

Oakseed Opportunity (SEEDX)

By David Snowball, Publisher



Their focus on the needs of its investors and strengths of its managers is a rare combination and one which surely warrants your attention.

Fund name Oakseed Opportunity (SEEDX)

Objective and Strategy The fund will seek long term capital appreciation. While the prospectus notes that “the Fund will invest primarily in U.S. equity securities,” the managers view it as more of a go-anywhere operation. They can invest in common and preferred stocks, warrants, ETFs and ADRs. The managers are looking for investments with three characteristics:

- High quality businesses in healthy industries
- Compelling valuations
- Evidence that management’s interests are aligned with shareholders

They are hopeful of holding their investments for three to five years on average, and are intent on exploiting short-term market turbulence. The managers do have the option to using derivatives, primarily put options, to reduce volatility and strengthen returns.

Adviser Jackson Park Capital, LLC was founded in late 2012 by Greg Jackson and John Park. The firm is based in Alpine, Utah. The founders claim over 40 years of combined investment experience in managing mutual funds, hedge funds, and private equity funds.

Managers Gregory L. Jackson and John H. Park. Mr. Jackson was a Partner at Harris Associates and co-manager of Oakmark Global (OAKGX) from 1998–2003. Prior to that, he works at Yacktmann Asset Management and afterward he was the co-CIO at the private equity firm Blum Capital. Mr. Park was Director of Research at Columbia Wanger Asset Management, portfolio manager of the Columbia Acorn Select Fund (LTFAX) from inception until 2004 and co-manager of the Columbia Acorn Fund (LACAX) from 2003 to 2004. Like Mr. Jackson, he subsequently joined Blum Capital. The Oakmark/Acorn nexus gave rise to the Oakseed moniker.

Management’s Stake in the Fund Mr. Park estimates that the managers have \$8-9 million in the fund, with plans to add more when they’re able to redeem their stake in Blum Capital. Much of the rest of the money comes from their friends, family, and long-time investors. In addition, Messrs. Jackson and Park own 100% of Jackson Park.

Opening date December 31, 2012.

Minimum investment \$2500 for regular accounts, \$1000 for various tax-deferred accounts and \$100 for accounts set up with an AIP.

Expense ratio 1.41% after waivers on assets of \$40 million (as of March, 2013). Morningstar inexplicably assigns the fund an expense ratio of 0.00%, which they correctly describe as “low.”

Comments If you're fairly sure that creeping corporatism—that is, the increasing power of marketers and folks more concerned with asset-gathering than with excellence—is a really bad thing, then you're going to discover that Oakseed is a really good one.

Oakseed is designed to be an opportunistic equity fund. Its managers are expected to be able to look broadly and go boldly, wherever the greatest opportunities present themselves. It's limited by neither geography, market cap nor stylebox. John Park laid out its mission succinctly: "we pursue the maximum returns in the safest way possible."

It's entirely plausible that Messrs. Park and Jackson will be able to accomplish that goal.

Why does that seem likely? Two reasons. First, they've done it before. Mr. Park managed Columbia Acorn Select from its inception through 2004 while Mr. Jackson managed Oakmark Global from its inception through 2003.

Second, they're not all that concerned about attracting more money. They started this fund because they didn't want to do marketing, which was an integral and time consuming element of working with a private equity fund. Private equity funds are cyclical: you raise money from investors, you put it to work for a set period, you liquidate the fund and return all the money, then begin again. The "then begin again" part held no attraction to them. "We love investing and we could be perfectly happy just managing the resources we have now for ourselves, our families and our friends—including folks like THOR Investment who have been investing with us for a really long time." And so, they've structured their lives and their firm to allow them to do what they love and excel at. Mr. Park described it as "a virtual firm" where they've outsourced everything except the actual work of investing. And while they like the idea of engaging with prospective investors (perhaps through a summer conference call with the Observer's readers), they won't be making road trips to the East Coast to rub elbows and make pitches. They'll allow for organic growth of the portfolio—a combination of capital appreciation and word-of-mouth marketing—until the fund reaches capacity, then they'll close it to new investors and continue serving the old.

A quirk of timing makes the fund's 2013 returns look tepid: by Morningstar's calculation (as of April 30), they trail 95% of their peers. Look closer, friends. The entire performance deficit occurred on the first day of the year and the fund's first day of existence. The market melted up that day but because the fund's very first NAV was determined after the close of business, they didn't benefit from the run-up. If you look at returns from Day Two to the present (late July 2013), they're very attractive, especially if you account for the fund's high cash stake and the managers' slow, deliberate pace in deploying that cash.

Bottom Line This is going to be good. Quite possibly really good. And, in all cases, focused on the needs of its investors and strengths of its managers. That's a rare combination and one which surely warrants your attention.

Fund website www.oakseedfunds.com In our original article, we noted that the Oakseed website was distressingly Spartan. After a round of good-natured sparring, the guys launched a highly functional, visually striking new site. Nicely done!

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principal. The Fund risks include, but are not limited to: equity securities risk, exchange traded funds risk, management risk, market risk, preferred stock risk, value-oriented investment strategy risk, and warrant risk. Foreign investment risk, where the prices of foreign securities may be more volatile than the securities of U.S. companies, includes economic social conditions, political developments and the regulatory environment, plus be more sensitive to changes in interest or exchange rates. Small & mid-cap company risk exists; the securities of such companies may be subject to more abrupt or erratic market movements than larger companies.

Options risk, when the Fund's options positions may fluctuate to a greater degree than the securities they track, and there is the risk when selling put options that the value of underlying security could decrease and the put could be exercised, obligating the seller of the put to buy the security at a higher price than the prevailing market price. The Fund has limited performance history and is also subject to new fund risk. A full description of Fund risks is in the prospectus.

Before investing you should carefully consider the Fund's investment objectives, risks, charges and expenses. The prospectus and summary prospectus contain this and additional information regarding the Fund. To obtain a prospectus and summary prospectus, call toll-free 1-888-446-4460. The prospectus and summary prospectus should be read carefully before investing.

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