



MARCH 2022

OCEAN PARK ASSET MANAGEMENT  
**FORM ADV**  
**PART 2 BROCHURE**

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This brochure provides information about the qualifications and business practices of Ocean Park Asset Management, Inc. If you have any questions about the contents of this brochure, please contact us at 310-452-1887 or [oceanparkam.com](http://oceanparkam.com).

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.

Ocean Park Asset Management, Inc. is a Registered Investment Advisor. Registration with the United States Securities and Exchange Commission does not imply a certain level of skill or training.

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## **MATERIAL CHANGES**

This brochure, dated as of March 31, 2022, amends the brochure dated October 28, 2021. The material changes to this brochure are as follows:

- Added language relating to the Schooner Program and Moderate Allocation Program throughout;
- Included references to the Sierra Tactical Risk Spectrum 50 Fund (Risk Spectrum Fund) throughout;
- Item 4: Updated Ocean Park's Regulatory Assets Under Management and Asset Under Advisement;
- Item 5: Disclosed that there are no fee offsets for non-affiliated mutual funds included in the programs managed by Ocean Park;
- Item 6: Disclosed that Ocean Park does not charge performance-based fees for accounts Ocean Park manages;
- Item 8: Added additional disclosures related to the Risk of Loss;
- Item 11: Added additional disclosures related to the Recommendation of Affiliated Securities;
- Item 12: Added language describing Ocean Park's primary use of TD Ameritrade as custodian and broker for client accounts; and
- Item 13: Added additional disclosure on how Ocean Park reviews client accounts.

Ocean Park Asset Management, Inc. filed an other than annual amendment on October 28, 2021 which amended its previously filed annual amendment dated March 29, 2021. The material changes noted in that brochure amendment are as follows:

- **CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING:**  
Amended to remove the names of specifically named Access Persons.

The Adviser will update this brochure no less than annually.



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## ADVISORY BUSINESS

Ocean Park Asset Management, Inc. (Ocean Park) is a federally regulated registered investment advisor. Ocean Park and its employees are subject to the rules of the Securities and Exchange Commission (SEC) under the Investment Advisors Act of 1940, and subject to the anti-fraud provisions of the state jurisdictions. Ocean Park registered as an investment advisory firm in February 1993. Kenneth L. Sleeper, MBA, PhD and David C. Wright, JD, are the principal owners, officers and Managing Directors of Ocean Park.

### Advisory Service

Primarily, Ocean Park manages investment accounts for a quarterly management fee for clients of unaffiliated Financial Advisors and broker dealers and shares the fees with those advisors, brokers, or their firms.

The client grants Ocean Park a limited power of attorney authorizing us to create and manage a discretionary investment account using only no-load, load-waived and institutional class shares of publicly-traded mutual funds, and to transact purchases and sales in that account on their behalf. (To a limited extent, we perform comparable monitoring and risk management services for mutual fund “clones” held through variable annuity contracts). We purchase funds in a very wide variety of asset classes, including, but not limited to, domestic and foreign stock, bond and commodity funds, as well as currency and real estate funds.

Through the use of proprietary risk-management disciplines, Ocean Park tracks daily every fund held in client accounts. When a given holding declines enough to give a Sell signal under our proprietary disciplines, we move all or a portion of that holding into a money market or similar “safe-haven” fund. When our system gives a Buy signal, we move assets into the original fund unless we have made other choices in the interim.

Secondarily, Ocean Park, as a Model Provider/Strategist, provides sub-advisory investment management services to other investment management firms under contractual agreements. As such, Ocean Park relays proprietary Buy and Sell signals, mutual fund selection and allocation percentages to these firms for a fee. Ocean Park has no discretionary or trading authority over these accounts and provides recommendations only; therefore, these are considered to be advice-only accounts.

### Statement of Investment Goals

The investment goals for our managed accounts are:

1. To limit downside risk to 4%-5% even in a very adverse month or quarter in the investment markets; and
2. Generally, to target an annual total return of 6%-8% after all fees, on average through a market cycle.

While there is no assurance that these goals can always be achieved, we believe that they are realistic based on our documented historical performance results.

## Investment Programs

Ocean Park's current minimum for a new client relationship is \$100,000 per household. New clients may choose from one of the following investment programs:

### 1. Conservative Allocation Program

The Conservative Allocation Program has two investment objectives: to provide long-term total return and to limit volatility and downside risk. The multi-asset diversification strategy employs unusually broad diversification across asset classes, markets, industries and issuers. A passive "buy and hold" strategy is not employed and the overall asset allocation of the Program is not fixed. It can and does change significantly over time, re-allocating the portfolio in response to trend changes in the U.S. and global economy and in various investment markets.

### 2. High Yield Corporate Bond Program

The High Yield Corporate Bond Program seeks to produce satisfying long-term returns while limiting downside risk. Returns are created from interest income as well as increases in bond prices. The Program will be fully invested in high yield corporate bond mutual funds when there are many Buy signals and will, at times, be fully in cash when the universe of high yield corporate bond mutual funds is showing Sell signals.

### 3. Municipal Bond Program

The Municipal Bond Program seeks to produce satisfying long-term returns while limiting downside risk by investing in tax-exempt municipal bond mutual funds. The interest income from municipal bond mutual funds is tax-exempt at the federal level, providing a valuable benefit for clients in relatively high income tax brackets. Returns are created from interest income as well as increases in municipal bond fund prices.

### 4. California Municipal Bond Program

The California Municipal Bond Program seeks to produce satisfying long-term returns while limiting downside risk. Returns are created from interest income and increases in bond prices. The interest income from municipal bonds is tax-free at the federal level. California municipal bond interest is also tax-free at the state level, providing a valuable benefit for California clients. The Program will be fully invested when there are many Buy signals and will, at times, be fully in cash when municipal bond mutual funds are showing Sell signals.

On occasion, there may be non-California tax-exempt municipal bond mutual funds included in this Program when Ocean Park calculates that the non-California funds' total return is sufficiently better than that of California municipal bond mutual funds to offset the extra benefit of the California tax exemption. Interest income generated from these funds will be tax-exempt at the federal income tax level only.

### 5. Strategic Income Program

The Strategic Income Program seeks to achieve satisfactory Total Return— income and capital appreciation — over each market cycle, while limiting drawdowns, an approach that has in recent years been called absolute return. It is a globally diversified strategy, with asset allocation tactically adjusted to

reflect changes in the economic and market cycles. The Program invests in a diverse selection of mutual funds to access a wide range of income-oriented asset classes. There are no set proportions or limits for the Program's allocations.

## **6. Tactical Bond Program**

The Tactical Bond Program seeks to produce satisfying long-term returns while limiting downside risk. It uses a tactical approach to move between three uncorrelated asset classes: High Yield Corporate Bonds (HYCB), U.S. Treasuries, or Cash. Tactical Bond Program accounts are diversified among typically eight or more High Yield Corporate Bond mutual funds. When each underlying HYCB mutual fund hits its proprietary Sell level, we will move the relevant assets temporarily into a long-term Treasury bond fund (provided the Treasury fund is in an uptrend) until the next set of Buy signals in the HYCB funds. If the Treasury fund is not in an uptrend, we will instead move temporarily into a money-market fund until either the HYCB funds or Treasury fund gives a new Buy signal.

## **7. Moderate Allocation Program**

The Moderate Allocation Program seeks to produce long-term total return and to limit volatility and downside risk. The Programs multi-asset diversification strategy employs broad diversification across equity and fixed income asset classes. The overall allocation is tactical, not fixed so it does change significantly, over time, in response to trend changes in the U.S. and global investment markets.

## **8. Private Placement Variable Annuity - Only Available to Accredited Investors and Qualified Purchasers**

Ocean Park Asset Management, Inc. may provide investment management services to a separate account(s) of Lombard International in connection with variable annuity policies issued by Lombard International. The Private Placement Variable Annuity is available to Accredited Investors and Qualified Purchasers only, defined as having either \$300,000 of annual income (if married) or \$200,000 (if single) for the last two years or \$1,000,000 in investable assets.

Ocean Park is responsible for portfolio construction using only no-load, load-waived or institutional class, publicly traded mutual funds and for the application of our risk-limiting strategies. We are required to follow specific guidelines as set forth by Lombard with respect to diversification, compliance and client communications.

Ocean Park is not affiliated with Lombard International and does not receive any commission or compensation from the insurance company. Ocean Park's standard management fee is debited quarterly based on the account value as of the end of the prior quarter. Lombard International charges an annual fee of 0.55% (on accounts up to \$3M for the first 10 contract years) debited quarterly.

## **9. The Schooner Program – Available on a Limited Basis at Ocean Park's Sole Discretion**

Ocean Park provides investment management services to separate accounts that are below the typical stated minimums. These accounts differ from Ocean Park's other investment programs in that these Schooner Program accounts are comprised of, and solely allocated to, affiliated Sierra Mutual Funds. Moreover, these accounts charge fee's differently from other Ocean Park accounts as shown in Item 5. Fees and Compensation below.

## Affiliated Company Disclosure

A percentage of most Conservative Allocation, Moderate Allocation, Strategic Income and Tactical Bond Program accounts is invested in the Sierra Tactical All Asset Fund (All Asset Fund), the Sierra Tactical Core Income Fund (Income Fund), the Sierra Tactical Risk Spectrum 50 Fund (Risk Spectrum Fund) and/or the Sierra Tactical Bond Fund which are managed by Wright Fund Management, LLC (WFM) an affiliate of Ocean Park. As mentioned above, the Schooner Program invests exclusively in Sierra Mutual funds.

Each fund is registered as a series trust of Northern Lights Fund Trust, an investment company registered under the Investment Company Act of 1940. Mr. Wright is the Managing Member and Dr. Sleeper, participates in most investment management decisions. Dr. Sleeper and Mr. Wright each own a 50% beneficial interest in WFM. A client may choose to “opt out” of holding a position in any Sierra mutual fund.

With the exception of the Schooner Program, to the extent that an Ocean Park account holds a position in any of the Sierra mutual funds, Ocean Park’s quarterly investment management fee will be reduced by the Sierra mutual funds’ fee offset credit which is an amount equal to the management fees within the All Asset Fund, the Income Fund, the Risk Spectrum Fund, and the Tactical Bond Fund. Accounts in the Schooner Program are not charged an asset-based fee by Ocean Park. Instead, Ocean Park’s affiliate, Wright Fund Management, receives the management fees from the use of the Sierra Funds within the Schooner Program.

## Assets Under Management

As of December 31, 2021, the assets under our management on a discretionary basis were \$190,877,936. Ocean Park does not manage accounts on a non-discretionary basis.

## Assets Under Advisement

As of December 31, 2021, Ocean Park had \$3,894,159,380 in assets under advisement.

## Total Assets Under Management and Advisement

As of December 31, 2021, the total assets under management or advisement, including our affiliates Sierra Investment Management Inc. and Wright Fund Management, LLC, were over \$9.7 billion.

## FEES AND COMPENSATION

### Standard Fee Schedule

Our fee schedule is based on the total household account value. The Ocean Park investment management fee covers account, custodial and transaction expenses for most clients. At the client's request, the third-party financial adviser, or broker, who introduced the relationship to Ocean Park will provide details about specific account expenses. Fees are calculated based on the market value of the applicable account(s) on the last day of the prior quarter, as determined by the Custodian. Fees are deducted in advance, during the first month of each calendar quarter, from the account(s) specified by the client, and apply to all account holdings including money market and interest-bearing account allocations. For each new client, the first quarter's fees will be based on the client's initial assets under management and will be pro-rated from the date the client's assets are first invested or traded by Ocean Park.

Ocean Park receives no other compensation, commissions or service fees. The investment management fee is calculated as follows:

For the first \$500,000: 0.60% of the account value initially and at the start of each calendar quarter thereafter, based on the account value on the last day of the prior month.

From \$500,001 to \$2,000,000: 0.45% of the account value initially and at the start of each calendar quarter thereafter, based on the account value on the last day of the prior month.

Client relationships of \$2,000,000 or more: 0.30% of the account value initially and at the start of each quarter thereafter, based on the account value on the last day of the prior month.

Accounts which hold the Sierra Tactical All Asset, the Sierra Tactical Core Income Fund, the Sierra Tactical Risk Spectrum 50, and/or the Sierra Tactical Bond Fund will have their Ocean Park quarterly investment management fee reduced by the Sierra mutual funds' fee offset credit which is an amount equal to the management fee within those funds and which is paid to Wright Fund Management, LLC (an affiliate of Ocean Park) for that fraction of their Ocean Park managed account.

### Schooner Program

Notwithstanding the above, accounts in the Ocean Park Schooner Program are not charged asset-based advisory fees. Instead, clients in this program are charged ongoing management fees which are paid to Ocean Park's affiliate, Wright Fund Management, LLC. Additionally, clients are responsible for certain money movement fees, transfer fees, and account termination fees, for accounts managed in this program.

### Additional Expenses/Fees

On occasion, the Managing Directors may purchase a mutual fund for client accounts that has a short-term redemption fee. If we receive a Sell signal in that fund or if the client sells that fund during the specified redemption period, the sale will result in a fee that is debited directly from the client's account. Where Ocean Park uses non-affiliated mutual funds in client accounts, the client will not receive an offset of those management fees and will pay all such fees, including management fees, as stated in the applicable fund's prospectus. Additionally, clients are responsible for certain money movement fees, transfer fees, and account termination fees, for accounts managed in this program.

## Termination

A client may terminate our investment advisory services at any time upon written notice (or telephone or verbal notice, in our sole discretion) and we will provide a pro-rata refund of that quarter's fee, less any actual costs incurred upon termination. Ocean Park may terminate investment advisory services after providing the client 30 days written notice. The account custodian, TD Ameritrade Clearing, Inc. (TDA) or E\*TRADE, can charge fees for accounts that are transferred "in-kind" to another custodian, or termination fees, all of which will be paid by the client upon termination.

## Model Provider/Strategist Fees

Fees for Sub-Advisory investment management services offered through Ocean Park models are negotiated with the respective investment advisory firm.

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

Ocean Park does not charge performance-based fees for managing accounts.

## TYPES OF CLIENTS

We provide investment management services to retirees and other conservative investors. Accounts are typically registered as individual or joint, as IRA's, as retirement plans such as, profit-sharing and defined benefit pension plans, as charitable foundations, as non-profit and for-profit corporations and as estate trusts.

Our current minimum for a new client relationship is \$100,000 per household, and \$50,000 per account registration.

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

### Methods of Analysis

Ocean Park uses proprietary, analytic approaches that include analysis of economic, fundamental, charting, cyclical and other technical data. We use websites, newsletters, financial newspapers, computer databases and government publications among other sources to obtain financial information in order to analyze a wide variety of asset classes, mutual funds and ETFs.

We use several software programs to track and rank asset classes and funds with a view to creating portfolios that are likely to be productive, yet have overall low volatility due to moderate internal correlations. We also consider fundamentals in order to invest in asset classes that appear to have upside potential that does not appear to already be fully exploited.

The Portfolio Managers construct an asset allocation responsive to current market conditions, select no-load, load- waived and institutional mutual funds to populate each asset class allocation and then monitor each fund daily.

## Investment Strategies

We are active managers for all of our strategies; we do not employ a passive, “buy and hold” strategy. Each holding is monitored daily and during declines, a proprietary stop-loss discipline is implemented with the goal of limiting drawdowns. When our risk-management discipline gives a Sell signal, we will move all or part of the client’s assets temporarily into a money-market or similar “safe-haven” fund. When our discipline gives a Buy signal, we move assets back into the same fund unless, in the interim, the Portfolio Managers have identified a more attractive fund.

This strategy is applied to all accounts in all investment programs. Our strategy is not designed to buy at the bottom or to sell at the top of the market. Rather, we endeavor to participate in a substantial part of any sustained up-trend as well as step aside during most of a sustained downtrend.

Since the investment markets rise and fall in irregular patterns, most holding periods are less than one year, and on some occasions may turn out to be as brief as 20 days or less. Our management approach typically results in being in and out of a particular fund twice each year, on average. As a result, taxable accounts may incur significant short-term capital gains and losses.

- 1. Conservative Allocation** – The Conservative Allocation strategy has two investment objectives: provide long-term total return and limit downside risk. The Program’s multi-asset diversification strategy employs unusually broad diversification across asset classes, markets, industries and issuers.
- 2. High Yield Corporate Bond** – The High Yield Corporate Bond strategy seeks satisfying long-term returns while limiting downside risk by investing in high yield corporate bond mutual funds. Returns are created from interest income as well as increases in high yield corporate bond mutual fund prices.
- 3. Moderate Allocation** – The Moderate Allocation strategy seeks long-term total return through a multi-asset diversification strategy across equity and fixed income asset classes. This tactical approach is responsive to trend changes in the U.S. and global investment markets.
- 4. Municipal Bond** – The Municipal Bond strategy seeks satisfying returns while limiting downside risk by investing primarily in federal tax-exempt municipal bond mutual funds, though occasionally the strategy will hold state tax-exempt municipal bond mutual funds. Interest income from the holdings is primarily tax-exempt at the federal level. Returns are created from interest income as well as increases in bond prices.

The Program diversifies a client’s account among at least four (often up to ten) municipal bond mutual funds and will be fully invested when there are many Buy signals and will, at times, be fully in cash when the universe of municipal bond mutual funds is showing Sell signals.

- 5. California (CA) Municipal Bond** – The CA Municipal Bond strategy seeks satisfying returns while limiting downside risk by investing primarily in California tax-exempt municipal bond mutual funds. Returns are created from interest income as well as increases in bond prices. The interest income generated is tax exempt at the federal and state level.

On occasion, there may be non-California tax-exempt municipal bond mutual funds included in this Program when Ocean Park calculates that the non-California funds’ total return is sufficiently better than that of California municipal bond mutual funds to offset the extra benefit of the California tax exemption. Interest income from these funds will be tax-exempt only at the federal level.

This strategy diversifies a client's account among at least four (often up to ten) municipal bond mutual funds. The Program will be fully invested when there are many Buy signals and will, at times, be fully in cash when the universe of California municipal bond mutual funds is showing Sell signals.

**6. Strategic Income** – The Strategic Income strategy seeks Total Return – income plus capital appreciation. It is a globally diversified strategy managed in a tactical style. The strategy invests in a diverse selection of mutual funds to access a wide range of income-oriented asset classes. There are no set proportions or limits for the Program's allocations.

**7. Tactical Bond** – The Tactical Bond strategy seeks to produce satisfying long-term returns while limiting downside risk. It uses a tactical strategy to move between three uncorrelated asset classes: high yield corporate bonds, U.S. Treasuries, or cash.

Tactical Bond Program accounts are typically diversified among eight or more high yield corporate bond (HYCB) mutual funds. When each underlying HYCB mutual fund declines below our proprietary sell level, we will move the relevant assets temporarily into a long-term Treasury bond fund (provided the Treasury fund is in an uptrend) until the next set of Buy signals in the HYCB funds. If the Treasury fund is not in an uptrend, we will instead move temporarily into a money-market fund until either the HYCB funds or Treasury fund gives a new Buy signal.

**8. Schooner Program** – The Schooner Program is globally diversified to the extent of the underlying holdings, the Sierra All Asset and The Sierra Tactical Core Income Funds are. The fixed asset allocation holds 50% in each of the two Sierra mutual funds managed by an affiliate of Ocean Park. Accounts are rebalanced quarterly.

## Risk of Loss

**Market Risks:** Investing involves risk, including the potential loss of principal, and all investors should be guided accordingly. The profitability of a significant portion of Ocean Park's recommendations and/or investment decisions may depend, to a great extent, upon correctly assessing the future course of price movements of stocks, bonds and other asset classes. In addition, investments may be adversely affected by financial markets and economic conditions throughout the world. There can be no assurance that the Firm will be able to predict these price movements accurately or capitalize on any such assumptions.

**Volatility Risks:** The prices and values of investments can be highly volatile, and are influenced by, among other things, interest rates, general economic conditions, the condition of the financial markets, the financial condition of the issuers of such assets, changing supply and demand relationships, and programs and policies of governments.

**Interest Rate Risks:** Ocean Park utilizes funds that invest in fixed-income assets. The value of the fund's fixed-income assets will decline because of rising interest rates. The magnitude of this decline will often be greater for longer-term fixed-income securities than shorter-term fixed-income securities.

**Cash Management Risks:** The Firm may invest some of a client's assets temporarily in money market funds or other similar types of investments, during which time an advisory account may be prevented from achieving its investment objective.

**Active management risk:** An account is subject to the risk that judgments about the attractiveness, value, or potential appreciation of the account's investments may prove to be incorrect. If the selection of securities or strategies fails to produce the intended results, the account could underperform other accounts with similar objectives and investment strategies.

**Asset allocation risk:** An account's risks directly correspond to the risks of the asset classes in which it invests. Investing in multiple asset classes (either directly or indirectly, such as through pooled investment vehicles) can facilitate diversification, but also create exposure to the risks of many different areas of the market. The direct or indirect allocation of an account's assets among various asset classes and market sectors could cause the account to underperform other accounts with a similar investment objective.

**Accounts investing in the Sierra Funds:** Risks associated with investment in any of the Sierra Funds are described in the applicable disclosure document for each fund (a copy of which is provided to each client prior to investment of an account's assets in a Sierra Fund).

**Accounts investing in Unaffiliated Mutual Funds:** Ocean Park selects certain Independent Managers to manage a portion of its clients' assets. In these situations, Ocean Park continues to conduct ongoing due diligence of such managers, but such recommendations rely to a great extent on the Independent Managers' ability to successfully implement their investment strategies. In addition, Ocean Park does not have the ability to supervise the Independent Managers on a day-to-day basis.

**Risks for all forms of analysis:** Our securities analysis methods rely on the assumption that companies provide accurate and unbiased data regarding the securities that we buy and sell including the rating agencies that review these securities, and other publicly available sources of information about these securities. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information. Information used in these analyses include economic conditions, historical data, industry outlook, inflation and interest rates, and income tax regulations, as well as fiscal and monetary policies of the United States and foreign countries.

**Mutual Funds:** An investment in a mutual fund involves risk, including the loss of principal. Mutual fund shareholders are necessarily subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains, as mutual funds are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss.

Shares of mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself, or a broker acting on its behalf. The trading price, at which a share is transacted, is equal to a fund's, stated daily, per share net asset value ("NAV"), plus any shareholders fees (e.g., sales loads, purchase fees, redemption fees). The per share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes to the market value of the fund's holdings. The trading prices of a mutual fund's shares may differ significantly from the NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's shares trading at a premium, or discount, to actual NAV.

Clients should review the respective offering or similar documents of each Mutual Fund in its portfolio recommended by us for a detailed description of risk factors associated with a particular investment.

**Ocean Park Models (as Strategist/Model Provider):** Ocean Park does not receive information regarding your identity, circumstances, financial condition, portfolio holdings, tax situation, regulatory status or financial needs

or goals. In these circumstances, Ocean Park has no obligation for the provision of advice specifically to you. Ocean Park is not responsible for determining the appropriateness or suitability of investment model(s), or of any of the securities included from time to time in the investment model(s) for you specifically. Notwithstanding the foregoing, you and your Consultant may wish to review our ADV Part 2A or alternative disclosure document for more information regarding our services.

**Performance:** Performance of individual client accounts during future periods will definitely vary. Some months and some quarters will result in negative performance; indeed, some future years may have negative performance.

However, using our proprietary risk-limiting disciplines, we seek to weather significant market declines through downside protection strategies for our separately managed accounts in comparison to our benchmarks. However, past performance is no guarantee of future results.

**Cybersecurity Risk:** In addition to the risks described above, there are various operational, systems, information security and related risks involved in investing, including but not limited to “cybersecurity” risk. Cybersecurity attacks include electronic and non-electronic attacks that include but are not limited to gaining unauthorized access to digital systems to obtain client and financial information, compromising the integrity of systems and client data (e.g., misappropriation of assets or sensitive information), or causing operational disruption through taking systems off-line (e.g., denial of service attacks).

As the use of technology has become more prevalent, Ocean Park and the client accounts Ocean Park manages have become potentially more susceptible to operational risks through cybersecurity attacks. These attacks in turn could cause Ocean Park and client accounts Ocean Park manages to incur regulatory penalties, reputational damage, additional compliance costs associated with corrective measures, and/or financial loss. Similar adverse consequences could result from cybersecurity incidents affecting issuers of securities in which Ocean Park invests, counterparties with which Ocean Park engages in transactions, third party service providers, governmental or other regulatory authorities, exchange and other financial market operators, banks, brokers, dealers and other financial institutions and other parties. While cybersecurity risk management systems and business continuity plans have been developed and are designed to reduce risks associated with these attacks, there are inherent limitations in any cybersecurity risk management system or business continuity plan, including the possibility that certain risks have not been identified. Accordingly, there is no guarantee that such efforts will succeed, especially since we do not directly control the cybersecurity systems of issuers or third party service providers.

## DISCIPLINARY INFORMATION

Since inception, Ocean Park Asset Management, Inc. and its affiliates have had no legal or disciplinary events to report that are material to a client or prospect’s evaluation of our firm’s advisory business or our management integrity.

## OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Neither Ocean Park, nor any of its management persons, are registered with, or have a pending application for registration with, a broker-dealer or future commission merchant, commodity pool operator, or commodity trading adviser.

Ocean Park has two affiliates, which are also Registered Investment Advisors: Sierra Investment Management, Inc. (Sierra), and Wright Fund Management, LLC (WFM).

For a quarterly management fee, Sierra manages separate investment accounts for clients.

WFM manages the Sierra Tactical All Asset, Sierra Tactical Core Income, Sierra Tactical Municipal, Sierra Tactical Risk Spectrum and Sierra Tactical Bond Funds. Each fund is registered as a series trust of Northern Lights Fund Trust, an investment company registered under the Investment Company Act of 1940. Mr. Wright is the Managing Member and Dr. Sleeper participates in most investment management decisions. Mr. Wright and Dr. Sleeper each own a 50% beneficial interest in WFM.

Ocean Park reimburses Sierra, an affiliate, for certain administrative fees and business expenses.

## CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

### Code of Ethics

Our Code of Ethics has been adopted pursuant to the requirements of rule 204A-1 under the Investment Advisors Act of 1940. A complete copy of our Code of Ethics is available upon request to any client or prospective client.

Our philosophy states that the client's interest is always foremost; we will always strive to do what is right for the client.

### Recommendation of Affiliated Securities

As noted herein, Ocean Park recommends the purchase of various Sierra Mutual Funds within its investment programs. The Sierra Mutual Funds are advised and controlled by Ocean Park's affiliate, WFM. This creates an inherent conflict because Ocean Park is incentivized to allocate assets to the Sierra Mutual Funds for additional fees. To mitigate this conflict, Ocean Park offsets in advisory asset-based fees in those investments by the management fees of the funds. In the case of the Schooner Program, Ocean Park waives its advisory asset-based fees in lieu of its affiliate WFM collecting fees based on the management fees of the funds.

### Participation in Client Transactions

Ocean Park and its personnel, may, on occasion, buy and sell for their own accounts some of the same mutual funds utilized in Ocean Park managed accounts, and mutual funds or ETF's used in the Sierra Tactical All Asset, Tactical Core Income, Tactical Municipal, Tactical Risk Spectrum 50 or Tactical Bond Funds. There is no possible conflict with client transactions as pertains to mutual funds since they are priced daily after the markets close. As to ETF transactions, trading shortly ahead of clients (front-running) is prohibited. Access Persons are required to pre-clear personal securities transactions in ETFs with Compliance.

All access persons are required to disclose all relevant personal securities holdings upon commencement of employment and annually thereafter. In addition, quarterly reports of personal securities transactions must be submitted whether or not any transactions have occurred. These reports are reviewed to identify potential conflicts of interest; if a conflict is identified, steps will be taken to address such a conflict.

We strive not to violate our fiduciary responsibility to our clients in any way.

## BROKERAGE PRACTICES

Ocean Park primarily utilizes TD Ameritrade to maintain custody of discretionary client's assets and to effect trades for their accounts.

Ocean Park is independently owned and operated and not affiliated with TD Ameritrade.

Factors which Ocean Park considers in recommending any broker-dealer/Custodian to clients include, among other things, their respective financial strength, reputation, execution, pricing and service. The transaction fees charged by TD Ameritrade may be higher or lower than those charged by other financial institutions. However, as noted herein, Ocean Park absorbs transaction-based fees for discretionary clients of Ocean Park as part of its management fee.

Ocean Park invests solely in no-load, load-waived and institutional class shares of publicly-traded mutual funds. Shares of these funds are purchased and redeemed at the net asset value (NAV).

Ocean Park nor our affiliates select or recommend broker-dealers for commission-based client transactions.

Ocean Park does not receive research or other products or services in connection with client securities transactions ("soft dollar" benefits).

Neither Ocean Park nor our affiliates have any economic relationship with a broker-dealer that creates any type of material conflict of interest.

## REVIEW OF ACCOUNT

The Ocean Park Investment Management team tracks daily every fund held in client accounts through the use of proprietary risk-management strategies. When a given holding declines enough to give a Sell signal under our proprietary strategies, we move all or a portion of that holding into a money market or similar "safe-haven" fund. When our system gives a Buy signal, we move assets back into the same fund unless we have made other choices in the interim.

It is the responsibility of each unaffiliated Financial Adviser or broker dealer to review each client account for which Ocean Park provides investment management services. Review of the sub-advisory accounts (where Ocean Park acts as a Strategist/Model Provider) is the responsibility of the firm which is receiving and implementing the models.

TD Ameritrade Clearing, Inc. (TDA), the independent custodian of most Ocean Park accounts, provides written confirmation to all clients of each transaction in their account, usually within a week. TDA also provides a monthly statement to each client showing all current positions and all transactions that have occurred during that month. Axos Adviser Services and variable annuity companies provide similar quarterly statements detailing activity within the account for that time period.

Each client can opt to receive trade confirmations and/or monthly account statements by email rather than US postal delivery. Such transactions include confirmation of an account opening, each transaction that occurs in the account and each addition to or withdrawal from the account by the client. In addition, each client can, if they so choose, view their TDA account(s) 24/7 on the Internet.

Each quarter, Ocean Park mails a current position report to each Ocean Park discretionary account client. This report identifies all current holdings in the account, the number of units, the price per share and the total value

for each position. In addition, quarterly, Ocean Park also mails a statement showing the calculation of the client's investment management fee.

Upon verbal or written request, Ocean Park may provide performance reports for the client's account(s).

## **CLIENT REFERRALS AND OTHER COMPENSATION**

Ocean Park accepts accounts only through unaffiliated Financial Advisers and/or broker dealers. Ocean Park enters into joint advisory agreements and/or solicitation agreements with individual Financial Advisers, broker-dealer firms, and investment advisory firms, under terms that are fairly standard for such arrangements and in compliance with applicable Federal and state regulations (SEC Rule 206(4)-3). These agreements provide for investment management services, provided by Ocean Park, for clients of such Financial Advisers and/or broker dealers at our usual fees, and with a share (ranging from 15% to 76%) of each collected fee going to the joint advisory firm or the referring person (solicitor) or his/her firm. Where engaged through a solicitor arrangement, each client is provided with written disclosure summarizing the relationship and the fee arrangements between Ocean Park and the Financial Adviser.

Ocean Park receives no economic benefit from any firm or individual (other than our clients) for providing discretionary investment management services.

Ocean Park does have contractual arrangements with other investment advisory firms to provide sub-advisory services (e.g. where Ocean Park acts as a strategist or model provider) for a fee.

## **CUSTODY**

Ocean Park never takes physical custody or direct control of client securities or mutual funds, which are always held at qualified custodians including TD Ameritrade, Institutional (TDA), Axos Adviser Services, or the variable annuity company.

Ocean Park is deemed to have custody of client assets through the authority granted Ocean Park by the client in the Ocean Park Investment Advisory Agreement, or the Ocean Park Tri-Party Advisory Agreement, to debit the client account(s) for its quarterly investment management fee. Ocean Park may also be deemed to have custody if the client has signed a standing letter of authorization (SLOA) enabling Ocean Park to direct the custodian to issue funds to a third-party. In such cases, Ocean Park and the custodian have implemented controls to protect against unauthorized distribution or misappropriation of client funds.

TDA sends monthly account statements directly to clients detailing all transactions within the account for the month; Axos Adviser Services and the variable annuity companies send quarterly reports. Quarterly, Ocean Park sends a Current Position Report to each client which lists the account holdings, number of shares, the price per share and asset values. We encourage the clients to compare account values between their custodian and Ocean Park.

## **INVESTMENT DISCRETION**

Our separate account clients grant us a Limited Power of Attorney in order to execute buy and sell transactions within their accounts and to debit our quarterly investment management fees. The account custodians execute the process of debiting our fees from client accounts.

A percentage of some client accounts is invested in the Sierra Tactical All Asset, Sierra Tactical Core Income, the Sierra Tactical Risk Spectrum 50 and/or the Sierra Tactical Bond Funds. The client can choose to opt out of any specific fund or asset class with reason; however this option is rarely exercised.

Ocean Park has no discretionary authority over the client accounts at firms for which we provide sub-advisory services. It is the responsibility of each primary advisor to execute the recommendations provided by Ocean Park.

## **VOTING CLIENT SECURITIES**

Ocean Park does not vote proxies for any client holdings. Clients will receive proxies or other solicitations from the account custodian or the mutual fund company. We do not provide information or support for or against any solicitation.

## **FINANCIAL INFORMATION**

Ocean Park does not require or accept prepayment of more than \$1,200 in fees per client, six months or more in advance.

Ocean Park is not subject to any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients.

Ocean Park has not been subject to a bankruptcy petition at any time during the past ten years.

