy Oakmont Capital is implementing on behalf of the Client. This report can illustrate the asset allocation strategy, types of securities owned, and performance figures. Clients should compare the statements from their custodian(s) to the reports provided by Oakmont Capital for accuracy. Any material discrepancies should be brought to the immediate attention of the Firm, including the direct debiting of fees.

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## **Item 16. – Investment Discretion**

Oakmont Capital typically receives discretionary authority from the Client to select the identity and amount of securities to be bought or sold as governed by the Investment Management Agreement. Such discretion is to be exercised in a manner consistent with the investment objectives for the Client investment account. Oakmont Capital's trading authority includes, but is not limited to, the buying and selling of individual securities, the re-investment of earnings, dividends, and interest, and the investment of cash balances.

When selecting individual securities and the amount to invest in each security, Oakmont Capital observes the limitations and restrictions as stated within the Investment Policy Statement (if an Investment Policy Statement is applicable to a Client relationship). Any additional investment restrictions must be provided to Oakmont Capital in writing.

## **Item 17. – Voting *Client* Securities**

### **Proxy Voting**

Oakmont Capital will not be required to take any action or render any advice with respect to voting of proxies solicited by, or with respect to, the issuers of securities in which individual Client's assets are invested. All proxy related materials received directly by Oakmont Capital will be forwarded to the Client for direct action. If authorized by the Client, Oakmont Capital can receive informational copies of the same materials and is not required to forward them to the Client.

### **Class Action Lawsuits**

From time to time, securities held in the accounts of individual Clients will be the subject of class action lawsuits. Oakmont Capital has no obligation to determine if securities held by the Client are subject to a pending or resolved class action lawsuit. Oakmont Capital also has no duty to evaluate a Client's eligibility or to submit a claim to participate in the proceeds of a securities class action settlement or verdict. Furthermore, Oakmont Capital has no obligation or responsibility to initiate litigation to recover damages on behalf of Clients who may have been injured as a result of actions, misconduct, or negligence by corporate management of issuers whose securities are held by Clients.

When Oakmont Capital receives written or electronic notice of a class action lawsuit, settlement or verdict affecting securities owned by a Client, it will forward all notices, proof of claim forms and other materials, to the Client. Electronic mail is acceptable where appropriate, and the Client has authorized contact in this manner. When Oakmont Capital receives informational copies of the same materials, it is not required to forward them to the Client.

## **Item 18. – Financial Information**

Registered investment advisers are required in this Item to provide the Client with certain financial information or disclosures about their financial condition. Oakmont Capital has no financial condition that is reasonably likely to impair its ability to meet contractual commitments to its Clients. Furthermore, under no circumstances does Oakmont Capital solicit or require the payment of unearned advisory fees of \$12,000 or more six months or more in advance of services rendered.

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**Part 2B of Form ADV: Brochure Supplement**

**Item 1 – Cover Page**

**Oakmont Capital Management, LLC**

655 Allegheny Avenue

Oakmont, PA 15139

(412) 828-5550

(844) 376-4244

www.oakmontcap.com

March 30, 2020

The following Oakmont Capital Management, LLC personnel formulate investment advice; have direct client contact and discretionary authority over client assets:

L. Jon Koteski

James E. Harris

Gina M. Kovatch

Michael G. Ladakos

Gerard J. Longo

T. Scott Thompson

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This brochure supplement provides information about L. Jon Koteski, James E. Harris, Gina M. Kovatch, Michael G. Ladakos, Gerard J. Longo, and T. Scott Thompson that supplements the Oakmont Capital Management, LLC brochure. You should have received a copy of that brochure. Please contact Mr. Jon Koteski, Managing Partner, if you did not receive Oakmont Capital Management, LLC's brochure or if you have any questions about the contents of this supplement.

Additional information about L. Jon Koteski, James E. Harris, Gina M. Kovatch, Michael G. Ladakos, Gerard J. Longo, and T. Scott Thompson is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).



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## Item 2 – Educational Background and Business Experience

### LAWRENCE JON KOTESKI

**Year of Birth:** 1973

**Education:**

- 1999 Masters of Business Administration, University of Pittsburgh,  
Joseph Katz School of Business.
- 1996 Bachelor of Arts in Economics, Franklin & Marshall College.

**Professional Designations:**

- 2011 Chartered Alternative Investment Analyst (CAIA®)
- 2010 Accredited Investment Fiduciary (AIF®)
- 2005 Chartered Financial Analyst (CFA®)

Mr. Koteski earned the right to use the Chartered Financial Analyst (CFA®) designation in 2005. The CFA® designation is an international professional certification offered by the CFA Institute (formerly AIMR) to financial analysts who complete a series of three examinations. To become a charterholder, candidates must pass each of the three six-hour exams, possess a bachelor's degree (or equivalent as assessed by the CFA Institute) and have 48 months of qualified, professional work experience. CFA® charterholders are also obligated to adhere to a strict Code of Ethics and Standards governing their professional conduct.

In 2010, Mr. Koteski earned the right to use the Accredited Investment Fiduciary (AIF®) designation. The AIF designation certifies that the recipient has specialized knowledge of fiduciary standards of care within the investment management process. To receive the AIF designation, individuals must complete a training program, successfully pass a proctored exam, and agree to abide by the AIF Code of Ethics. In order to maintain the AIF designation, the individual must annually renew an affirmation of the AIF Code of Ethics and complete six hours of continuing education credits. The certification is administered by the Center for Fiduciary Studies, LLC (a Fiduciary360 company).

Mr. Koteski earned the Chartered Alternative Investment Analyst (CAIA®) designation in 2011. The CAIA designation, recognized globally, is administered by the Chartered Alternative Investment Analyst Association and requires a comprehensive understanding of core and advanced concepts regarding alternative investment structures (hedge funds, real estate, managed futures, commodities, private equity, distressed debt, credit derivatives, etc.) and ethical obligations. To qualify for the CAIA designation, professionals must complete a self-directed, comprehensive course of study on risk-return attributes of institutional quality alternative assets; pass both the Level I and Level II CAIA proctored examinations; attest annually to the terms of the Member Agreement; and hold a US bachelor's degree (or equivalent as assessed by the CAIA Association) plus have at least one year of professional experience. Professional experience includes full-time employment in a professional capacity within the regulatory, banking, financial, or related industries.

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**Business Background:**

2002 - Present Founder and Managing Partner, Oakmont Capital Management, LLC.  
1999 - 2002 Associate Consultant / Consulting Analyst, Yanni Partners, Inc.  
(Formerly Yanni-Bilkey Investment Consulting).  
1997 - 1999 Cash Manager, Global Securities Mellon Bank.

**JAMES E. HARRIS**

**Year of Birth:** 1950

**Education:**

1987 Masters of Business Administration, University of Pittsburgh,  
Joseph Katz School of Business.  
1980 Bachelor of Arts Political Science, University of Pittsburgh.

**Professional Designations:**

1998 Certified Financial Planner (CFP®)

In 1997, Mr. Harris earned the right to use the Certified Financial Planner (CFP®) designation. Individuals who hold the CFP® designation have completed a course of study encompassing financial planning, taxes, insurance, estate planning, and retirement planning. CFP® professionals are also required to complete continuing education programs each year to maintain their certification status. The CFP® Board determines the professional standards for CFP® certification in personal financial planning through setting and enforcing education, examination, experience, ethics and other requirements.

**Business Background:**

2016 – Present Sr. Portfolio Manager, Oakmont Capital Management, LLC.  
2016 – 2016 IAR, Trustmont Advisory Group, Inc.  
2001 – 2016 Registered Representative, Trustmont Financial Group, Inc.  
1998 – 2001 Registered Representative, Mid Atlantic Capital Corporation.  
1995 – 1998 Registered Representative, SunAmerica Securities, Inc.  
1994 – 1998 Manager Trust Division, Commercial National Bank of PA.  
1988 – 1994 Trust Officer, Mellon Bank N.A.

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**GINA M. KOVATCH**

**Year of Birth:** 1972

**Education:**

1994 Bachelor of Arts, Communication & Information Arts, Saint Vincent College.

**Professional Designations:**

1999 Chartered Retirement Plan Specialist (CRPS®)

In 1999, Mrs. Kovatch earned the right to use the Chartered Retirement Plan Specialist (CRPS®) designation. Individuals who hold the CRPS® designation have completed a course of study encompassing design, installation, maintenance and administration of retirement plans. Additionally, individuals must pass an end-of-course examination that tests their ability to synthesize complex concepts and apply theoretical concepts to real-life situations.

All designees have agreed to adhere to Standards of Professional Conduct and are subject to a disciplinary process. Designees renew their designation every two-years by completing 16 hours of continuing education, reaffirming adherence to the Standards of Professional Conduct and complying with self-disclosure requirements.

**Business Background:**

2016 - Present CCO, Sr. Advisor, Oakmont Capital Management, LLC.  
2002 - 2016 Registered Representative, Trustmont Financial Group, Inc.  
2000 - 2016 Partner, J.E. Harris & Associates, LLC.  
1997 - 2000 Trust Officer Associate, Commercial Bank & Trust of PA.

**MICHAEL G. LADAKOS**

**Year of Birth:** 1961

**Education:**

1983 Bachelor of Science in Finance, Indiana University of Pennsylvania.

**Business Background:**

2010 - Present Director of Research, Sr. Advisor, Oakmont Capital Management, LLC.  
2009 - 2011 Principal, Ladakos Investment Management and Research.  
2006 - 2009 Consultant, multiple financial services companies.  
2004 - 2005 Consultant, Raulin Inc. (Investment Consulting).  
2003 - 2004 Consultant, multiple financial services companies.  
1997 - 2003 Consultant, Yanni Partners.

**Military Experience:**

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1981 - 1991 United States Army Reserve, Executive Officer, Psychological Operations Company.

**Professional Designations:**

2015 Accredited Investment Fiduciary (AIF®)

In 2015, Mr. Ladakos earned the right to use the Accredited Investment Fiduciary (AIF®) designation. The AIF designation certifies that the recipient has specialized knowledge of fiduciary standards of care within the investment management process. To receive the AIF designation, individuals must complete a training program, successfully pass a proctored exam, and agree to abide by the AIF Code of Ethics. In order to maintain the designation, the individual must annually renew an affirmation of the AIF Code of Ethics and complete six hours of continuing education credits. The certification is administered by the Center for Fiduciary Studies, LLC (a Fiduciary360 company).

**GERARD J. LONGO**

**Year of Birth:** 1967

**Education:**

1994 Bachelor of Science in Sports Management, Slippery Rock University.

**Professional Designations:**

2015 Accredited Investment Fiduciary Auditor (AIFA®)

In 2015, Mr. Longo earned the right to use the Accredited Investment Fiduciary Analyst (AIFA®) designation. The AIFA designation certifies that the recipient has specialized knowledge of fiduciary standards of care within the investment management process. To receive the AIFA designation, individuals must complete a training program, successfully pass a proctored exam, and agree to abide by the AIFA Code of Ethics. In order to maintain the designation, the individual must annually renew an affirmation of the AIFA Code of Ethics and complete ten hours of continuing education credits. The certification is administered by the Center for Fiduciary Studies, LLC (a Fiduciary360 company).

**Business Background:**

2010 - Present Sr. Advisor, Oakmont Capital Management, LLC.  
2008 - 2010 Registered Representative, Oppenheimer & Co. Inc.  
2005 - 2007 Regional Vice President, Sun Life Financial.  
2003 - 2005 Divisional Marketing Director, AIG SunAmerica.  
1995 - 2002 First Vice President Investments, Smith Barney.

**Military Experience:**

1986 - 1994 United States Army National Guard.

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## **T. SCOTT THOMPSON**

**Year of Birth:** 1956

**Education:**

1974 - 1978 Attended Bethany College, majored in Economics.

**Business Background:**

2009 - Present Sr. Advisor, Oakmont Capital Management, LLC.

2005 - 2009 Investment Advisor Representative, Networth Investment Advisors, Inc.

1993 - 2009 Investment Advisor Representative, Financial Decision Resources.

### **Item 3 – Disciplinary Information**

There are no legal or disciplinary events material to a client's or prospective client's evaluation of L. Jon Koteski, James E. Harris, Gina M. Kovatch, Michael G. Ladakos, Gerard J. Longo, or T. Scott Thompson.

### **Item 4 – Other Business Activities**

L. Jon Koteski, Gina M. Kovatch, Michael G. Ladakos, Gerard J. Longo, or T. Scott Thompson are not actively engaged in any other investment-related business or activities other than those provided by Oakmont Capital Management, LLC.

### **Item 5 – Additional Compensation**

L. Jon Koteski, James E. Harris, Gina M. Kovatch, Michael G. Ladakos, Gerard J. Longo, or T. Scott Thompson do not receive any additional compensation from third parties for providing investment advisory services associated with their duties at Oakmont Capital Management, LLC.

### **Item 6 – Supervision**

In conjunction with the Chief Compliance Officer, L. Jon Koteski as the Managing Partner of Oakmont Capital Management, LLC is responsible for all employee supervision, including James E. Harris, Gina M. Kovatch, Michael G. Ladakos, Gerard J. Longo, T. Scott Thompson and other firm employees.

Being the Managing Partner, Mr. Koteski does not have a direct supervisor. However, like all employees of Oakmont Capital Management, LLC, he is subject to the policies and procedures

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governing client advisory activities, operations, and general business strategy as overseen by the Chief Compliance Officer. Mr. Koteski's contact information is as follows:

Ph: (412) 828-5550

e-mail: koteski@oakmontcap.com

**Item 7 – Requirements for State-Registered Advisors**

Not applicable to Oakmont Capital Management, LLC.