

Brochure

March 29, 2019

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. 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.

Item 2. Material Changes

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 on March 29, 2018. This Item 2 does not describe non-material modifications to this Brochure, such as updates to dates and numbers, stylistic changes or clarifications.

This Brochure does not include any material changes since the last update.

A complimentary copy of this Brochure may be requested by submitting a written request to Running Oak Capital, LLC, Attn. Seth L. Cogswell, 4350 Baker Road, Suite 245, Minnetonka, MN 55343.

Additional information about ROCL is available on the SEC's website at 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 portfolio management services on a discretionary basis. ROCL provides a long-only equity portfolio, “Efficient Growth”, via separately managed accounts. ROCL also manages private investment funds, which utilize a similar investment strategy.

ROCL’s investment philosophy is based upon the following goals:

- Growth – Above average earning growth can be expected to result in above average price performance.
- Value – Paying less than an asset is worth can result achieve greater value.
- Downside Protection – There is a cost to volatility. Mitigating drawdowns can achieve higher cumulative returns.

Any reference to the private funds within this Brochure is for informational purposes only and is intended to address required disclosures about our business practices and the conflicts associated with managing the private funds. Only qualified investors are able to invest in these funds, and they should read that fund’s confidential private placement memorandum before investing. No reference within this Brochure should be viewed as an offer to sell or an offer to buy an interest in the private funds.

C. Subadvisory Services

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

D. 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.

E. 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.

F. Wrap Fee Programs

A wrap fee program is an investment program where the investor pays one stated fee that includes management fees, transaction costs, fund expenses, and other administrative fees. ROCL does not participate in any wrap fee programs.

G. Assets Under Management

As of March 5, 2019, ROCL managed approximately \$250 million in client assets on a discretionary 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. Private Investment Fund Management Fees

ROCL's management fee for private funds is an asset-based fee and is charged quarterly in arrears. The specific management fee charged to each private fund is outlined within the private fund's offering documents and is a percentage of the private fund's net asset value. As described in each private fund's offering documents, each private fund pays its own operating expenses and its own organization expenses which are amortized over a period of time.

Investors in the private funds may also pay an incentive fee as described within each fund's offering documents. Refer to Item 6 for additional information on performance-based fees and potential conflicts of interest.

C. Subadviser Services Fees

ROCL acts as a subadviser 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 subadviser services will depend on the specific third-party investment adviser engaging ROCL as subadviser. Any such relationship is and will be memorialized in each contract between ROCL and each third-party adviser.

Subadvisory 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. 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.

E. Private Fund Expenses

In addition to paying management fees and performance-based compensation, the private funds will pay or reimburse ROCL for certain organizational, operational and other permissible expenses as described in the offering documents for the relevant private fund. Organizational expenses include, but are not limited to, legal, auditing, tax preparation and accounting fees, printing and mailing expenses and government filing fees (including blue sky filing fees) and administrative costs. Operating expenses include (1) all expenses incurred in connection with the ongoing offer and sale interests of the private funds, including, but not limited to, documentation of performance and the admission of investors, (2) all operating expenses of the private fund such as tax preparation fees, governmental fees and taxes, administrator fees, communications with investors and ongoing legal, accounting, auditing, bookkeeping, consulting and other professional fees and expenses; (3) all private fund trading costs and expenses (e.g., brokerage commissions, margin interest, expenses related to short sales, custodial fees and clearing and settlement charges); (4) professional and other advisory and consulting expenses and travel expenses incurred in connection with investment due diligence, monitoring or the assertion of rights or pursuit of remedies (including but not limited to, pursuant to bankruptcy or other legal proceedings, or participation in informal committees of creditors or other security holders of an issuer); and (5) all fees and other expenses incurred in connection with the investigation, prosecution or defense of any claims by or against the private fund.

Private funds that are “feeder funds” will also be allocated a share of the organizational, administrative and other costs and expenses of the related “master fund”. Pursuant to the terms set forth in the private funds’ offering documents, the expenses are subject to an “expense cap”.

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.

ROCL charges performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets which the private fund manages. Incentive fees create a conflict of interest in that ROCL has the potential to earn higher fees if it places more favorable trades in accounts where it receives an incentive fee. In order to mitigate this conflict of interest, ROCL maintains trading policies and procedures as well as a code of ethics which requires ROCL to treat all clients fairly and act in their best interest.

Item 7. Types of Clients

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

- Individuals;
- High-net worth individuals;
- Pooled investment vehicles (i.e., the private funds);
- 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. Generally, the private funds have a minimum investment of \$250,000, which ROCL may waive at its discretion.

Interests in the private funds are only offered to persons who meet the eligibility requirements for investment in privately offered funds, which (1) rely on an exclusion from the definition of "investment company" under the Investment Company Act of 1940, as amended provided by Section 3(c)(1) thereunder; and (2) rely on an exemption from registration under the Securities Act of 1933, as amended, provided by Section 4(a)(2) and Rule 506 of Regulation D. Investors and prospective investors in each private fund are urged to refer to the offering documents of such private fund for detailed information on the investment requirements.

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 primary 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 strategy generally consists of 50 to 75 roughly equally-weighted mid to large cap securities.

Efficient Growth II Strategy: This strategy combines ROCL’s Efficient Growth equity portfolio with a covered call overlay and diversified index hedge. The strategy consists of high quality, under-valued companies that are growing earnings at a significantly higher rate than the S&P 500. The strategy generally consists of 50 to 75 roughly equally-weighted mid to large cap securities. ROCL will sell a call option on each underlying security, generating consistent cash flow. A simple hedge, most likely a short position in the S&P 500, will be implemented to mitigate portfolio risk or volatility.

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 strategies and should be carefully evaluated before deciding to engage in an investment advisory relationship with ROCL or before investing in a private fund managed by ROCL. The following does not identify and is not intended to identify all possible risks related to ROCL’s investment strategies or of an investment in a private fund managed by ROCL.

Market Risks

All securities, particularly individual equity and debt securities are subject to market volatility, economic factors and certain other market risks. The success of an investment may depend to a great extent upon correctly assessing the future course of price movements of stocks and bonds. There can be no assurance that ROCL will be able to predict those price movements accurately.

General Risk of Loss

Investing in securities involves the risk of loss. Clients should be prepared to bear such loss.

Investment Performance Risk

ROCL cannot warrant or guarantee that its investment strategies will be successful or achieve positive or competitive investment returns. ROCL cannot control or anticipate many factors related to managing

the investment portfolios, such as market, regulatory and other factors, which could result in negative investment returns or losing a portion or all of the value of any investment.

Private Fund Related Risks

Private fund specific risks are discussed in the relevant private fund's offering materials.

The foregoing list of "Risk Factors" does not purpose 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

An affiliate of ROCL serves as the general partner to the private fund managed by ROCL that is a limited partnership organized under the laws of the State of Delaware. Certain supervised persons of ROCL serve as directors to the private funds managed by ROCL that are exempted companies organized under the laws of the Cayman Islands.

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

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

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 and the private funds 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, including the private funds.

ROCL and its principal participated in structuring and organizing the private funds. Thus, the selection, as well as the setting, of ROCL's compensation with respect to the private funds was not the result of arm's-length negotiations.

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

While not legally affiliated entities, ROCL and Marks Group Wealth Management, Inc. ("MGWM") share or utilize some of the same physical office space. In addition, any advisory decisions made by ROCL pursuant to the subadvisory agreement between ROCL and MGWM are generally executed (or traded) by

MGWM's employees, for both MGWM's and ROCL clients, and not directly by ROCL and are subject to MGWM's trade aggregation and allocation policies and procedures. Because of the close business relationship and physical proximity of ROCL's and MGWM's businesses, conflicts of interest may arise during the course of their business relationship. ROCL and MGWM will seek to employ policies and procedures designed to reduce conflicts and potential conflicts of interest and/or mitigate or disclose any conflicts of interest or potential conflicts of interest that may arise.

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 client accounts may be executed by MGWM at ROCL’s direction or by ROCL directly. Transactions for each client will be effected independently, unless MGWM decides to purchase or sell the same securities for several of its clients, and in the case of the Efficient Growth strategy, for ROCL’s clients at approximately the same time. MGWM 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 MGWM’s and in the case of the Efficient Growth strategy, for 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 MGWM’s and in the case of the Efficient Growth strategy, for ROCL’s clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that MGWM determines to aggregate client orders for the purchase or sale of securities, including securities in which MGWM’s and ROCL’s supervised persons may invest, MGWM 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. MGWM does not receive any additional compensation or remuneration as a result of the aggregation.

In the event that MGWM 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, MGWM 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 subadvisers, 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 referral and/or marketing relationships with Whitestone Global, Palmetto Advisory Group, and FNEX Capital. Per the applicable agreements, marketers receive a percentage of related revenues for assisting ROCL in marketing activities, which may include client referrals.

Item 15. Custody

ROCL is deemed to have custody over assets of the private funds since its affiliated persons serve as either general partner or directors. Each private fund has an established custodial account with a non-

affiliated, qualified custodian. Each private fund is subject to an annual audit by an independent accountant registered with and subject to regular inspection by the Public Company Accounting Oversight Board. Audited financial statements for each private fund are distributed to investors within 120 days of each private fund's fiscal year end.

ROCL is also 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.

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.

As investment manager to the private funds, ROCL will consider voting proxies for the companies held within the private funds. ROCL is not an activist investor and does not claim to have the expertise to select company management. Nevertheless, ROCL acknowledges that it has an obligation to act in the best interests of its clients (in this case, the private funds), and accordingly to vote or consider voting proxies on behalf of the funds. While ROCL does not envision encountering conflicts of interest in voting proxies for the private funds, it will take reasonable and appropriate steps to ensure that it properly carries out its duties to the private funds should a conflict of interest situation arise.

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.