



**OSHER VAN DE VOORDE**  
*investment management*

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This brochure provides information about the qualifications and business practices of Osher Van de Voorde Investment Management (hereafter referred to as "OVIM" or "Adviser"). If you have any questions about the contents of this brochure, please contact us at 626-844-7184 or [jv@oshervandevoorde.com](mailto:jv@oshervandevoorde.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC), or by any state securities authority.

Registered Investment Adviser (RIA) describes an Investment Adviser registered with the SEC or required state securities agencies. While OVIM is an RIA registered with the SEC, registration does not imply a certain level of skill or training.

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

March 1, 2019

## ITEM 2 – Material Changes

The Material Changes section of this brochure will be updated annually when material changes occur since the previous release of the firm brochure.

The U.S. Securities and Exchange Commission issued a final rule in July 2010 requiring advisers to provide a firm brochure in narrative “plain English” Format. The new final rule specifies mandatory sections and organization.

In the past, we had offered clients a copy of our updated Form ADV II on an annual basis. Pursuant to new SEC Rules, we will send a summary of any material changes to this and subsequent brochures within 120 days of the close of our business fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

Whenever you would like to receive a complete copy of our firm brochure, please contact OVIM President James Van de Voorde at (626) 844-7184 or [jv@oshervandevoorde.com](mailto:jv@oshervandevoorde.com). Alternatively, our brochure can be obtained through our website [www.oshervandevoorde.com](http://www.oshervandevoorde.com).

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## ITEM 4 - Advisory Business

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OVIM was co-founded in 1993 by Robert Osher and James Van de Voorde. As of December 31, 2018, OVIM supervised \$291 million in assets under management. James Van de Voorde owns 100% of OVIM stock.

OVIM provides supervisory services by management of portfolios consisting of all equities, all fixed income, or balanced accounts consisting of both equities and fixed income. Cash and cash equivalents (money market funds) will be used when the portfolio is not fully invested or when OVIM does not find sufficiently attractive investment opportunities. The asset allocation of each portfolio is tailored to the specific individual goals and objectives of the client. Services are primarily provided for high-net-worth families and individuals, including living trusts, charitable trusts, endowment funds, pension and profit sharing plans and other individual retirement plans like IRAs, SEP IRAs, Qualified Retirement Plans (QRPs) and 401(k)s .

In addition to our portfolio management service, OVIM provides financial planning advice to clients. OVIM will advise clients in such areas as estate planning, charitable planning, income and retirement planning, taxes, education funding, insurance and real estate. Financial planning helps us design an investment allocation strategy that is suitable for meeting the client's specific needs and objectives.

Clients may restrict investments in certain securities or certain sectors; clients may also seek advice on targeted planning items only and choose not to engage in the full spectrum of our planning expertise.

Financial planning services are included for investment management clients under the same fee schedule, so that financial planning and investment management services are available for the same 1% annual fee. OVIM may offer a stand-alone financial planning fee (typically \$2,000) for clients that require the upfront planning work but may not be prepared to turn over management of their portfolio. On a case- by-case basis, OVIM may credit this planning fee toward our investment management fee once the client engages OVIM for investment management services.

## Item 5 – Fees and Compensation

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As consideration for services rendered, OVIM shall be entitled to an annual management fee, to be paid quarterly in advance, based on the current market value of the account. OVIM's fee for service is 1.00% per annum. While fees are generally as stated, they may be negotiated on a case-by-case basis.

The first payment of fees for services rendered is due upon acceptance of Investment Management Agreement and is assessed pro rata in the event the agreement is executed at any time other than the first day of the current calendar quarter. At the sole option of OVIM, if the initial payment is due in close proximity to the beginning of the new calendar quarter, the initial payment may be deferred until the next full quarterly invoice is submitted. Subsequent payments will be assessed at the onset of each new calendar quarter based on the market value of the account's assets as of the close of business on the last business date of the previous quarter. Market value includes all cash, money market balances, and the value of all securities held in the account and supervised by OVIM as shown on the quarter end reports provided by OVIM. Specifically fees are calculated as follows:

$$\text{Market Value} \times \text{Investment Advisory Fee Rate} / 4 \text{ quarters}$$

Client should note that OVIM uses an outside pricing source to determine security valuations and as a result OVIM valuations may differ slightly from those reported on custodian statements.

The client may choose to pay OVIM directly or to authorize the custodian to deduct these management fees directly from the account. If the client desires to be billed for the management fee, the fee is due and payable within 15 days of receipt of the management fee invoice. If the client authorizes the custodian to deduct OVIM's fee from the account, OVIM will send a copy of the fee statement to client simultaneously when sending the invoice to custodian. However, three criteria must be met when payment is made by the custodian 1) the client provides written authorization permitting the fees to be paid directly from the client's account held by the independent custodian; 2) OVIM sends a bill to the client showing the amount of the fee, the value of the client's assets on which the fees was based, and the specific manner in which the fee was calculated, and 3) the custodian agrees to send the client a statement, at least quarterly, indicating all amounts disbursed from the account including the amount of advisory fees paid directly to OVIM. It is the client's responsibility to verify the accuracy of fee calculations; the custodian will not determine whether the fees are properly calculated.

The client may terminate the agreement without penalty (full refund) within five business days of signature. After the first five days, services will continue until either party terminates the Agreement. If a client terminates OVIM services and fees have been made in advance, assuming there is time remaining in the quarter, the client will receive a prorated refund of the unused portion of the fee. As stated in our investment management agreement, ten (10) days notice is required for termination and fee refunds will be calculated based on our ten (10) day notice policy.

#### General Disclosures:

- Fees charged by OVIM are for investment management services only and do not include commissions, transaction or management fees that may be charged by custodians, mutual funds, exchange-traded-funds or pension plan administrators. These other costs are incurred by the client. See Item 12 for more information on Brokerage Services.
- Lower or higher fees may be available from other sources.
- Fees are not collected for services to be performed more than six months in advance.

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

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OVIM does not use any performance-based fee structure (fees based on a share of capital gains) because of the potential conflict of interest. Performance-based compensation may create an incentive for the adviser to pursue investments that may carry a higher degree of risk than is appropriate for the client's circumstances. The nature of asset-based fees allows OVIM to participate in the growth of the client's wealth. This also means that OVIM fees will decline when the client's portfolio declines in value.

#### Item 7 - Types of Clients

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Clients that benefit from our expertise in investment management and financial planning include families, individual investors, family trusts and foundations, endowment funds, charitable remainder trusts, pension and profit-sharing plans, corporations and other retirement plans such as IRAs, SEP IRAs, QRPs and 401(k)s. While OVIM has the discretion to accept accounts of any size, we recommend a minimum portfolio of at least \$1,000,000.

### Method of Analysis

OVIM employs both quantitative and qualitative/fundamental analysis. While quantitative screens help automate the identification of attractive valuation ranges, fundamental research analyzes the unique investment characteristics of individual companies, as well as how particular industries react to economic trends. Technical analysis, the usage of charts to identify price trends, is used as an auxiliary tool to help identify favorable entry points.

The crux of our research and analysis incorporates both growth and value investing. Whereas growth investing favors those companies with consistently increasing earnings, value investing looks for underpriced opportunities among comparable companies with sound fundamentals. OVIM's core equity investment strategy is often described as "growth at a reasonable price" or "GARP".

### Investment Strategy

Our equity investment strategy is focused on finding high-quality, growth companies that sell at reasonable valuations. We prefer growth companies that have demonstrated the ability to increase earnings and consistently raise dividends. In addition to growth, other "bottom-up" fundamental criteria that help us identify high-quality include: 1) durable businesses with high barriers to entry and elongated product cycle; 2) leading brand franchise or market share for respective industry; 3) well-defined international prospects; and 4) superior financial strength exhibited by low level of debt.

While we are focused on finding quality and growth, we are also particular about finding attractive entry points. Attention to growth and value is key to long-term success in the stock market. We filter potential growth stock selections through a proprietary program that calculates an appropriate valuation range based on the comparison of ten years of historical financial data (high and low annual stock price, earnings, dividends, cash flow and book value) with present year financial estimates. We prefer buying high-quality growth companies when they are priced low relative to their own historical valuations and relative to the overall market.

In addition to bottom-up fundamental analysis, we also consider "top-down" investment themes to screen for companies that are participating in sectors likely to drive economic growth for the foreseeable future. These "thematic engines" may include globalization, mobile broadband, demographics and outsourcing. Owning companies that are entrenched in such thriving business trends is particularly comforting during periods of market uncertainty.

Having screened for growth, valuation, fundamentals and thematic engines, we also identify potential catalysts that might help catapult the stock price within a relatively short period of time (less than one year). Significant share repurchases, new products or services, industry consolidation, turnaround of a key customer or foreign market and insider purchases are all potential catalysts that boost our confidence in the entry point selected. Seeking broad diversification, we are ultimately looking to own between 20 and 30 companies for the core equity portion of each portfolio.

We use the S&P 500 index as a benchmark for how the portfolio is weighted by economic sector and will choose to be "overweight" certain sectors and "underweight" other sectors. The desired sector weighting relative to the S&P 500 is influenced by the long-term prospects for each sector, market fluctuation and valuation considerations.

OVIM may also consider "special situation" stocks that vary from our core philosophy but possess other unique investment qualities. Special situation stocks typically represent a very small portion of the overall portfolio. In addition, OVIM utilizes exchange-traded-funds, mutual funds and closed-end funds to increase diversification and provide access to asset classes (i.e. emerging markets, commodities, small cap) that may be impractical to access via individual issues.

Though it is our intention to buy and hold securities for the long-term (more than one year), there are circumstances when we will sell a stock within a shorter period of time. The following are instances when we might consider selling a stock within one year of purchase: 1) the stock may get ahead of the underlying fundamentals and become overvalued; 2) the underlying fundamentals may change and so we change our investment thesis; 3) tax circumstances may warrant the realization of losses; and 4) the market presents us with more attractive opportunities.

By constructing a well-diversified core portfolio of "blue-chip" growth companies, we are looking to achieve consistent returns while minimizing risk.

Our fixed-income investment strategy revolves around building a core bond portfolio with staggered or "laddered" maturities. While the slope of the yield curve and general level of interest rates help direct the average duration and length of the maturity schedule, we prefer short to intermediate term bonds that typically mature in less than 10 years. Tax considerations determine whether we utilize municipal bonds, corporate bonds or U.S. Treasury and Agency issues. In addition, OVIM utilizes exchange traded funds, mutual funds and closed-end funds to increase fixed-income diversification and provide access to asset classes (i.e. emerging market debt, high yield, convertible bonds) that may be impractical to access via individual issues.

#### Risk of Loss

All investments have certain risks that each investor must be prepared to bear. The foremost risk is for the potential loss of principal value; when securities are sold, they may be worth less than the price paid for them. Other risks include inflation, volatility, interest-rate risk, currency risk, reinvestment risk, economic risk, credit risk, business risk, liquidity risk and financial risk. OVIM works with each client towards realization of long-term goals without assuming unwarranted risk. Focusing on high quality, broad diversification and attention to value help limit the potential for permanent loss of principal value.

#### Item 9 -Disciplinary Information

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OVIM is required to disclose any material legal or disciplinary events and has never been subject to any legal or disciplinary action.

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

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James Van de Voorde is a member of Economic Roundtable, Estate Planning Council of San Gabriel Valley, the San Gabriel Valley Chapter of the Financial Planning Association, Pasadena Breakfast Forum, and the Glendale Estate Planning Council. James has previously served on various boards for Loyola Marymount University and Adventist Health Glendale, and presently serves on the Finance Committee at Flintridge Sacred Heart Academy.

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

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Osher Van de Voorde Investment Management, its advisory affiliates, and its employees are subject to the rules of the Securities and Exchange Commission (“SEC”) and the California Department of Corporations, and other state jurisdictions may be applicable. In addition to those rules and regulations by which OVIM must abide, the Company also maintains its own standards for integrity, client commitment, competing fairly, employment practices, keeping accurate records, maintaining its position of trust, activities with other organizations, and personal behavior as follows:

- Comply with the letter and spirit of all federal and state laws that regulate advice, services, records, and transactions applicable to investment management and financial planning.
- Act always in the best interest of the client for whom professional services are performed.
- Never disclose confidential information unless authorized by the client or by law.
- Be truthful and forthright in all communications relating to client services and transactions.
- Perform all services competently, diligently, and according to the highest professional standard; employees will maintain the necessary specific knowledge and expertise to do so, and decline any activity that cannot be competently performed.
- Conduct activities relating to the investment profession under the highest standards of personal and professional integrity, and in ways that reflect creditably on the profession and on OVIM.
- Disclose to all persons for whom services are provided the firm’s source of compensation and any material fact about compensation that is necessary to understand potential adverse interest.
- Supply material information relating to client services to the person for whom services are performed (including information that is not requested), if such information is generally recognized as necessary to any informed decision.

The interests of OVIM and/or its advisory affiliates may correspond with the client’s interests, and OVIM may invest in the same securities that are recommended to clients. OVIM considers all employees to be access/supervised persons. Subsequently, trading activity is monitored for all employees and all of their related accounts. OVIM defines related accounts to include:

- Accounts in employee’s name
- Joint accounts where employee is one of the owners
- Accounts in spouse’s/domestic partner’s name
- Custodial accounts for employee’s minor children
- Custodial accounts for other relatives where employee is Custodian
- Accounts where the OVIM employee has discretion. Examples include:
  - Trust accounts where employee is Trustee
  - Limited Partnership where employee is President of the General Partner
  - Profit Sharing Plans where the employee is a Trustee, etc.

## Item 12 –Brokerage Practices

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To implement investment decisions, OVIM requires the services of a custodian broker-dealer. As of December 31, 2018, 99% of OVIM assets under management utilize Charles Schwab & Company’s Schwab Institutional (Schwab) division as custodian broker-dealer. OVIM utilizes Schwab Institutional as its preferred custodian broker-dealer for the following reasons:

1. Schwab's web trading module integrates with OVIM's trade and order management system, Moxy. This integration saves time, increases efficiency and reduces the potential for trade errors.
2. Schwab's Institutional Service team assists OVIM with back-office and support function that allows OVIM to better serve clients.
3. Schwab's Strategic Trading Group offers access to specialists with expertise in direct investment offerings, private placement offerings, hedging restricted stock and other customized transactions.
4. Schwab's Prime Brokerage Service allows OVIM to execute trades outside of Schwab. While rarely utilized, the Prime Broker Service gives OVIM the flexibility of buying fixed-income or other securities away from Schwab should Schwab's inventory be insufficient.
5. Schwab's trade allocation model allows OVIM to easily allocate large block trades to individual client portfolios.
6. According to execution statistics available on Schwab's website ([www.schwab.com](http://www.schwab.com)), their average execution for a listed security is 0.05 seconds; 100% of trades receive full execution in less than ten seconds; and 94% of trades are executed with share price improvement by an average of forty-five cents (0.45) per share. More favorable execution may be available through other broker-dealers.
7. Schwab allows for the delivery of electronic confirmations and statements. Selection of this feature by clients reduces Schwab's equity commissions to \$4.95 per trade. Lower commissions may be available through other broker-dealers.
8. Clients have the ability to sign up for web access so that they may view their portfolios in real-time whenever it is convenient for them.
9. Schwab makes select research resources (i.e. Standard & Poor's, Argus, Credit Suisse) available to OVIM at no additional cost.

When appropriate, we will implement trades for our Schwab-custody clients as an aggregated or block trade. These block trades may include accounts affiliated with OVIM that also utilize Schwab as custodian. All block trades will be aggregated in the name of the advisor and then allocated to individual client accounts at the identical executed share price, so there is no preferred or different pricing for clients or accounts affiliated with OVIM. Trades made for the small portion of OVIM clients that do not utilize Schwab are made on an individual, account-by-account basis.

Block trades are typically made when OVIM initiates a new position or trims/eliminates an existing position for all or most of its clients. As OVIM initiates the portfolio building phase for a new client, trades are typically implemented directly in the new client's account and not as a block trade.

Clients who choose not to custody their assets at Schwab may select the custodian broker-dealer platform that best suits their needs. In these cases, the client would negotiate any compensation arrangements directly with the custodian they have selected. These client-directed brokerage arrangements might lead to higher commissions than what may be negotiated by OVIM in using the Schwab custodian platform. Clients may or may not be able to obtain better-negotiated rates on their own. OVIM is not a broker-dealer and does not receive any commission for the execution of trades.

### Item 13 - Review of Accounts

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Equities in client portfolios are monitored daily by OVIM's Investment Committee. The Investment Committee consists of the following OVIM employees:

James Van de Voorde – President and CEO  
Greta Matevosyan – Associate Portfolio Manager  
DeLynn Russell – Associate Advisor

Allocation of client portfolios is reviewed on an ongoing basis and adjusted as dictated by news, economic trends or changes in client circumstances. Client portfolios are also reviewed during periodic client meetings typically lead by James Van de Voorde. These reviews are offered annually to all clients and are also available to all clients upon request. During these review meetings, we will revisit the client's investment objectives, goals, and risk tolerance and ascertain if there are changes to the client's circumstances that might warrant a change in portfolio management.

Portfolio reviews are initiated at least quarterly and may also be triggered by any of the following events:

- Specific client request
- Change in the client's goals and objectives
- Dramatic world, economic or market events or trends
- Imbalance of portfolio asset allocation

Clients receive trade confirmations and monthly statements from the custodian broker-dealer and quarterly statements from OVIM. OVIM's quarterly statements include performance data, portfolio allocation, cost basis information, income and expense reporting and tracking of realized gains and losses. In addition, clients receive OVIM's monthly newsletter that provides our outlook on the economy, specific equity investments owned in client portfolios, the overall stock market, political and international affairs, interest rates and a wide range of planning and investment related topics. OVIM's newsletter keeps clients well-informed on issues and trends that may influence the management of their portfolio.

Newsletters are published on the company website ([www.oshervandevoorde.com](http://www.oshervandevoorde.com)). Clients receive our quarterly newsletter and other periodic updates via e-mail.

#### Item 14 - Client Referrals and Other Compensation

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OVIM previously participated in the Schwab Advisor Network program which was designed to help investors find an independent investment advisor. OVIM pays Schwab 15% of the quarterly management fee for client accounts that were referred to OVIM through this program.

David Brian Gallagher, President of Top-Down Design, Inc., is affiliated with OVIM as an Investment Adviser Representative and refers clients to OVIM. Mr. Gallagher provides consulting services for OVIM in the supervision of referred client portfolios only and is paid a consulting fee for his services.

#### Item 15 - Custody

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Clients receive monthly statements from the custodian broker-dealer and quarterly statements from OVIM. OVIM urges clients to carefully review and compare these statements. OVIM data may vary from custodial data based on accounting procedures, reporting dates or portfolio pricing services.

#### Item 16 - Investment Discretion

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In accord with a limited power-of-attorney agreement, OVIM has discretionary authority to manage each client's portfolio according to the client's investment objectives and a mutually agreed-upon strategy. Discretion implies the implementation of investment decision on the client's behalf, including the selection and amount of securities to be bought and sold. In all cases, discretion is exercised in a manner consistent with the stated investment objectives for the particular client.

## Item 17 - Voting Client Securities

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Unless otherwise requested, OVIM votes on behalf of its clients in matters of corporate governance through the proxy voting process. OVIM exercises its voting responsibilities as a fiduciary, with the goal of making prudent proxy decisions that might enhance the long-term value of its clients' investments.

OVIM votes proxies with a focus on the investment implications of each issue. For each proxy vote, OVIM considers its duty to clients and all other relevant facts known to OVIM at the time of the vote. Since OVIM tends to invest in companies where management has demonstrated the ability to consistently grow earnings and raise dividends, it is not uncommon for OVIM to vote with management. Votes are ultimately cast on a case-by-case basis.

Clients have the option of voting all proxies themselves or on a case-by-case basis and should contact OVIM in order to do so.

## Item 18 - Financial Information

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OVIM does not have any financial impairment that will preclude the firm from meeting contractual commitments to clients. A balance sheet is not required to be provided because OVIM does not serve as a custodian for client funds or securities and does not require prepayment of fees of more than \$1,200 per client, six months or more in advance.

## Additional Disclosures

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### BUSINESS CONTINUITY PLANS

OVIM's electronic files are backed up daily and archived on and offsite. Alternate work locations are identified to support ongoing operations in the event our main office is unavailable.

### Privacy Policy

OVIM is an Investment Advisor registered with the Securities and Exchange Commission [SEC] under the Investment Advisors Act of 1940. In our capacity to provide investment management and financial advisory services, OVIM is committed to safeguarding the confidential information and privacy of our clients. We hold all personal information provided to our firm in the strictest confidence. The following outlines our privacy policy:

#### **Collection of Non-Public Information**

In the course of our business, we collect certain non-public information from prospects and clients to help determine the most appropriate service offering and to help us implement strategies for our clients with the highest levels of service. The non-public information that we collect depends on the scope of our engagement as determined by each individual client and may include:

- Personal profile, including name, address, age, birth date, social security, etc.
- Personal financial information, including specific assets, liabilities, net worth, etc.
- Personal health information to the extent required in the financial planning process.
- Information about transactions between you and third parties.

This information may also be obtained from non-affiliated third parties (monthly asset statements, tax returns, confirmations, trust documentation, referral sources, etc.)

#### **Disclosure of Non-Public Information**

OVIM's general policy is that we do not disclose personal non-public information of our prospects and clients except as permitted by law or expressly authorized by our clients. Instances where we might disclose non-public information include:

- Information sharing with attorneys, CPA's where you are a client.
- Disclosure of information to financial organizations (i.e. brokerages, banks, investment managers, etc) where you have an account to facilitate transactions and management of your account.
- Disclosure to government and other third party entities in response to subpoenas or other legal processes.
- For former clients, we may disclose non-public personal information regarding your personal profile and financial assets to non-affiliated firms where you have account(s).

We do not provide your personally identifiable information to mailing list vendors or solicitors for any purpose. On occasion, we may ask clients to serve as references for our services and would request advance authorization for such disclosure.

#### **Safeguarding of Information**

We internally safeguard our clients' non-public personal information by restricting access to information to those employees who have a business or professional reason for knowing and only to non-affiliated third parties as permitted by law (e.g. to facilitate transactions on your behalf) or expressly granted by you. We maintain a secure office and computer environment to further safeguard the privacy of your personal information.

#### **Client's Right to Opt Out of Disclosure of Information**

Clients have the right to opt out of our disclosure of non-public personal information to non-affiliated third parties by calling us at (626) 844-7184 and notifying us of their request.

*Note: State law prohibits us from sharing any of your personal health information with a third party without your permission. For clients requesting a review and discussion of their insurance requirements, a separate "opt in" authorization will be required.*

A complete discussion of OVIM's privacy policy is mailed to clients annually and is also a part of the OVIM Investment Management Agreement.