



Eagle Ridge Investment Management, LLC
Form ADV Part 2A – Disclosure Brochure
March 2012

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This brochure provides information about the qualifications and business practices of Eagle Ridge Investment Management, LLC. If you have any questions about the contents of this brochure, please contact us at 203.227.4515. 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 Eagle Ridge Investment Management, LLC is also available on the SEC's website at www.adviserinfo.sec.gov.

Item 2: Material Changes

The firm last updated its ADV Part 2A in March 2011.

There are no material changes at the firm since our previous update.

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Item 4: Advisory Business

THE COMPANY

Eagle Ridge Investment Management, LLC (“Eagle Ridge” or “the firm”) was founded in 2008 and is a privately owned investment adviser, registered with the SEC. Eagle Ridge is wholly owned by the firm’s partners.

INVESTMENT SERVICES

Eagle Ridge provides investment management services to individuals and institutional investors through separately managed accounts. We offer two equity investment strategies and one balanced investment strategy. Item 8 provides more information about our investment strategies. Eagle Ridge will work with clients to accommodate specific requests and restrictions in any of our investment strategies.

Our portfolio strategies may include investments in common stocks, preferred stocks, U.S. Government and Agency securities, investment grade corporate bonds, convertible securities, options, master limited partnerships (MLPs), real estate investment trusts (REITs), mutual funds and exchange traded funds (ETFs).

ASSETS UNDER MANAGEMENT

As of December 31, 2011, Eagle Ridge had \$258 million in assets under management. All of these assets were discretionary assets.

Item 5: Fees and Compensation

Our investment advisory fees, also referred to as management fees, are based on the market value of a client’s account on the last day of the quarterly billing cycle (typically a calendar quarter), and charged quarterly in arrears. A copy of the investment advisory fee invoice is sent to the client. Clients have the option to pay these fees to Eagle Ridge or have the custodian debit their account. If the fees are directly debited, Eagle Ridge submits an invoice for investment advisory services to the client’s custodian. These activities are completed in a manner consistent with Rule 206(4)-2 of the Advisor’s Act.

The majority of Eagle Ridge accounts follow the standard fee schedule. Clients may not pay fees in advance. Our standard fee schedule for investment advisory services is:

Asset Values				
From	\$0	\$5,000,000	\$10,000,000	\$25,000,000
To	\$5,000,000	\$10,000,000	\$25,000,000	Unlimited
Rate	1.00%	0.80%	0.60%	0.40%

The fee for assets managed for any period of less than a full quarter shall be pro-rated accordingly. When a client has multiple accounts within a relationship with Eagle Ridge, the assets in these accounts will be combined for purposes of calculating the management fee, and the fee will be allocated across these accounts on a pro-rated basis.

In certain circumstances, fee schedules and fee minimums may be negotiable or waived. Existing accounts may currently be paying higher or lower rates than the standard fee schedule. For example, Eagle Ridge may agree to provide investment advisory services for a negotiated fee when the primary advisor of the client is another investment advisor or broker and Eagle Ridge is providing only limited client contact. In addition, Eagle Ridge officers, employees and their family members may have their advisory fees waived. We may also provide our services on a pro bono basis to certain charitable organizations.

Other fees and expenses that clients may incur include brokerage commissions, custodian fees, transaction costs, and mutual fund expenses.

Prior to engaging Eagle Ridge, a client is required to enter into an investment management agreement setting forth the terms and conditions under which the firm shall manage the client's assets. Since Eagle Ridge does not custody client assets, the client must also have a relationship with a custodian/clearing agent which is agreed to by Eagle Ridge. Both Eagle Ridge's Investment Management Agreement and the custodian's custodial/clearing agreement may authorize the custodian to debit the account for the amount of the Eagle Ridge's investment management fee and to directly remit that management fee to us in accordance with required SEC procedures. The Investment Management Agreement between Eagle Ridge Investment Management, LLC and the client will continue in effect until terminated by either party by written notice.

None of Eagle Ridge Investment Management, LLC's partners or supervised persons accepts compensation for the sale of securities or other investment products, including distribution or service fees from the sale of mutual funds.

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

PERFORMANCE-BASED FEES

Eagle Ridge Investment Management, LLC does not receive performance-based fees.

Item 7: Types of Clients

Eagle Ridge Investment Management, LLC provides investment advice to individuals and families, trusts, charitable organizations, and corporations. Our preferred account size minimum is \$1 million.

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

We offer two equity investment strategies and one balanced investment strategy.

EQUITY INVESTMENT STRATEGIES

Value Core Strategy – Invests in common stocks of primarily mid and large capitalization companies. Stocks purchased reflect our highest conviction ideas based upon our proprietary stock ranking methodology. We typically invest in companies whose market capitalizations fall within the range of those in the Russell 1000 Index[®].

Enhanced Income Strategy – Invests in securities of primarily mid and large capitalization companies. Securities purchased reflect our highest conviction ideas based upon our proprietary stock ranking methodology. The strategy invests in companies whose market capitalizations fall within the range of those in the Russell 1000 Index[®]. Our *Enhanced Income Strategy* employs the same process as that of the *Value Core Strategy*, however the universe is expanded to include Master Limited Partnerships (MLPs), Real Estate Investment Trusts (REITs), income producing option strategies, and preferred stocks.

EQUITY INVESTING

The Eagle Ridge equity investment process begins with an investment universe exceeding 1500 stocks. Quantitative and qualitative filters narrow this group to approximately 250 companies to include in our *Expected Return Model*. For each company, we determine a level of normalized earnings power that is achievable within our 3 to 5 year projection period window. Our window is set beyond the time frame that most investors consider so that our sell target will focus on what a company can realistically earn rather than on what management and investors either expect or hope for. We seek to establish an earnings target that is realistic, but still sufficiently conservative so that we are highly confident that it will be reached. Those companies we are most interested in pursuing are subjected to a thorough process of due diligence and research. Our research includes complete financial statement analysis, business segment analysis, and an assessment of each company's growth drivers and competitive advantages. These efforts result in an estimate of normalized earnings that we are highly confident can be achieved within our projection period.

Once we have built a sound investment case for a company's ability to achieve a credible level of earnings, we focus on valuation. The valuation of a particular stock is based on two components: the valuation of the stock market; and the valuation of the company relative to all others (investors' emotional attachment). The valuation of the market, which applies to all companies, is determined mostly by interest rates and investors' historical behaviors.

We believe that what investors are willing to pay for a given stock in the short term is influenced heavily by emotion. Analyzing a company's relative price/earnings ratio (P/E) over a period of years enables us to see a more rational behavior pattern. The majority of companies sell within a defined range relative to the market regardless of whether the market is trading at 8x earnings or 20x earnings. For example, consumer staple companies historically have sold at a modest premium to the market while banks have sold at a substantial discount. Near term conditions can change the ratio, but over time, most revert to historical levels.

Our *Expected Return Model* is used to track our companies' relative attractiveness in a consistent manner. It combines a stock's three components to calculate a future sell target. The sell target is the product of normalized earnings multiplied by the market P/E multiplied by the stock's relative P/E. Once the sell target is determined, each stock's 4 year total return is calculated based upon the sum of anticipated stock price appreciation and current dividend yield. All stocks in our *Expected Return Model* are ranked according to their total return for the projection period. Our ranking system forces an unbiased appraisal of each stock's attractiveness. Attractively ranked stocks where we have the highest conviction are purchased in portfolios.

Equity portfolios own between 30 and 50 issues. Position sizes are limited to 5% at cost, 8% at market. A stock is sold when either it reaches its sell target, a substantially more attractive investment becomes evident, or we have lost confidence in a company's ability to achieve normalized earnings.

EQUITY RISKS

The material risks associated with this asset class are:

Principal risk – Stocks are ownership assets and expose investors to the risk of principal loss as well as the opportunity for capital appreciation. Investments in stocks do not guarantee a return of principal and capital losses may be experienced.

Equity market risk – Overall stock market risks may affect the value of the investments in equity strategies. Economic growth, changes in interest rates, political events and investors' emotional behavior can affect equity markets.

Portfolio management risk – Our judgments about the attractiveness, value and potential appreciation of a particular asset class or individual security may be incorrect and there is no guarantee that individual securities will perform as anticipated. The value of an individual security can be more volatile than the market as a whole. Our estimate of a company's earnings power may be wrong or even if correct, it may take longer than expected to achieve.

BALANCED INVESTMENT STRATEGY

Balanced Strategy – Invests in a mix of equities and fixed income securities. Asset allocation is tailored to individual client objectives. Equity securities are selected from the Value Core Strategy or Enhanced Income Strategy. Fixed income security selection focuses on investment grade issues which are purchased and generally held to maturity.

Our fixed income investment process is driven by our macroeconomic and interest rate outlooks. Once we have established our view for economic growth and inflation, we select sectors within the credit markets based upon market conditions and client objectives. We emphasize U.S. Treasuries and Agencies issues, municipal bonds, corporate bonds, and certificates of deposit.

Our outlook for the economy, interest rates, and the credit markets determines the maturity of the fixed income portfolio. We emphasize credit quality and after-tax returns in selecting issues for client portfolios. Portfolios are managed to specific client objectives and not arbitrary benchmarks. Securities selected for purchase are generally held to maturity. Bonds are sold when a more attractive investment becomes available or we lose confidence in the issuer's ability to meet its obligations.

FIXED INCOME RISKS

The material risks associated with this asset class:

Credit and default risk – Bonds do expose investors to risk of loss. As an owner of bonds, clients are creditors. As creditors, bondholders have the commitment but not the guarantee that income will be paid or principal will be returned. In addition, the credit quality of securities may be lowered if an issuer's financial condition deteriorates. Lower credit quality may lead to greater volatility in the price of a security which may affect liquidity and our ability to sell the security.

Fixed income market risk – Fixed income securities increase or decrease in value based on changes in interest rates. If rates increase, the current market value of fixed income securities generally declines.

Purchasing power risk – Rising inflation can erode bondholders' ability to maintain their purchasing power. The majority of bonds issued pay a fixed level of interest, or coupon, and mature at par value. If inflation rises, the inability of these securities to adjust coupon rates or redemption values upward will result in a diminishing real return on their investment after adjusting for inflation.

CASH BALANCES

Cash balances in client accounts are held for client-directed cash needs or are awaiting prospective new investments. Cash is held at the client's custodian and is generally invested in money market funds or other short-term investments.

Item 9: Disciplinary History

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of firm or the integrity of the firm's management in this item.

Eagle Ridge Investment Management, LLC has no legal or disciplinary events to report.

Item 10: Other Financial Industry Activities and Affiliations

Steven Giacona, Managing Member of Round Table Services (RTS), is a passive investor in Eagle Ridge Investment Management, LLC. Mr. Giacona has no direct management responsibilities in the firm, but he may receive a dividend on his ownership of Eagle Ridge shares. In addition, from time to time Mr. Giacona may refer clients to Eagle Ridge and vice versa with no referral fees.

POTENTIAL CONFLICT OF INTEREST

Round Table Services, LLC is an SEC registered advisor that acts as a general partner for several limited partnerships including the RTS Large Cap Access Fund. Eagle Ridge serves as a sub-advisor for the RTS Large Cap Access Fund which pays Eagle Ridge a negotiated management fee. Eagle Ridge does not solicit or refer clients to invest in any the RTS limited partnerships. RTS also shares office space with Eagle Ridge.

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

CODE OF ETHICS & PERSONAL TRADING

Eagle Ridge has adopted a Code of Ethics for all employees of the firm describing our high standards of business conduct, fiduciary duty to our clients, and rules surrounding personal securities trading by our employees.

The Code of Ethics includes guidelines for the reporting of personal securities holdings and trading activity. The Code of Ethics expressly prohibits "Insider Trading", participation in Initial Public Offerings (IPOs) and Short Term trading (profit in the purchase and sale of covered securities within any period of 60 calendar days).

All Eagle Ridge employees must accept in writing the terms of the Code of Ethics and the firm's Policies & Procedures upon employment, annually or as amended.

Eagle Ridge clients or prospective clients may request a copy of the firm's Code of Ethics by contacting the firm's Chief Compliance Officer, Mr. John Knox, at 203.227.4515.

TRADE ERRORS

There are two potential types of trade errors: those that are detected after the trade has settled and those that are detected prior to trade settlement. We correct all trade errors upon discovery.

Trade errors that are detected after the trade has settled in a client account are considered Client Account Trade Errors. For Client Account Trade Errors where Eagle Ridge is determined to be at fault or where no fault can be determined, Eagle Ridge will pay any losses resulting from the error. If it is determined that the client is at fault, Eagle Ridge may in its discretion, absorb or charge the loss in whole or in part to the client. Net gains incurred when correcting a Client Account Trade Error will be retained by the client.

Trade errors that are detected prior to settlement in a client account are considered Adviser Account Trade Errors. Eagle Ridge will correct Adviser Account Trade Errors and any correcting trade in a separate error account. Net gains realized on a correcting trade will be retained by Eagle Ridge and net losses incurred on a correcting trade will be paid by Eagle Ridge. Net gains are retained in the error account and used to offset future net losses or are donated to charity.

Item 12: Brokerage Practices

BROKER SELECTION & BEST EXECUTION

Obtaining the best trade execution is an important aspect of every trade that we place in a client account. Eagle Ridge has a Broker and Soft Dollar Committee that administers our policy for best execution. The Committee selects the brokers used to execute trades and determines the reasonableness of their compensation based upon the range of a broker's services including execution capability, trading expertise, accuracy of execution, commission rates, research, reputation and integrity, fairness in resolving disputes, financial responsibility, and responsiveness.

Eagle Ridge's trade order management system helps us ensure proper trade management, fair order allocation and best execution. Fixed income trades are executed with approved brokers who provide inventories of fixed income securities on a regular basis. Eagle Ridge has controls in place for monitoring client portfolio transactions.

RESEARCH AND OTHER SOFT DOLLAR BENEFITS

Eagle Ridge does not have any commitments or understandings to trade with specific brokers or to generate a specified level of brokerage commissions in order to receive brokerage or research services. These commitments or understandings are generally known as soft dollar arrangements. Certain brokers through whom Eagle Ridge executes trades may provide unsolicited proprietary research (research created or developed by the broker) to us. This research is used for all client accounts, even though certain clients may not have paid direct commissions to the brokers who provided the research. This research could include a wide variety of reports, charts, publications or proprietary data on economic and political strategy, credit analysis, or stock and bond market conditions and projections. In addition to unsolicited research, certain brokers may provide invitations to attend conferences and meetings with management representatives of issuers or with other analysts and specialists.

Receipt of research from brokers who execute client trades involves conflicts of interest. An adviser that uses client brokerage commissions to obtain research, products, or services receives a benefit because it does not have to produce or pay for the research, products, or services itself. Consequently, the adviser may have an incentive to select or recommend a broker based on its desire to receive research, products, or services rather than a desire to obtain the most favorable execution, which is in the clients' best interest. Brokers providing research services, even on an unsolicited basis, may charge commissions for executing portfolio transactions that are higher than the amount of commissions that other brokers would charge for effecting the same transactions. Eagle Ridge will execute portfolio transactions through these brokers only if it has determined that such brokers provide best execution based on the factors described above.

DIRECTED BROKERAGE & AGGREGATED TRADES

Eagle Ridge generally has full discretion with respect to client orders and the firm's ability to achieve best execution. However, certain clients request that their trades be directed to particular brokers. In the event that we do accommodate a directed brokerage relationship, our procedure is to add that broker to our approved broker list and complete the client's trades through the client-directed broker. Clients who request directed trades may pay higher brokerage commissions and may also receive less favorable execution.

Eagle Ridge has a trade allocation policy that allows us to select brokers based on our assessment of best execution. In executing a block trade where the same security is bought or sold for multiple accounts, our policy is to ensure that all accounts receive the same average price for that block. However, accounts which are directing trades will generally be traded after completion of the non-directed trading account group. These directed brokerage accounts are traded in random order by broker. In the event that any trade is partially completed, the shares are allocated on a pro-rata basis to the appropriate client accounts.

Item 13: Review of Accounts

Client accounts are monitored by the firm's partners at least monthly for consistency with client objectives, restrictions and weightings relative to the strategy utilized.

Eagle Ridge issues quarterly written reports to its investment advisory clients. These written reports generally contain a list of assets, investment results and statistical data related to each client's account. We urge clients to carefully review these reports and compare them to the statements they receive from their custodian.

Item 14: Client Referrals and Other Compensation

Eagle Ridge may enter into solicitation agreements under which we pay fees for client referrals as permitted by Rule 206(4)-3 of the Advisers Act. Currently Eagle Ridge has no referral fee arrangements with any unaffiliated solicitors.

Item 15: Custody

Eagle Ridge does not provide custodial services to its clients. Client assets are held with banks or registered broker-dealers that are qualified custodians. Clients will receive statements directly from the custodians. We urge clients to carefully review those statements and compare the custodial records to the reports that we provide them. The information in our reports may vary from custodial statements based on accounting procedures, reporting dates or valuation methodologies of certain securities.

Item 16: Investment Discretion

Eagle Ridge accepts discretionary authority to manage the assets in the client's account. We observe investment limitations and restrictions that are outlined in each account's Investment Management Agreement and their Investment Guidelines or Objectives.

Item 17: Voting Client Securities

Eagle Ridge Investment Management typically accepts authority to vote proxies for our client accounts. When we recognize a conflict of interest that impedes our ability to vote a proxy, we will discuss the matter with the client. We use Institutional Shareholder Services, Inc. (“ISS”), a third-party vendor, to vote client ballots. Clients do not typically direct proxy votes.

ISS is the only third party voting service Eagle Ridge uses for proxy voting. A third-party proxy service is selected on its ability to provide information that allows us to vote proxies with the intention of enhancing our clients’ portfolios. When determining how to vote on a proxy issue, we will consider ISS analyses and recommendation before determining what will best benefit the clients. Clients do not direct us to the use of a third-party proxy voting service. We pay an annual fee to ISS, and clients are not charged a supplemental fee for proxy services.

A copy of our proxy voting policy is available upon written request. Clients may request information regarding the votes cast by Eagle Ridge for their account. Please send requests to:

Eagle Ridge Investment Management, LLC
Attn: Proxy Voting Requests
274 Riverside Ave, 2nd Fl
Westport, CT 06880

Item 18: Financial Information

Eagle Ridge has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has never been the subject of a bankruptcy proceeding.