

**Oak Associates, *ltd.***

# **A Focus On Growth**



## **Institutional Investment Strategies**

***Large-Cap Growth***

***Small-Cap Growth***

*The information contained in this brochure is qualified in its entirety by the more detailed information and disclosure in Part II of the Form ADV of Oak Associates, ltd. A copy of Part II of the Form ADV may be obtained upon sending a written request to Oak Associates, ltd., Suite 250, 3875 Embassy Parkway, Akron, Ohio 44333-8355*



## The History of Oak Associates, *ltd.*

Oak Associates, *ltd.* was founded in 1985 by James Oelschlager and three employees from The Firestone Tire & Rubber Company. Mr. Oelschlager served as Director of Pension Investments Department and Assistant Treasurer at Firestone for 16 years. When he joined Firestone, the pension plan was underfunded by \$250 million. By 1985, the pension fund had a surplus of \$1.2 billion. At that time, the company terminated the plan and Mr. Oelschlager formed Oak Associates with Firestone as the firm's first client.

- Registered Investment Advisor under the 1940 Act
- Located in Akron, Ohio
- 14 employees
- Privately held and minority owned
- \$960 million in assets (as of 12/31/09)
- Growth investors
- Long-term focus

**Oak Associates, *ltd.***

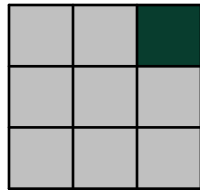
**3875 Embassy Parkway**

**Suite 250**

**Akron, Ohio 44333**

# Institutional Investment Strategies

## Institutional Products



### Large-Cap Growth

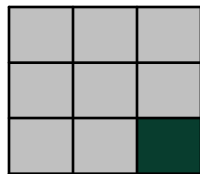
A focused portfolio of 20-30 large-cap companies positioned to benefit from long-term secular and thematic trends.

Managed by Oak Associates' Investment Team

Jim Oelschlager, President, CIO

Mark Oelschlager, CFA

Robert Stimpson, CFA, CMT



### Small-Cap Growth

A 'best ideas' portfolio of 35-50 stocks with market capitalization below \$3 billion that we believe may produce sustainable earnings growth higher than the market averages.

Managed by Robert Stimpson, CFA, CMT

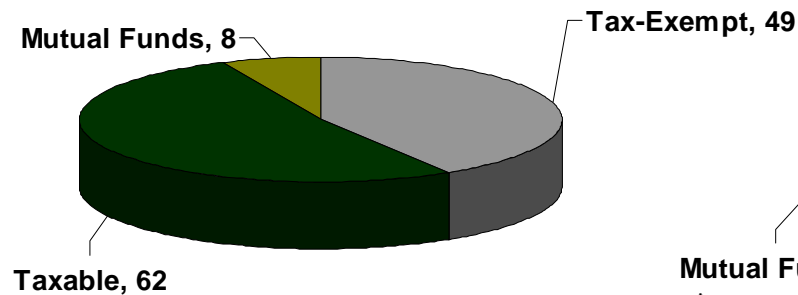
# Representative Accounts (12/31/09)

Account Breakdown	# of Accounts	\$ Value (mil)
Endowment	3	\$ 10.1
Foundation	5	\$ 17.8
Other	41	\$ 20.5
<b>Tax-Exempt</b>	<b>49</b>	<b>\$ 233.1</b>
<b>Taxable</b>	<b>62</b>	<b>\$ 54.8</b>
<b>Mutual Funds</b>	<b>8</b>	<b>\$ 663.6</b>
<b>Total Assets</b>		<b>\$ 951.50</b>

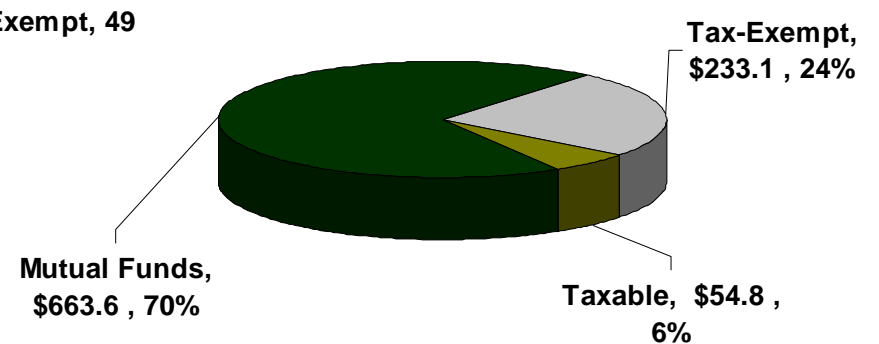
## Representative Accounts\*

ACI Plan, Inc.  
 Akron Children's Hospital  
 Blitman & King LLP  
 Buckeye Oil & Producing Co.  
 The GAR Foundation  
 Girl Scouts of North East Ohio  
 Mount Union College  
 The University of Akron

# of Accounts



Assets (\$ mil.)



\* The list of clients has been prepared solely as a means of providing interested persons with a diverse cross-section of the client base of Oak Associates, *ltd.* This list has been prepared without discussing how any client may respond to any inquiry by any prospective client and accordingly Oak Associates, *ltd.* does not know whether these listed organizations may or may not recommend the investment advisory service provided by Oak Associates, *ltd.*



# The Oak Associates Funds

## No-Load Mutual Fund Family

### Growth Funds

White Oak Select (WOGSX) - Large-Cap Growth  
Pin Oak Aggressive Stock Fund (POGSX) - Multi-Cap Growth  
Rock Oak Core Growth Fund (RCKSX) - Core Growth  
River Oak Discovery Fund (RIVSX) - Small-Cap Growth

### Sector Funds

Red Oak Technology Fund (ROGSX) - Large-Cap Technology  
Black Oak Emerging Technology Fund (BOGSX) - SMID Technology  
Live Oak Health Sciences Fund (LOGSX) - Health Care  
The Saratoga Advantage Trust – Health & Biotech Portfolio (SBHIX)

### Available Platforms

National Financial Services Corp.	Prudential Investment Management
Charles Schwab & Co.	LPL Financial Corporation
Ameritrade Inc.	MG Trust/MSCS Financial Atlantic
UBS Financial Services Inc.	Capital
Pershing LLC.	Fidelity Investments

\* More than 250 selling agreements with brokerage firms nationwide

*Oak Associates Funds are distributed by SEI Investments Distribution Co., which is not affiliated with Oak Associates, ltd. or any other affiliate.*

# Investment Team



## **James D. Oelschlager**

Mr. Oelschlager has more than 40 years of investment experience. He founded Oak Associates, *ltd.* in 1985 and currently serves as Chief Investment Officer and Chief Executive Officer.

Mr. Oelschlager is the Portfolio Manager for the large-cap growth separate account portfolios and the White Oak Select Growth Stock Fund. Previously, he served as the Assistant Treasurer of the Firestone Tire & Rubber Company, where he was directly responsible for the management of the company's pension assets. Mr. Oelschlager holds a BA in Economics from Denison University and a JD from Northwestern University School of Law.



## **Robert D. Stimpson, CFA, CMT**

Mr. Stimpson has more than 13 years of investment experience. He joined Oak Associates, *ltd.* in 2001 as a Research Analyst with sector responsibilities in technology. Mr. Stimpson is the Portfolio Manager for Oak's Small-Cap Growth Strategy and also manages the Rock Oak Core Growth Fund, Black Oak Emerging Technology Fund, and River Oak Discovery Fund. He is also a member of the firm's Investment Team, which oversees separately-managed accounts. Prior to joining Oak Associates, Mr. Stimpson served as an Equity Market Analyst for IDEAglobal in New York, and as a Financial Consultant for Merrill Lynch in Connecticut. Mr. Stimpson holds a BA in International Studies from Dickinson College, a Masters in Business Administration from Emory University, the Chartered Financial Analyst (CFA) and the Chartered Market Technician (CMT) designations.



## **Mark W. Oelschlager, CFA**

Mr. Oelschlager has more than 15 years of investment experience. He joined Oak Associates, *ltd.* in 2000 and currently serves as the Portfolio Manager for the Pin Oak Aggressive Stock Fund, Live Oak Health Sciences Fund and Red Oak Technology Select Fund. He is also a member of the firm's Investment Team, which oversees separately-managed accounts. Previously, Mr. Oelschlager served as a Securities Analyst for the State Teachers Retirement System of Ohio. Mr. Oelschlager holds a BA in Economics from Trinity College, a Masters in Business Administration from Ohio State University, and the Chartered Financial Analyst (CFA) designation.



## Trading Team



### **Donna L. Barton**

Ms. Barton has more than 25 years of investment experience. She co-founded Oak Associates, *ltd.* in 1985 and currently serves as Senior Portfolio Trader and as Assistant Portfolio Manager for the separate account portfolios. Previously, Ms. Barton served in the Portfolio Investment and Accounting departments of The Firestone Tire & Rubber Company. Ms. Barton holds a BS in Finance from the University of Akron.



### **Margaret L. Ballinger**

Ms. Ballinger has more than 28 years of investment experience. She co-founded Oak Associates, *ltd.* in 1985 and currently serves as Portfolio Trader and Director of Information Management. Previously, Ms. Ballinger served in the Portfolio Investment, Tax, and Corporate Accounting departments of The Firestone Tire & Rubber Company. Ms. Ballinger holds a BS in Management from the University of Phoenix.



## Compliance



### **Sandra H. Noll, CPA**

Ms. Noll has more than 15 years of investment experience. She joined Oak Associates, *ltd.* in 1994 and currently serves as Chief Compliance Officer. Previously, Ms. Noll served as a CPA for Lomax, Soful & Foster. She holds a BS in Accounting from the University of Akron.



## Investment Philosophy

**Focus**  
+  
**Believe**  
=  
**Achieve**

- **Best ideas portfolio**
- **Avoid dilution & excess diversification**
- **Know the company AND its risks**
  
- **High-conviction investments ideas**
- **Identifiable investment thesis**
- **3-5 year time horizon**
  
- **Excess returns – risk adjusted**
- **Long-term earnings growth**
- **Relative outperformance**
- **Low turnover**

# Investment Process

## Top-Down Investment Approach

- Interest rates
- Inflation vs. deflation
- Global economic outlook
- Long-term trends
- Productivity

## Sector and Sub-Sector Selection Considerations

- Secular growth trends
- Favorable demographics
- Competitive nature of business
- Degree of industry innovation

## Stock Selection Considerations

- Market opportunity
- Earnings growth potential
- Sustainable competitive advantage
- Visionary management team
- Valuation metrics viewed on an absolute and relative basis

## Portfolio Construction

- Fully invested
- Low turnover
- Sector concentration
- Fewer than 30 best ideas

## Sell Criteria

- Development of a better idea
- Excessive valuation relative to peer group
- Change in company fundamentals



# Large-Cap Growth Strategy

## **The Select Growth Portfolio**

Investment Style/Bias: Growth

Market Cap: Above \$15 billion

Inception Date: 1/1/1986

Managed By Jim Oelschlager  
& Oak Associates' Investment Team




## Large-Cap Growth Investment Philosophy

Oak Associates, *ltd.* is a growth manager seeking to maximize returns over a market cycle through investments in a portfolio of the firm's "best ideas." The firm first defines the global economic outlook, particularly interest rate anticipation, then concentrates on investments in specific industries. Investments are made with a long-term orientation, generally involving purchases of securities held for three to five years, which results in relatively low portfolio turnover. Investment style tends to be contrarian, seeking out-of-favor situations at attractive prices. Portfolios are fully invested and average between 20-25 issues. Stock selection may be influenced by:

- Growth rate/price earnings comparison
- P/E ratios versus historical and current levels
- Contrarian considerations

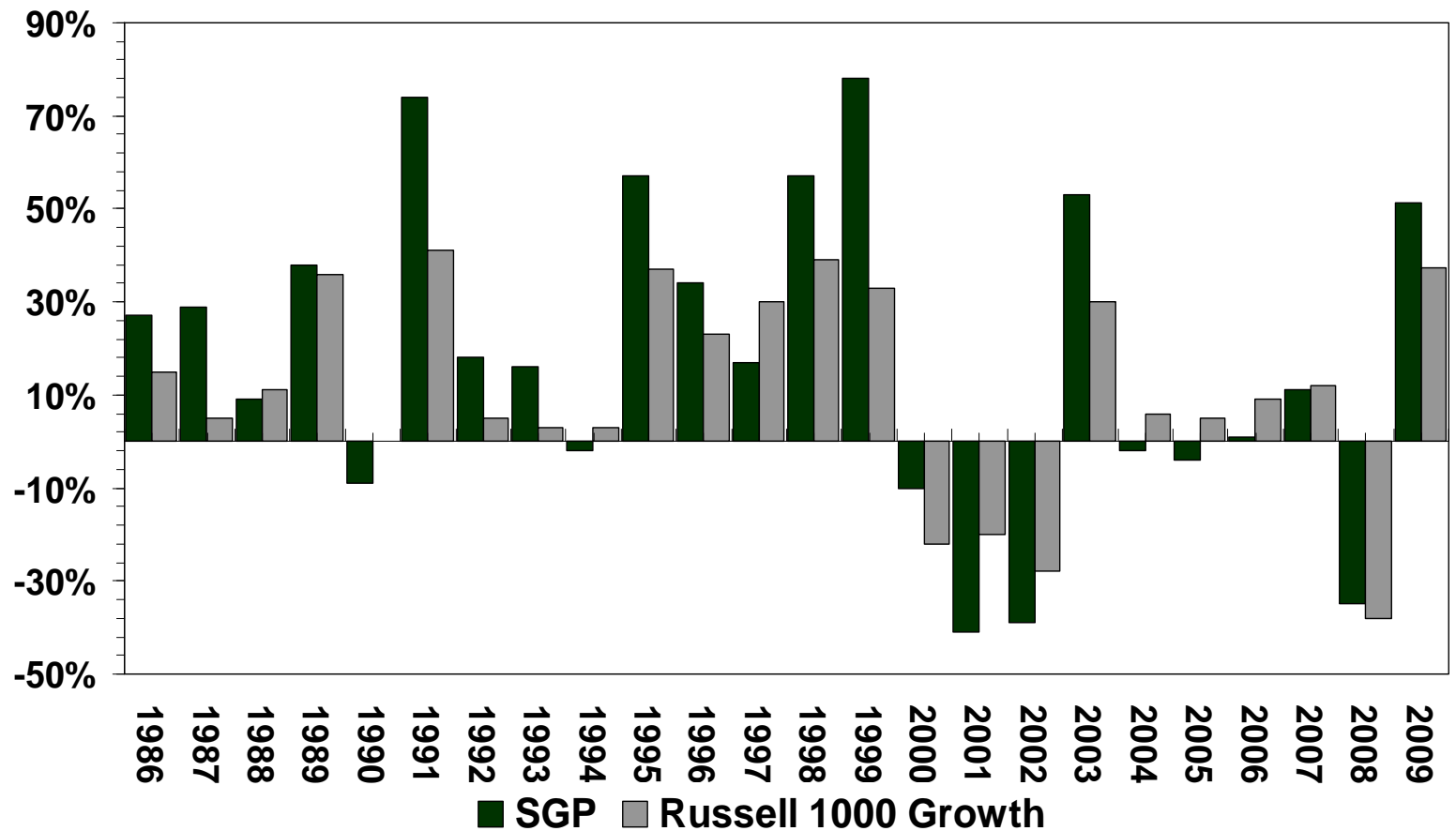
Upon implementation of this type of investment strategy, a three to five year time horizon is generally required to evaluate the results of such an approach with respect to an account. The firm has neither developed a magic formula nor discovered a foolproof "system" to ensure investment success. Instead, Oak Associates, *ltd.* follows, studies and evaluates a diverse information and ideas from a wide variety of sources, including industry contacts, company visits, and materials obtained from third parties such as brokers and research analysts.

Oak Associates, *ltd.* believes these sources, combined with lessons learned from our investment experience, will enable Oak Associates' clients' to benefit from inevitable change in the equity markets, our experience and a high-conviction approach to investing. However, no assurances can be made such an investment strategy will result in any such benefits to its clients.

The large-cap strategy (the Select Growth Portfolio) is managed by Oak Associates' Investment Team and led by the firm's founder, James Oelschlager.

# Large-Cap Growth Portfolio Performance

## Annual Performance of Oak Associates' Select Growth Portfolio (SGP)



Please refer to the disclosure statement for a detailed explanation of performance.

# Large-Cap Growth Performance Table

	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997
<b>Oak SGP Composite</b>	27.5%	29.3%	8.6%	37.7%	-8.6%	73.8%	18.1%	15.6%	-1.6%	57.2%	34.3%	17.4%
<b>Russell 1000 Growth</b>	15.4%	5.3%	11.3%	35.9%	-0.3%	41.3%	5.0%	2.9%	2.6%	37.2%	23.1%	30.5%

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Oak SGP Composite</b>	57.0%	78.1%	-9.9%	-40.9%	-38.9%	53.4%	-2.4%	-3.9%	0.8%	11.4%	-34.7%	51.7%
<b>Russell 1000 Growth</b>	38.7%	33.2%	-22.4%	-20.4%	-27.9%	29.8%	6.3%	5.3%	9.1%	11.8%	-38.4%	37.2%

Oak Associates, *ltd.* is an independent investment manager registered with the U.S. Securities & Exchange Commission. Oak Associates, *ltd.* has prepared and presented this report in compliance with the Global Investment Performance Standards (GIPS®). Performance returns, since 01/01/86, reflect and support the GIPS guidelines for reporting returns. Oak Associates, *ltd.* presentations have incorporated the following practices (1) Performance results include the reinvestment of dividends and interest. (2) Use of accrual accounting. (3) Use of time-weighted rates of return, with monthly valuations geometrically linked for period returns. (4) Inclusion of cash equivalents in composite returns. (5) Inclusion of all actual, fee-paying, discretionary portfolios in at least one composite. (6) Asset-weighted composites use beginning-of-period values. (7) New accounts are added to the composite after one full month of management. (8) All terminated portfolios are included for all periods prior to termination and excluded for all periods after the last full month of management. (9) Performance has not been altered following any event in the firm's organization. (10) Performance is net of trading expenses. (11) Returns are shown after investment management fees. Fees vary between accounts in the composite depending on size. Oak Associates, *ltd.* stated fee schedule is 100 basis points on the first \$4 million, and then 75 basis points on all assets over \$4 million. Special fee arrangements are considered. The deduction of management fees (net of fees) has the effect of decreasing the indicated investment performance. Prior to 12/31/2004, the composite is derived from all fully discretionary, tax-exempt equity accounts with assets greater than \$5 million. As of 12/31/04, no account minimum is required for inclusion. The equity segment of balanced accounts under management is not included. Trade date valuation is used. No leverage has been used in the portfolios. All accounts in this composite are fee-paying. Performance results are presented before taxes. Account benchmark is the Russell 1000 Growth. A complete list and description of all composites is available upon request.



# Large-Cap Growth Discipline

## Sell Discipline

- A better idea comes along (remain concentrated)
- Excessive valuation and competitive pressures
- We make a mistake or the investment thesis was wrong

## Risk Management

- Balanced portfolio of core and speculative ideas
- Preference for cash-rich companies w/ low debt
- Focused portfolio – We know our companies
- Monthly attribution reports (Vestek)
- Bloomberg risk analysis tools
- Soft 10% position limits for individual holdings



# Small-Cap Growth Strategy

## The Small-Cap Growth Portfolio

Style: Growth

Market Cap: Under \$3 billion

Inception Date: 6/30/2005

Managed By Robert Stimpson, CFA, CMT




## Small-Cap Growth Investment Philosophy

Oak Associates, *ltd.*'s Small-Cap Growth Strategy seeks US-listed equities under \$3 billion in market capitalization that are likely to experience strong price appreciation. Its companies are expected to display earnings growth above and beyond the market averages due to a competitive advantage or dominant market position. The portfolio holdings are also expected to be focused on a specific niche. This niche focus allows the company to execute better than competitors and avoid challenges from larger firms. The Portfolio Manager will seek growth wherever it is occurring and is not limited by traditional sectors or historical metrics.

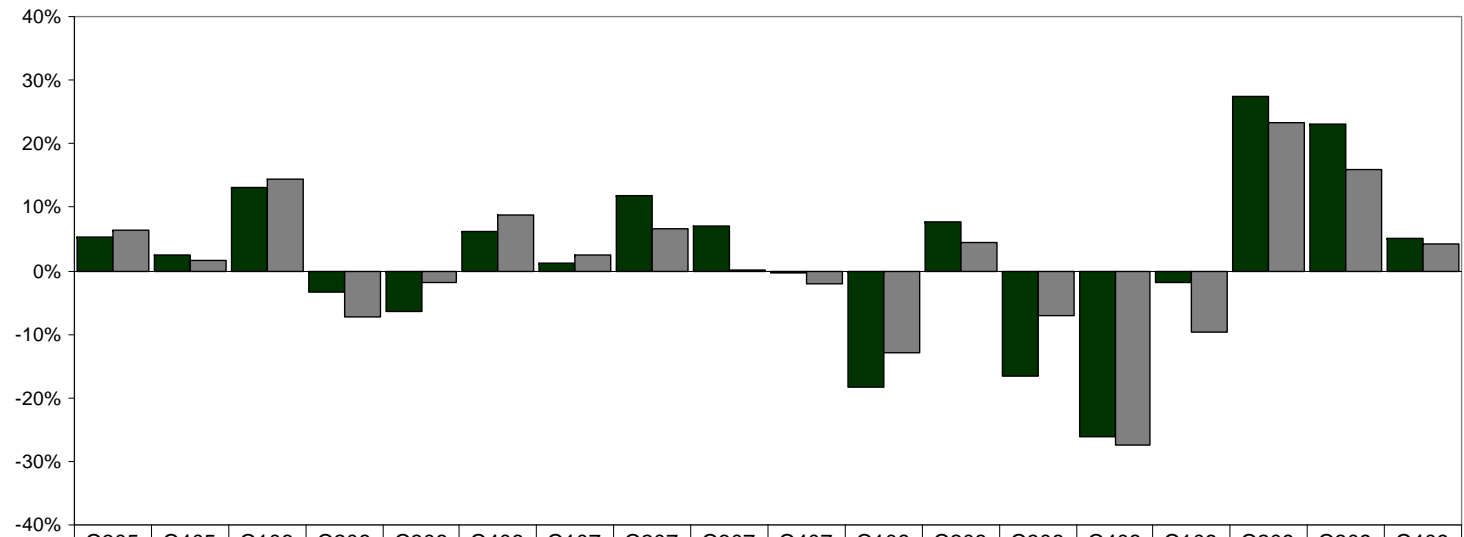
The process begins with a top-down look at long-term investment opportunities. Once themes are identified, a fundamental-driven approach is employed to determine those companies that are best positioned to capitalize on the trends identified. An investment thesis is articulated for each holding and the progress toward that thesis is measured. The Portfolio Manager will analyze the attractiveness of each company based on its position in its industry, the market opportunity, current valuation and risk/reward. An attractive entry point, based on both fundamental and technical characteristics, is then determined. Relative valuation, traditional multiples analysis, and discounted cash-flow valuation methods are considered. Particular attention is paid to the sustainability of earnings.

The strategy holds between 35 and 50 securities and is focused in its best ideas. Sector diversification is utilized, but no specific minimums or maximum exposure is required. The strategy is expected to outperform the market by owning high-conviction ideas, and employing a long-term focus with a thematic overlay.

The small-cap growth investment process is driven by Robert Stimpson, CFA, CMT, and he is responsible for the performance and investment decisions of the portfolio.

# Small-Cap Growth Performance

## Quarterly Performance of Oak Associates' Small-Cap Growth Strategy



	Q305	Q405	Q106	Q206	Q306	Q406	Q107	Q207	Q307	Q407	Q108	Q208	Q308	Q408	Q109	Q209	Q309	Q409
■ Oak SCG	5.4%	2.5%	13.1%	-3.4%	-6.4%	6.2%	1.2%	11.9%	7.0%	-0.4%	-18.3%	7.7%	-16.6%	-26.1%	-1.7%	27.5%	23.2%	5.1%
■ Russ2kG	6.3%	1.6%	14.4%	-7.2%	-1.8%	8.8%	2.5%	6.7%	0.1%	-2.1%	-12.8%	4.5%	-7.0%	-27.5%	-9.7%	23.4%	15.9%	4.1%

■ Oak SCG ■ Russ2kG

Please refer to the disclosure statement for a detailed explanation of performance.

# Small-Cap Growth Performance Table

	2006	2007	2008	2009		1-Year	3-Year	Since ** Inception
<b>Oak Small-Cap Growth</b>	8.6%	20.7%	-45.8%	62.0%		62.0%	1.92%	4.93%
<b>Russell 2000 Growth</b>	13.3%	7.05%	-38.5%	34.5%		34.5%	-3.99%	1.79%
<b>S&amp;P 600</b>	15.1%	-0.25%	-30.9%	25.5%		25.5%	-4.79%	1.10%

\*\* Since Inception on 6/30/2005

## OAK ASSOCIATES, Ltd. SMALL-CAP GROWTH STRATEGY PERFORMANCE. NOTES ON PERFORMANCE INFORMATION

Oak Associates, Ltd., ("Oak Associates") is an independent investment management firm founded in 1985 and registered as an investment adviser with the U.S. Securities and Exchange Commission based in Akron, Ohio.

Performance information represents the Oak Associates Small-Cap Growth Strategy and is the actual performance of the River Oak Discovery Fund, ("RIVSX") a registered open-end investment company and not an actual Oak Associates performance composite. Oak Associates River Oak Fund performance is presented because the Oak Associates' Small-Cap Growth Strategy mirrors the River Oak Fund, is managed by the same Portfolio Manager with primary responsibility and is a relevant comparison for the Small-Cap Growth Strategy. The Small-Cap Growth Strategy is managed on a fully discretionary basis and managed according to the Small-Cap Growth Philosophy. Performance returns include cash and cash equivalents and do not reflect the reinvestment of dividends, interest and other earnings.

Performance is presented after the deduction, i.e., net of advisory fees and expenses and after the deduction of commissions. The expense ratio for the River Oak Fund has been 1.35% since inception, June 2005.

The Russell 2000® Growth Index is a market capitalization-weighted index of growth-oriented stocks of U.S. domiciled companies that are included in this index. Growth-oriented stocks tend to have higher price-to-book ratios and higher forecasted growth values.

The Russell 2000® Index is the most relevant benchmarks for the Oak Associates Small-Cap Growth Strategy because of the nature of the individual securities and holdings representing the Small-Cap Growth Strategy. The Russell 2000® Index is unmanaged and includes the reinvestment of dividends and earnings. Individuals cannot invest directly in these indexes.

Performance results for individual client portfolios will vary due to the timing of investments, advisory fee schedules, additions/withdrawals, diversification, length of relationship, and size of positions, among other reasons.

PAST PERFORMANCE IS NO GUARANTEE OF FUTURE RESULTS



## Small-Cap Growth Checklist

### Thinning The Herd

#### Qualitative Factors

- Identifiable investment thesis
- A focused niche
- Shareholder friendly
- Sustainable earnings growth
- Dual-growth drivers

#### Quantitative Factors

- Under \$3 billion in market capitalization
- EPS growth > revenue growth
- Above peer average free-cash-flow Yield
- Attractive valuation
- ROE & ROIC > 15%



## Small-Cap Growth Sell Discipline

1. Valuation
  - Excessive valuation and competitive pressures
  - Unsustainable rate of appreciation (trim)
  - Change in the risk/reward
  - Company is no longer small-cap
2. Mistake
  - The investment thesis was wrong
  - A better relative opportunity is found
3. Merger or Acquisition
4. The Small-Cap Curse
  - Breakdown of technically significant levels (trim)
  - Execution risk or earnings miss



## Small-Cap Growth Risk Management

- Preference for cash-rich companies with low debt
- Focused portfolio – we know our companies
- Monthly attribution reports (Vestek)
- Bloomberg risk analysis tools
- 6% maximum weighting for individual holdings
- Shift to 15% cash temporarily
- Low tolerance for relative underperformance
  - Avoiding the “Small-Cap Curse”



# Separately Managed Accounts

## Standard Fee Schedule

- 1% on amounts up to \$4 million, 0.75% thereafter
- *Fees are negotiable. \$1 million minimum investment.*
- Fees are generally based on the market value of assets under management and are payable quarterly in arrears. In addition, under circumstances which Oak Associates, *ltd.* considers appropriate, it may enter into a special fee arrangement which may vary from the fee schedule described above. You may pay fees directly by check, or with your prior written consent, your advisory fee may be paid to Oak Associates, *ltd.* directly from your portfolio by the custodian selected to maintain your account.

## Discretion

- By executing the Investment Advisory Agreement, you grant Oak Associates, *ltd.* certain discretionary authority relating to the investment of the assets in your account. At all times your assets are physically in the possession of the custodian you have selected. Although this discretion enables Oak Associates, *ltd.* to buy and sell securities for your account, there can be no assurance this discretion will result in an appreciation in the value of the account.

## Termination

- A client may terminate Oak Associates, *ltd.*'s investment advisory services at any time. In the event such services are terminated, Oak Associates, *ltd.* fees are prorated based on the period for which Oak Associates, *ltd.* has rendered investment services for the client prior to receiving written termination.

**Oak Associates, *ltd.* is a Registered Investment Advisor.** For further information contact:

Oak Associates, *ltd.* 3875 Embassy Parkway – Suite 250 Akron, OH 44333

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



## Client Service Commitment

- **Timely portfolio reports**
- **Economic & market updates**
- **Quarterly commentaries**
- **Direct access to portfolio managers**
- **Individualized tax efficiency**
- **Meetings at client request**

**Tina Oelschlager**  
Relationship Manager  
Office 330-668-1615  
Fax 330-668-2901  
[toelschlager@oakassociates.com](mailto:toelschlager@oakassociates.com)

**Oak Associates, *ltd.***  
3875 Embassy Parkway  
Suite 250  
Akron, OH 44313  
Office 330-668-1234  
Fax 330-668-2901  
[www.oakassociates.com](http://www.oakassociates.com)

**Oak Associates, *ltd.* is a Registered Investment Advisor.** For further information contact:  
Oak Associates, *ltd.* 3875 Embassy Parkway – Suite 250 Akron, OH 44333  
[www.oakassociates.com](http://www.oakassociates.com)