# FORM ADV PART 2A. Brochure

Effective January 27, 2014

This Brochure provides information about the qualifications and business practices of White Oaks Investment Management, Inc. If you have any questions about the contents of this Brochure, please contact us at 941-361-9000. 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.

White Oaks Investment Management, Inc. is an Investment Adviser registered with the Securities and Exchange Commission. Registration of an Investment Advisor does not imply any level of skill or training.

Additional information about White Oaks Investment Management, Inc. is available on the SEC's website at www.adviserinfo.sec.gov.

## Material Changes

Item 2

In the future, Item 2 will be used to provide clients with a summary of material changes that are made to this brochure since the last annual update.

## Table of Contents Item 3


| | |
|---|---|
| Material Changes | 2 |
| Table of Contents | 3 |
| Advisory Business | 4 |
| Fees and Compensation | 5 |
| Performance-based Fees and Side-by-Side Management | 6 |
| Types of Clients | 6 |
| Methods of Analysis, Investment Strategies and Risk of Loss | 7 |
| Disciplinary Information | 10 |
| Other Financial Industry Activities and Affiliations | 10 |
| Code of Ethics | 11 |
| Brokerage Practices | 12 |
| Review of Accounts | 13 |
| Client Referrals and Other Compensation | 13 |
| Custody | 13 |
| Investment Discretion | 13 |
| Voting Client Securities | 14 |
| Financial Information | 14 |

# Advisory Business Item 4

### Description of Advisory Firm

White Oaks Investment Management, Inc. is an Investment Adviser registered with the Securities and Exchange Commission. Robert John Klosterman is majority shareholder, principal of the firm and Chief Compliance Officer. Sharon Alison Bloodworth is minority shareholder of the firm. The firm is not publicly owned or traded. There are no indirect owners of the firm or intermediaries who have any ownership interest in the firm.

We were founded in December of 2013. As of the date of this filing, we manage $281,214,282 on a discretionary basis.

### Types of Advisory Services

White Oaks Investment Management, Inc. provides discretionary investment management services to unregistered pooled investment vehicles.

### Wrap Fee Programs

We currently do not participate in Wrap Fee Programs.

## Fees and Compensation Item 5

White Oaks Investment Management, Inc. serves as Investment Adviser to a number of private funds, and how we are paid is determined in the Offering Memorandum of each private fund we advise on.

### *Performance-Based Fee*

In the White Oaks Flexible Strategies Fund, clients may pay a management fee as described above as well as an annual fee based on a percentage of realized and unrealized profits ("performance fee"). Our performance-based fees are based on a "**High Water Mark**". This type of fee arrangement and the associated strategy is only available to **qualified clients** and may be negotiable in certain cases.

**High Water Mark Calculation:** Performance fees are based on a new high watermark for any quarter that is charged. For example, a client may deposit $1,000,000 and the profit commission is 10%. At the end of the first quarter the account balance is $1,010,000. First quarter profit for the Adviser is $1,000.00 (10% of $10,000 = $1,000.00). $1,000 plus the Investment Management Fee is debited from the clients account in favor of the Adviser. The next quarter the beginning balance becomes $1,009,000 and this becomes the new high watermark. At the end of the second quarter the ending balance on the account is $1,008,000. No performance fee is debited from the account as the high watermark remains $1,009,000. This example is assuming that the client made no new deposits which would increase the high watermark or any withdrawals which would lower the high watermark.

### *Other Types of Fees and Expenses*

Our management fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, and other third parties such as custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Pooled investment vehicles also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to our fee, and we shall not receive any portion of these commissions, fees, and costs.

Item 12 further describes the factors that we consider in selecting or recommending broker-dealers for client's transactions and determining the reasonableness of their compensation (e.g., commissions).

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

We manage certain strategies for which clients may pay performance-based fees in addition to our Standard Advisory Fee. The performance-based fee is based on a "high water mark" calculation, described in Item 5. This type of fee arrangement and the associated strategy is only available to **qualified clients.**

Clients should be aware that this arrangement may cause an inherent conflict of interest as it may give us more incentive to take greater risks or direct investments that are perceived to have higher return potential to the accounts that pay a performance fee versus the accounts that pay only a regular standard advisory fee. We attempt to mitigate this conflict by monitoring and enforcing trading guidelines. These guidelines are reviewed and monitored by the client as well as our Chief Compliance Officer.

We may manage accounts for clients that invest in the same or similar securities. Although the overwhelming majority of securities used in our investment strategy are highly liquid and readily available, certain securities may occasionally have capacity constraints. We attempt to allocate investment opportunities among clients in a fair and equitable manner. Performance is not a factor in our decision to allocate securities to a client's account.

## Types of Clients Item 7

We provide investment management services to private funds. There is a minimum account size requirement of for an investor in one of the private funds is $1,000,000, however this may be negotiated on a case by case basis.

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

White Oaks Investment Management, Inc. uses a proprietary strategic core and satellite asset allocation approach in designing client portfolios. We believe in diversification and risk adjusted stock, asset class and/or sector selection. We seek out undervalued asset classes, overlooked sectors or trends and high probability strategies to enable us to accomplish our goal of outperforming our benchmarks on a net of fees basis. White Oaks Investment Management, Inc. relies on historical data such as mean rate of return, standard deviation, alpha, up-capture and down-capture and covariance to help understand how an investment strategy has performed and is likely to perform over long periods of time. White Oaks invests significantly in independent third party research on economic and investment macro conditions and trends. Additionally, White Oaks also will make use of major firm research made available to us from firms like JP Morgan, Merrill Lynch, Goldman Sachs, RBC Dain Rauscher and many others. White Oaks clearly recognizes the intent of these large firms is to serve as an inducement to use their products and services and consequently places much more emphasis on our paid for research and independent thinking. Of course, by using these resources good ideas do in fact come to the forefront and we feel it is critical to our overall process.

White Oaks investment philosophy is to focus on long-term opportunities with long-term being defined as a 3-5 year time horizon. Investment tools such as margin, option writing and/or structured products may be used in a strategy if appropriate. The main focus of the White Oaks investment process is to assess relative valuations in the market place, develop strategic tactics to capture value and implement/monitor the process. Please see your investment memorandum for specific strategies.

### *Material Risks Involved*

**All investing strategies we offer involve risk and may result in a loss of your original investment which you should be prepared to bear.** Many of these risks apply equally to stocks, bonds, commodities and any other investment or security. Material risks associated with our investment strategies are listed below.

**Market Risk:** Market risk involves the possibility that an investment's current market value will fall because of a general market decline, reducing the value of the investment regardless of the operational success of the issuer's operations or its financial condition.

**Strategy Risk:** The Adviser's investment strategies and/or investment techniques may not work as intended.

**Decisions Based on Mathematical Analysis:** The trading decisions of the Adviser will be based on trading strategies which utilize the mathematical analysis of past price behavior. The future profitability of these strategies depends upon the ability of the future price action to not be materially different from the past. The investment strategy may incur substantial trading losses during periods when markets behave substantially different from the period in which the Adviser's models are derived.

**Short Selling:** The Adviser may sell securities short in certain situations. Selling short involves the sale of borrowed securities. In order to sell a security short, the Adviser must borrow the security from a securities lender and deliver it to the buyer. The Adviser is then obligated to return the security to the lender at its request (although the Adviser remains free to return the security to the lender at any time prior to the lender's request). The Adviser ordinarily fulfills its obligation to return a security previously sold short by purchasing it in the open market.

The principal risk in selling a particular security short is that, contrary to the Adviser's expectation, the price of the security will rise, resulting in a loss equal to the difference between the cost of acquiring the security (for return to the lender) and the net proceeds of the short sale. This risk of loss is theoretically unlimited; since there is theoretically no limit on the price to which the security sold short may rise. Another risk is that the Adviser may be forced to unwind a short sale at a disadvantageous time for any number of reasons. For example, a lender may call back a stock at a time the market for such stock is illiquid or additional stock is not available to borrow. In addition, some traders may attempt to profit by making large purchases of a security that has been sold short. These traders hope that, by driving up the price of the security through their purchases, they will induce short sellers to seek to minimize their losses by buying the security in the open market for return to their lenders, thereby driving the price of the security even higher. In certain cases, the Adviser may find it difficult if not impossible to establish a desired short position because of a limited supply of the security available for borrowing. In these cases, the Adviser may be compelled to forego a potentially profitable investment opportunity.

**Use of Leverage:** The Adviser may use leverage in its investment and trading program, generally through borrowing to purchase financial instruments (e.g., traditional margin purchases). Moreover, to the extent the Adviser purchases securities with borrowed funds, the client's account value will tend to increase or decrease at a greater rate than if borrowed funds were not used, and a relatively small price movement in a position could result in immediate and substantial losses. In a given market setting, securities that the Adviser sells short (see "Short Selling" above) may rise in value while the value of the Adviser's long positions may decline, resulting in a situation in which leverage compounds losses.

**Defensive Risk:** To the extent that the strategy attempts to hedge its portfolio stocks or takes defensive measures such as holding a significant portion of its assets in cash or cash equivalents, the objective may not be achieved.

**Small and Medium Cap Company Risk:** Securities of companies with small and medium market capitalizations are often more volatile and less liquid than investments in larger companies. Small and medium cap companies may face a greater risk of business failure, which could increase the volatility of the client's portfolio.

**Turnover Risk:** At times, the strategy may have a portfolio turnover rate that is higher than other strategies. A high portfolio turnover would result in correspondingly greater brokerage commission expenses and may result in the distribution of additional capital gains for tax purposes. These factors may negatively affect the account's performance.

**Limited markets:** Certain securities may be less liquid (harder to sell or buy) and their prices may at times be more volatile than at other times. Under certain market conditions we may be unable to sell or liquidate investments at prices we consider reasonable or favorable, or find buyers at any price.

**Concentration Risk:** Certain investment strategies focuses on particular asset-classes, industries, sectors or types of investment. From time to time these strategies may be subject to greater risks of adverse developments in such areas of focus than a strategy that is more broadly diversified across a wider variety of investments.

**Interest Rate Risk:** Bond (fixed income) prices generally fall when interest rates rise, and the value may fall below par value or the principal investment. The opposite is also generally true: bond prices generally rise when interest rates fall. In general, fixed income securities with longer maturities are more sensitive to these price changes. Most other investments are also sensitive to the level and direction of interest rates.

**Legal or Legislative Risk:** Legislative changes or Court rulings may impact the value of investments, or the securities' claim on the issuer's assets and finances.

**Inflation:** Inflation may erode the buying-power of your investment portfolio, even if the dollar value of your investments remains the same.

## *Risks Associated with Securities*

Apart from the general risks outlined above which apply to all types of investments, specific securities may have other risks.

**Common stocks** may go up and down in price quite dramatically, and in the event of an issuer's bankruptcy or restructuring could lose all value. A slower-growth or recessionary economic environment could have an adverse effect on the price of all stocks.

**Bank Obligations** including bonds and certificates of deposit may be vulnerable to setbacks or panics in the banking industry. Banks and other financial institutions are greatly affected by interest rates and may be adversely affected by downturns in the U.S. and foreign economies or changes in banking regulations.

**Options and other derivatives** carry many unique risks, including time-sensitivity, and can result in the complete loss of principal.

**Real-Estate linked investments** may be especially illiquid and subject to specific geographic risk.

**Oil and Gas Interests** may lose value due to changes in commodity prices, costs associated with the transport of oil/gas, seasonal factors or technological advances that impact the demand for oil and gas.

**Exchange Traded Funds** prices may vary significantly from the Net Asset Value due to market conditions. Certain Exchange Traded Funds may not track underlying benchmarks as expected.

## Disciplinary Information Item 9

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of White Oaks Investment Management, Inc. or the integrity of our management. We have no information applicable to this Item.

## Other Financial Industry Activities and Affiliations Item 10

Bob Klosterman and Sharon Bloodworth own White Oaks Wealth Advisors, Inc., an affiliated Investment Adviser who provides advisory services to individuals, high net-worth individuals, pension and profit-sharing plans, charitable organizations, and other business entities. Clients of White Oaks Wealth Advisors, Inc., may invest in private funds managed by White Oaks Investment Management, Inc.

White Oaks Wealth Advisors, Inc. has a minority ownership interest in a savings and loan holding company, National Advisors Holdings, Inc. ("NAH") that has formed a federally chartered trust company, "National Advisors Trust Company" ("NATC"). NAH and NATC are regulated by the OTS (Office of the Comptroller of the Currency). The trust company intends to provide a low cost alternative to traditional trust service providers, and White Oaks Wealth Advisors, Inc. intends to refer clients to NATC for trust and custodial services.

In its effort to add additional value to the investment process White Oaks Investment Management, Inc. has adopted a pooled approach in its professional dealings with advisory clients that have a minimum of $1,000,000 of investible assets. The $1,000,000 ($5,000,000 for non-personal entities) asset level is one that the SEC defines as an accredited investor. Additional structures have been created for those with $5,000,000 ($25,000,000 for non-personal entities) of investible assets known in SEC parlance as a Super-Accredited Investor. To provide for preferred tax status and client protections these structures are formed as Limited Liability Corporations (LLC) Specifically, White Oaks Investment Management, Inc. acts as investment adviser to a variety of these limited liability companies, that is include (1) White Oaks Advisors Aggressive Growth Fund, LLC, (2) White Oaks Wealth Advisors Alternative Strategies Fund, LLC, (3) White Oaks Wealth Advisors Conservative Growth Fund, LLC, (4) White Oaks Wealth Advisors Moderate Growth Fund, LLC., and (5) White Oaks Wealth Advisors Flexible Strategies Fund, LLC. The White Oaks Wealth Advisors Flexible Strategies fund does have a performance fee as part of the compensation coupled with a lower management fee. Such limited liability companies shall be comprised of investors who shall enjoy status as members in such LLCs. Rather than White Oaks Investment Management, Inc. providing investment supervisory service support directly to such advisory clients, such investment supervisory support shall instead be provided directly to the LLCs.

## Code of Ethics Item 11

Ethical conduct is important to White Oaks and its clients. As such White Oaks Investment Management, Inc. has adopted a written Code of Ethics that is in in compliance with SEC rule 204A-1. The code sets forth standards of conduct and requires compliance with federal securities laws. Our code also addresses personal securities trading and requires our personnel to report their personal securities holdings and transactions to the Chief Compliance Officer of the firm, Bob Klosterman. We will provide a copy of our Code of Ethics to any client or prospective client upon request

White Oaks Investment Management, Inc. is in and shall continue to be in total compliance with The Insider Trading and Securities Fraud Enforcement Act of 1988. Specifically, White Oaks Investment Management, Inc. has adopted a firm wide policy statement outlining insider trading compliance by White Oaks Investment Management, Inc. and its associated persons and other employees. This statement has been distributed to all employees of White Oaks Investment Management, Inc. and has been signed and dated by each such person. A copy of the firm wide policy is left with each person and the original is maintained in a master file. White Oaks Investment Management, Inc. also has adopted a written supervisory procedures statement highlighting the steps that shall be taken to implement the firm wide policy. These materials are also distributed to all associated persons and other employees of White Oaks Investment Management, Inc., are signed, dated and filed with the insider trading compliance materials. There are provisions adopted for (1) restricting access to files, (2) providing ongoing continuing education, (3) restricting and/or monitoring trading on those securities of White Oaks Investment Management, Inc. employees that may have non-public information, (4) requiring all of White Oaks Investment Management, Inc. employees to conduct their trading through a specified broker or reporting transactions promptly to White Oaks Investment Management, Inc., and (5) monitoring the securities trading of the firm, its employees and associated persons.

White Oaks Investment Management, Inc. or individuals associated with the applicant may buy or sell securities identical to those recommended to clients for their personal account. It is the express policy of White Oaks Investment Management, Inc. that no person employed by the applicant may purchase or sell any security prior to a transaction(s) being implemented for an advisory account, and therefore, preventing such employees from benefiting from transactions placed on behalf of advisory accounts. White Oaks Investment Management, Inc. or any related person(s) may have an interest or position in certain security(ies) which may also be recommended to a client. As these situations may represent a conflict of interest, White Oaks Investment Management, Inc. has established the following restrictions in order the ensure its fiduciary responsibilities:

(1) A director, officer, or employee of White Oaks Investment Management, Inc. shall not buy or sell securities for their personal portfolio(s) where their decision is substantially derived, in whole or part, by reason of his or her employment unless the information is also available to the investing public on reasonable inquiry. No associated person of White Oaks Investment Management, Inc. shall prefer his or her own interest to that of the advisory client. (2) White Oaks Investment Management, Inc. maintains a list of all securities for itself, and anyone associated with White Oaks Investment Management, Inc. These holdings are reviewed on a regular basis by Bob Klosterman, Chief Compliance Officer. (3) White Oaks Investment Management, Inc. requires that all individuals must act in accordance with all applicable

federal and state regulations governing registered investment advisory practices. (4) Any individual not in observance of the above may be subject to termination.

## Brokerage Practices Item 12

### *Factors Used to Select Custodians and/or Brokers/Dealers*

White Oaks do require that clients use National Advisors Trust, Company, FSB, in which management persons of White Oaks have a less than 1% ownership stake in. Key considerations for their selection are the availability of electronic downloads of information, dedicated service teams, costs and ease of use by our internal staff. These are benefits that would not be enjoyed if White Oaks were not in the investment advisory business.

Product sponsors and vendors will at times pay for associated persons of the firm to attend educational conferences in other cities. We evaluate each program/conference and will send members of the White Oaks team if it is deemed to provide significant education and value. White Oaks also budgets money for continuing education conferences so it is not reliant on sponsor/vendor events exclusively for educational needs.

**1. Research and Other Soft-Dollar Benefits**
We do not receive benefits from broker/dealers that are often referred to in the industry as soft dollar benefits. When a firm uses client brokerage commissions to obtain these benefits, it is receiving an added benefit in that it does not need to produce or pay for the benefits that it receives. This leads an Adviser to have an incentive to select or recommend a broker-dealer based on our interest in receiving those benefits, rather than on our client's receiving most favorable execution.

**2. Brokerage for Client Referrals**
We receive no referrals from a broker-dealer or third party in exchange for using that broker-dealer or third party.

**3. Clients Directing Which Broker/Dealer/Custodian to Use**
White Oaks does not allow clients to direct transactions to be executed with specific brokers.

### *Aggregating (Block) Trading for Multiple Client Accounts*

Generally, we combine multiple orders for shares of the same securities purchased for advisory accounts we manage (this practice is commonly referred to as "block trading"). We will then distribute a portion of the shares to participating accounts in a fair and equitable manner. The distribution of the shares purchased is typically proportionate to the size of the account, but it is not based on account performance or the amount or structure of management fees. Subject to our discretion, regarding particular circumstances and market conditions, when we combine orders, each participating account pays an average price per share for all transactions and pays a proportionate share of all transaction costs. Accounts owned by our firm or persons associated with our firm may participate in block trading with your accounts; however, they will not be given preferential treatment.

## Review of Accounts Item 13

Client accounts will be reviewed regularly on a quarterly basis by Mr. Klosterman. During the regular review the account's performance is compared against like-managed accounts to identify any unacceptable performance deviation. Additionally, reasonable client imposed restrictions will be reviewed to confirm that they are being enforced. Events that may trigger a special review would be unusual performance, addition or deletions of client imposed restrictions, excessive draw-down, volatility in performance, or buy and sell decisions from the firm or per client's needs.

## Client Referrals and Other Compensation Item 14

White Oaks values its independence and as such does not currently participate in paid referral programs.

There is no other compensation other than what has been described at item 12, above.

## Custody Item 15

White Oaks does take custody of the private funds it manages and is subject to an annual audit.

## Investment Discretion Item 16

For those client accounts where we provide ongoing money management or investment advice with ongoing supervision, we maintain limited power of authority over client accounts with respect to securities to be bought and sold and the amount of securities to be bought and sold. Investment discretion is explained to clients in detail when an advisory relationship has commenced. At the start of the advisory relationship, the client will execute a Limited Power of Attorney which will grant our firm discretion over the account.

## Voting Client Securities Item 17

We do not vote Client proxies. Therefore, Clients maintain exclusive responsibility for: (1) voting proxies, and (2) acting on corporate actions pertaining to the Client's investment assets. The Client shall instruct the Client's qualified custodian to forward to the Client copies of all proxies and shareholder communications relating to the Client's investment assets. If the client would like our opinion on a particular proxy vote, they may contact us at the number listed on the cover of this brochure.

In most cases, you will receive proxy materials directly from the account custodian. However, in the event we were to receive any written or electronic proxy materials, we would forward them directly to you by mail, unless you have authorized our firm to contact you by electronic mail, in which case, we would forward you any electronic solicitation to vote proxies.

## Financial Information Item 18

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about our financial condition. We have no financial commitment that impairs our ability to meet contractual and fiduciary commitments to clients, and we have not been the subject of a bankruptcy proceeding.