

# Brochure

February 2024

## Running Oak Capital, LLC

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This Brochure provides information about the qualifications and business practices of Running Oak Capital, LLC ("**ROCL**"), CRD number 286656. If you have any questions about the contents of this Brochure please contact: Seth L. Cogswell at (919) 656-3712 or by e-mail at: [seth@runningoak.com](mailto:seth@runningoak.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. Additional Information about ROCL is available on the SEC website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2. Material Changes

Running Oak Capital, LLC (ROCL) is required to identify and discuss any material changes made to its Form ADV Part 2A ("**Brochure**") since the last update of our Brochure in March of 2023. Since that filing, we have made the following change to our business and service offerings:

- ROCL filed a registration statement with the Securities and Exchange Commission for the Running Oak Efficient Growth ETF, which became effective on May 24<sup>th</sup>, 2023. The ETF is available for trading effective June 8, 2023.

A complimentary copy of this Brochure may be requested by submitting a written request to Running Oak Capital, LLC, Attn. Seth L. Cogswell, 4519 W 56<sup>th</sup> St, Edina, MN 55424.

Additional information about ROCL is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's website also provides information about persons affiliated with ROCL who are registered as investment adviser representatives of ROCL.

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## Item 4. Advisory Business

### A. Organization

Running Oak Capital, LLC (“ROCL”) is a limited liability company organized under the laws of the State of Minnesota. The firm was formed in July 2012, and the principal owner is Seth L. Cogswell.

### B. Advisory Services

ROCL offers investment advisory services through a variety of channels, including: Separately Managed Accounts (“SMAs”), as a sub-advisor to third-party wrap programs of other investment advisors (“Program Sponsors”), and Unified Managed Accounts (“UMA”). ROCL also serves as the investment advisor to the Running Oak Efficient Growth ETF.

### Investment Strategies

#### Running Oak Efficient Growth

Efficient Growth is a long-only blend of growth and value with a focus on downside volatility management. Under normal circumstances, the strategy seeks to achieve its investment objective by investing primarily in exchange-traded equity securities of large and mid-sized U.S. companies with market capitalizations of at least \$5 billion. The portfolio is roughly equally-weighted with 50-75 stocks typically held in the portfolio. Exposure to any one industry is limited to 15% of invested assets. The strategy may also invest in companies of any market capitalization.

The portfolio managers attempt to include high-quality companies in the portfolio that exhibit the greatest combination of 1) earnings growth rates that are significantly higher than the S&P 500 index, 2) stocks priced with attractive valuations, and 3) avoidance of stocks that possess characteristics associated with potential for downside volatility.

The strategy may invest in non-U.S. stocks, although such investments are typically companies that operate primarily in the U.S. but maintain legal domicile in another country. Non-U.S. company investments may include American Depositary Receipts (“ADRs”) and common stocks of non-U.S. issuers.

#### Running Oak Free World Efficient Growth

Free World Efficient Growth is based upon the same investment philosophy and process as the Efficient Growth portfolio. It employs additional screening to create a portfolio with a goal of lesser country specific risk. The additional screening is designed to remove companies from the core portfolio that have significant exposure to economies controlled by authoritarian regimes.

### **C. Advisor to an ETF**

ROCL serves as the investment advisor to the Running Oak Efficient Growth ETF, which is an exchange traded fund, meaning that shares are listed for purchase on a national securities exchange, such as the NASDAQ.

The Running Oak Efficient Growth ETF is subject to the general supervision of the Board of Trustees of the Strategic Trust, a Delaware statutory trust.

For more information on the investment objectives, principal risks, and fees associated with the Running Oak Efficient Growth ETF, please see the Fund's prospectus and statement of additional information ("SAI"), which are available on the Advisors' website at [RunningOakETFs.com](http://RunningOakETFs.com).

### **D. Unified Managed Accounts ("UMA")**

ROCL provides investment recommendations in the form of a model portfolio to third parties ("Model Delivery" or "Model Delivery Programs"). Recommendations are provided to the program sponsor of the UMA program, who typically retains ultimate authority to execute the portfolio transactions for client accounts. In most UMA programs, ROCL treats the program sponsor as its client and does not consider the program sponsor's clients to be the clients of ROCL.

### **E. Sub-advisory Services**

ROCL acts as a sub-advisor to advisers unaffiliated with ROCL. These third-party advisers outsource portfolio management services to ROCL. Any sub-advisory relationship is and will be memorialized in each contract between ROCL and the third-party adviser.

### **F. Contribution to Third-Party Alpha Capture Program**

ROCL participates in the buy-side alpha capture program of a third-party asset manager. ROCL's contribution to the program involves ranking of securities within a predefined universe. The rankings are ultimately used to construct a portfolio that uses inputs from various other buy-side firms in addition to ROCL.

### **G. Services Limited to Specific Types of Investments**

ROCL generally limits its investment advice to equities. Although ROCL primarily recommends equities, ROCL may use other securities to help diversify a portfolio.

### **H. Specific Client Needs and Restrictions**

ROCL generally does not tailor its investment advisory services to individual client needs since it focuses on its "Efficient Growth" strategy. Nevertheless, clients may request particular investment restrictions or parameters on investing in certain securities or types of securities in accordance with their values or beliefs. ROCL will generally agree to implement such requests provided that the restrictions or parameters do not unnecessarily hinder ROCL's ability to properly manage the account in line with its strategy and investment process. Clients are urged to promptly notify ROCL if their financial situation or investment objectives change.

### **I. Assets Under Management**

As of December 31, 2023, ROCL managed approximately \$533.7 million in total assets, \$522.5 million of which were managed on a discretionary basis, and \$11.2 million of which were managed on a UMA or model delivery basis.

## **Item 5. Fees and Compensation**

### **A. Separately Managed Account Management Fees**

ROCL's advisory fee is generally calculated using the value of the assets in a client's account on the last business day of each billing period.

ROCL's annual fee is prorated and is charged monthly in advance, based upon the market value of the assets on the last day of the immediately preceding month. ROCL's standard annual fee is 1.00% of the assets under management. ROCL offers discounted fees to investment advisory firms.

ROCL's investment advisory fees are generally negotiable, and the final fee schedule is attached as an exhibit to each client's investment advisory contract with ROCL. Clients may terminate their investment advisory agreement without penalty for a full refund of ROCL's fees within five business days of signing the investment advisory contract. Thereafter, clients may generally terminate the investment advisory contract with thirty days' written notice.

Asset-based portfolio management fees are withdrawn directly from separate client's accounts with client's written authorization on a monthly basis. ROCL generally collects fees in advance. Refunds for fees paid in advance will be returned within fourteen days to the client via check, or return deposit back into the client's account. For all asset-based fees paid in advance, the fee refunded will be equal to the balance of the fees collected in advance minus the daily rate\* times the number of days elapsed in the billing period up to and including the day of termination. (\*The daily rate is calculated by dividing the annual asset-based fee rate by 365.)

### **B. Running Oak ETF Fees**

The annual Management Fee of 0.58% for the Running Oak Efficient Growth ETF is paid to ROCL monthly in arrears based on the average daily net assets of the ETF. This fee is paid under a unitary fee structure and is in exchange for providing investment advisory and supervisory services. The unitary fee allows the ETF to pay for administrative, custody, and other services under what is essentially an all-in fee structure. However, the ETF bears other expenses that are not covered under the agreement (i.e., that are not included in the Management Fee) that can vary and will affect the total level of expenses paid by the ETF. Those expenses include taxes, brokerage fees, acquired fund fees, commissions and other transaction expenses, interest, and extraordinary expenses (such as litigation and indemnification expenses).

### **C. Sub-advisor Services Fees**

ROCL acts as a sub-advisor to unaffiliated third-party advisers where ROCL receives a share of the fees collected from the third-party adviser's client. The notice of termination requirement and payment of fees for sub-advisor services will depend on the specific third-party investment adviser engaging ROCL as sub-advisor. Any such relationship is and will be memorialized in each contract between ROCL and each third-party adviser.

Sub-advisory fees may be withdrawn from clients' accounts or clients may be invoiced for such fees, as agreed in each contract between ROCL and the applicable third-party adviser.

### **D. Compensation from Third-Party Alpha Capture Program**

ROCL is compensated via base as well as discretionary bonus for contributions related to a third-party alpha capture program.

#### **E. Additional Fees and Expenses**

As further discussed in response to Item 12 of this Brochure, ROCL recommends that clients utilize the brokerage and clearing services of Schwab Advisor Services™ (“**Schwab**”) for investment management accounts.

ROCL may only implement its investment management recommendations after the client has arranged for and furnished ROCL with all information and authorization regarding accounts with appropriate financial institutions. Financial institutions include, but are not limited to, Schwab, and any other broker-dealer recommended by ROCL, broker-dealer directed by the client, trust companies and banks (collectively, referred to as the “**Financial Institutions**”).

Clients may incur certain charges imposed by the Financial Institutions 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. Additionally, clients may incur brokerage commissions and transaction fees. Such charges, fees and commissions are exclusive of and in addition to ROCL’s fee.

ROCL’s agreement and the separate agreement with Financial Institutions may authorize ROCL to debit a client’s account for the amount of ROCL’s fee and to directly remit that management fee to ROCL.

#### **F. Outside Compensation for the Sale of Securities to Clients**

Neither ROCL nor its supervised persons accept any compensation for the sale of investment products, including asset-based sales charges or service fees from the sale of mutual funds.

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

ROCL does not currently charge performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of separate account clients.

### **Item 7. Types of Clients**

ROCL generally provides advisory services to the following types of clients:

- Individuals;
- High-net worth individuals;
- Other investment advisers;
- Banks and thrift institutions;
- Pension and profit-sharing plans;
- Charitable organizations;
- Corporations or business entities; and
- Insurance companies.

There is no minimum account amount for ROCL’s separately managed account services.

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

### A. Methods of Analysis

ROCL primarily employs fundamental and quantitative methods of analysis.

***“Fundamental analysis”*** involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages. Fundamental analysis concentrates on factors that determine a company’s value and expected future earnings. This strategy would normally encourage equity purchases in stocks that are undervalued or priced below their perceived value. The risk assumed of fundamental analysis is that the market will fail to reach expectations of perceived value.

***“Quantitative analysis”*** deals with measurable factors such as the value of assets, the cost of capital and historical projections of sales, as distinguished from qualitative considerations such as the character of management or the state of employee morale. Investment strategies using quantitative models may perform differently than expected as a result of, among other things, the factors used in the models, the weight placed on each factor, changes from the factors’ historical trends, and technical issues in the construction and implementation of the models.

### B. Investment Strategies

ROCL manages two investment strategies, which are summarized below:

**Efficient Growth Strategy:** This strategy is a long-only blend of growth and value with a focus on downside volatility management. The strategy consists of high quality, under-valued companies that are growing earnings at a significantly higher rate than the S&P 500. The portfolio generally consists of 50 to 75 roughly equally-weighted mid to large cap securities.

**Free World Investment Strategy:** This strategy is long-only and based upon the same investment philosophy and process as Efficient Growth. It employs additional negative screening to create a portfolio with a goal of lesser country specific risk. The negative screening is designed to remove companies from the portfolio that have significant exposure to economies controlled by authoritarian regimes. Such economies entail meaningful political risk resulting in potential government seizures or withdrawal of foreign investment resulting from sanctions and/or company-specific stances on human rights issues.

Long term trading is designed to capture market rates of both return and risk. Due to its nature, the long-term investment strategy can expose clients to various types of risk that will typically surface at various intervals during the time the client owns the investments. These risks include but are not limited to inflation (purchasing power) risk, interest rate risk, economic risk, market risk, and political or regulatory risk.



### **C. Certain Material Risks**

The following summary identifies the material risks related to ROCL's investment strategy and should be carefully evaluated before deciding to engage in an investment advisory relationship with ROCL. The following does not identify and is not intended to identify all possible risks related to ROCL's investment strategy.

#### *Equity Market Risks*

Equity securities may experience sudden, unpredictable drops in value or long periods of decline in value. This may occur because of factors that affect securities markets generally or factors affecting specific issuers, industries, or sectors in which ROC invests.

#### *Cybersecurity Risk*

Cybersecurity incidents may allow an unauthorized party to gain access to proprietary information or cause the Adviser, and/or other service providers to suffer data breaches or data corruption.

#### *Depository Receipt Risk*

Depository Receipts involve risks similar to those associated with investments in foreign securities, such as changes in political or economic conditions of other countries and changes in the exchange rates of foreign currencies.

#### *Foreign Investment Risk*

Returns on investments in foreign stocks could be more volatile than, or trail the returns on, investment in U.S. stocks.

#### *ETF Risks*

Applicable to the Running Oak Efficient Growth ETF. Further detail on these risks can be found in the fund's prospectus and statement of additional information ("SAI"), which are available on the Advisors' website at [RunningOakETFs.com](http://RunningOakETFs.com).

#### *Management Risk*

The strategy is actively managed and may not meet its investment objective based on the Adviser's success or failure to implement investment strategies for the fund.

#### *Market Risk*

The trading prices of securities and other instruments fluctuate in response to a variety of factors. These factors include events impacting the entire market or specific market segments, such as political, market and economic developments, as well as events that impact specific issuers.

#### *Large- Capitalization Investing Risk*

The securities of large-capitalization companies may be relatively mature compared to smaller companies and therefore subject to slower growth during times of economic expansion. Large-capitalization companies also may be unable to respond quickly to new competitive challenges, such as changes in technology and consumer tastes.

#### *Mid- and Small-Capitalization Investing Risk*

The securities of mid- and small-capitalization companies may be more vulnerable to adverse issuer, market, political, or economic developments than securities of large-capitalization companies. The securities of mid- and small-capitalization companies generally trade in lower volumes and are subject

to greater and more unpredictable price changes than large capitalization stocks or the stock market as a whole.

#### *Non-Diversification Risk*

Although the strategy intends to invest in a variety of securities and instruments, it may invest more of its assets in the securities of a single issuer or a smaller number of issuers than if it were a diversified strategy.

#### *Temporary Defensive Positions Risk*

If the strategy takes a temporary defensive position, it may invest all or a large portion of its assets in cash and/or cash equivalents.

The foregoing list of “Risk Factors” does not propose to be a complete enumeration or explanation of all of the risks involved in investing in the strategies managed by ROCL. Prospective clients and investors should read this entire Brochure and consult with their own advisors regarding the potential risks associated with any investment or investment strategy.

## **Item 9. Disciplinary Information**

There are no legal or disciplinary events that are material to a client’s or prospective client’s evaluation of ROCL’s advisory business or the integrity of ROCL’s management.

## **Item 10. Other Financial Industry Activities and Affiliations**

ROCL may be subject to various conflicts of interests in its relationships with clients. In addition to conflicts discussed elsewhere in the Brochure, these conflicts include:

The services of ROCL are not exclusive to any separate account client. ROCL and its supervised persons are not precluded from providing similar services to other clients, some of which may have investment objectives and policies similar to those of current clients and strategy.

ROCL’s employees will devote such time to its investment advisory activities as they determine to be necessary to properly manage the investment portfolios of the separate accounts in a manner consistent with applicable agreements and relevant regulatory requirements. Conflicts of interest arise in allocating time, services or functions of individuals associated with ROCL between clients,

Please also refer to Item 5: Fees and Compensation for information regarding ROCL’s ability to negotiate varying terms between clients.

## **Item 11. Code of Ethics**

### **A. Code of Ethics**

ROCL has a written Code of Ethics that covers, among other things, the following areas: prohibited purchases and sales, insider trading, personal securities transactions, exempted transactions, prohibited activities, conflicts of interest, gifts and entertainment, confidentiality, service on a board of directors, compliance with laws and regulations, procedures and reporting, reporting violations, compliance officer duties, training and education, recordkeeping, annual review, and sanctions. Further, ROCL

adheres to the CFA Institute's Code of Ethics and Standards of Professional Conduct. A copy of ROCL's Code of Ethics will be made available to any client or prospective client for no cost upon written request.

**B. Investing Personal Money in the Same Securities as Clients**

Representatives of ROCL may buy or sell securities for themselves that they also recommend to clients. This may provide an opportunity for representatives of ROCL to buy or sell the same securities before or after recommending the same securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest.

**C. Trading Securities at or Around the Same Time as Clients' Securities**

Representatives of ROCL may buy or sell securities for themselves at or around the same time as clients. This could create an opportunity for representatives of ROCL to buy or sell securities before or after recommending securities to clients resulting in representatives profiting from the recommendations they provide to clients. Such transactions may create a conflict of interest.

## **Item 12. Brokerage Practices**

**A. Factors Used to Select Custodians and/or Broker-Dealers**

ROCL will recommend custodians and/or broker-dealers based on ROCL's duty to seek best execution. "Best execution" is the obligation of investment advisers to seek execution of securities transactions for a client on the most favorable terms for the client under the circumstances. Clients will not necessarily pay the lowest commission or commission equivalent, and ROCL may also consider the market expertise and research access provided by the custodian and/or broker-dealer, including but not limited to access to written research, oral communication with analysts, admittance to research conferences and other resources provided by the custodian and/or broker-dealer that may aid in ROCL's research efforts. ROCL will never charge a premium or commission on transactions, beyond the actual cost imposed by the custodian and/or broker-dealer.

ROCL recommends that clients utilize the brokerage and clearing services of Schwab for separately managed investment accounts.

**1. Research and Other Soft-Dollar Benefits**

Currently, ROCL has no formal soft-dollar program in which soft-dollars are used to pay for third-party services, however, ROCL may receive research, products, or other services from custodians and broker-dealers in connection with client securities transactions ("soft-dollars"). ROCL may enter into soft-dollar arrangements consistent with (and not outside of) the safe harbor contained in Section 28(e) of the Securities Exchange Act of 1934, as amended. There can be no assurance that any particular client will benefit from soft-dollar research, whether or not the client's transactions paid for it. ROCL does not seek to allocate benefits to client accounts proportionate to any soft-dollar credits generated by the accounts. ROCL benefits by not having to produce or pay for the research, products or services, and ROCL will have an incentive to recommend a broker-dealer based on receiving research or services. Clients should be aware that ROCL's acceptance of soft-dollar benefits may result in higher commissions charged to the client.

**2. Brokerage for Client Referrals**

ROCL does not receive referrals from broker-dealers or third parties in exchange for using the services of that broker-dealer or third-party.

### **3. Clients Directing Which Custodian and/or Broker-Dealer to Use**

ROCL may permit clients to direct it to execute transactions through a specified broker-dealer. If a client directs brokerage, then the client will be required to acknowledge in writing that the client's direction with respect to the use of brokers supersedes any authority granted to ROCL to select brokers; this direction may result in higher commissions, which may result in a disparity between non-directed accounts and directed accounts; the client may be unable to participate in block trades (unless ROCL is able to engage in "step outs"); and trades for the client and other directed accounts may be executed after trades for free accounts, which may result in less favorable prices, particularly for illiquid securities or during volatile market conditions. Not all investment advisers allow their clients to direct brokerage.

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

Transactions for each client will be effected independently, unless ROCL decides to purchase or sell the same securities for several of its clients. If working directly through an investment advisor, trades may be input by the intermediary advisor at the direction of ROCL. ROCL may (but is not obligated to) combine or "block" such orders to obtain best execution, to negotiate more favorable commission rates, or to allocate equitably among ROCL's clients. Block trading may result in differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and allocated among ROCL's clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that ROCL determines to aggregate client orders for the purchase or sale of securities, including securities in which ROCL's supervised persons may invest, ROCL does so in accordance with applicable rules promulgated under the Investment Advisers Act of 1940, as amended and no-action guidance provided by the staff of the SEC. ROCL does not receive any additional compensation or remuneration as a result of the aggregation.

In the event that ROCL determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include:

- a. When only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates;
- b. When one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts, allocations may be given to one account;
- c. If an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account's assets after an order is placed);
- d. With respect to sale allocations, allocations may be given to accounts low in cash;
- e. In cases when a pro rata allocation of a potential execution would result in a *de minimis* allocation in one or more accounts, ROCL may exclude the account(s) from the allocation and the transactions may be executed on a pro rata basis among the remaining accounts; or
- f. In cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

To meet its fiduciary obligations, ROCL attempts to avoid, among other things, investment or trading practices that systematically advantage or disadvantage certain client portfolios, and accordingly, ROCL's

policy is to seek fair and equitable allocation of investment opportunities and transactions among its clients to avoid favoring one client over another over time. It is ROCL's policy to allocate investment opportunities and transactions it identifies as being appropriate and prudent among its clients on a fair and equitable basis.

## **Item 13. Review of Accounts**

### **A. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews**

All ROCL client accounts are reviewed at least annually by Seth L. Cogswell, with regard to clients' respective investment policies and risk tolerance levels.

### **B. Factors That Will Trigger a Non-Periodic Review of Client Accounts**

ROCL reviews client accounts during times of material market, economic or political events, or when changes in client's financial situation occur (i.e., retirement, termination of employment, physical move, or inheritance).

### **C. Content and Frequency of Regular Reports Provided to Clients**

ROCL's separate account clients will receive a quarterly report from the client's custodian detailing the client's account, including assets held, asset value, and calculation of fees. ROCL will also provide on at least quarterly basis, a separate written statement to the client.

## **Item 14. Client Referrals and Other Compensation**

### **A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients**

ROCL receives compensation via its arrangement with its underlying subadvisors, but otherwise does not receive any economic benefit from any other third-party for advice rendered to ROCL's clients. ROCL receives access to Schwab's institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisers on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the adviser's clients' assets are maintained in accounts at Schwab. Schwab's services include brokerage services that are related to the execution of securities transactions, custody, research, including that in the form of advice, analyses and reports, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment. For ROCL client accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions or other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

Schwab makes available to ROCL other products and services that benefit ROCL but may not benefit its clients' accounts. These benefits may include national, regional or ROCL specific educational events organized and/or sponsored by Schwab. Other potential benefits may include occasional business entertainment of personnel of ROCL by Schwab personnel, including meals, invitations to sporting events, including golf tournaments, and other forms of entertainment, some of which may accompany educational opportunities.

Schwab provides products and services that assist ROCL in managing and administering clients' accounts. These include software and other technology (and related technological training) that provide

access to client account data (i.e., trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts, if applicable), provide research, pricing information and other market data, facilitate payment of ROCL's fees from its clients' accounts (if applicable), and assist with back-office training and support functions, recordkeeping and client reporting. Many of these services generally may be used to service all or some substantial number of ROCL's accounts.

Schwab also makes available to ROCL other services intended to help ROCL manage and further develop its business enterprise. These services may include professional compliance, legal and business consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, employee benefits providers, human capital consultants, insurance and marketing. In addition, Schwab may make available, arrange and/or pay vendors for these types of services rendered to ROCL by independent third parties.

Schwab may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to ROCL. ROCL is independently owned and operated and not affiliated with Schwab.

#### **B. Compensation to Non-Advisory Personnel for Client Referrals**

ROCL has client solicitor relationships with Innovation Partners LLC, Whitestone Global and Palmetto Advisory Group. Per the applicable agreements, solicitors receive a percentage of related revenues for assisting ROCL in solicitation activities, which may include client referrals.

### **Item 15. Custody**

ROCL is deemed to have custody due to our ability to deduct advisory fees directly from certain separate account client accounts that have provided ROCL the authority to do so. Clients wishing to elect automatic payment of advisory fees from their account must authorize this in writing. If authorized, the client's custodian will remit fees to ROCL and record a debit transaction which will be reflected on the quarterly (or monthly) account statements issued to the client by the custodian.

Separate account clients receive at least quarterly statements from the broker-dealer, bank or other qualified custodian that maintains the client's investment assets. ROCL urges all clients to carefully review such statements and compare such official custodian records to any reports or statements that ROCL provides, which may vary from custodian statements based on accounting procedures, reporting dates or valuation methodologies of certain securities. Client should notify ROCL at the contact information on the cover page of this Brochure if they have questions about their statement or if their custodian stops sending at least quarterly statements.

### **Item 16. Investment Discretion**

ROCL provides discretionary investment advisory services to clients. The advisory contract established with each client sets forth the discretionary authority for trading. ROCL is considered to exercise investment discretion over a client's account if it can effect transactions for the client without first having to seek the client's consent. ROCL is given this authority through a power-of-attorney included in the agreement between ROCL and the client. Clients may request a limitation on this authority (i.e., certain securities not to be bought or sold). ROCL takes discretion over the following activities:

- The securities to be purchased or sold;
- The amount of securities to be purchased or sold;
- When transactions are made; and
- The price per share.

As discussed in Item 4 of this Brochure, we also participate in UMA or Model Delivery arrangements, where we provide a model portfolio to Program Sponsors, but do not exercise investment discretion. Accordingly, all client restrictions in such accounts are handled by a third party, such as the program sponsor or another manager.

## **Item 17. Voting Client Securities**

For separately managed accounts, ROCL will not ask for, nor accept voting authority for client securities. Such clients should receive proxies directly from the issuer of the security or the custodian. Upon receipt, clients should direct proxy questions to the issuer of the security.

## **Item 18. Financial Information**

### **A. Balance Sheet**

ROCL neither requires nor solicits prepayment of more than \$1,200 in fees per client, six months or more in advance, and therefore is not required to include a balance sheet with this Brochure.

### **B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients**

Neither ROCL nor its management has any financial condition that is likely to reasonably impair ROCL's ability to meet contractual commitments to clients.

### **C. Bankruptcy Petitions**

ROCL has not been the subject of a bankruptcy petition in the previous ten years.