

Red Oak Capital Management, Inc Firm Brochure - Form ADV Part 2A

This brochure provides information about the qualifications and business practices of Red Oak Capital Management, Inc. If you have any questions about the contents of this brochure, please contact us at (630) 352-0050 or by email at: jsusin@redoakcapitalmanagement.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Red Oak Capital Management, Inc is also available on the SEC's website at www.adviserinfo.sec.gov. Red Oak Capital Management, Inc's CRD number is: 284188.

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Registration as an investment adviser does not imply a certain level of skill or training.

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Item 2: Material Changes

Red Oak Capital Management, Inc has not yet filed an annual updating amendment using the Form ADV Part 2A and has the following material changes to report.

- The firm now offers selection of other advisors.

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Item 4: Advisory Business

A. Description of the Advisory Firm

Red Oak Capital Management, Inc (hereinafter “Red Oak”) is a Corporation organized in the State of Illinois. The firm was formed in September 2016, and the principal owner is John Susin.

B. Types of Advisory Services

Portfolio Management Services

Red Oak offers ongoing portfolio management services based on the individual goals, objectives, time horizon, and risk tolerance of each client. Red Oak creates an Investment Policy Statement for each client, which outlines the client’s current situation (income, tax levels, and risk tolerance levels). Portfolio management services include, but are not limited to, the following:

- Investment strategy
- Asset allocation
- Risk tolerance
- Personal investment policy
- Asset selection
- Regular portfolio monitoring

Red Oak evaluates the current investments of each client with respect to their risk tolerance levels and time horizon. Red Oak will request discretionary authority from clients in order to select securities and execute transactions without permission from the client prior to each transaction. Risk tolerance levels are documented in the Investment Policy Statement, which is given to each client.

Red Oak seeks to provide that investment decisions are made in accordance with the fiduciary duties owed to its accounts and without consideration of Red Oak’s economic, investment or other financial interests. To meet its fiduciary obligations, Red Oak attempts to avoid, among other things, investment or trading practices that systematically advantage or disadvantage certain client portfolios, and accordingly, Red Oak’s policy is to seek fair and equitable allocation of investment opportunities/transactions among its clients to avoid favoring one client over another over time. It is Red Oak’s policy to allocate investment opportunities and transactions it identifies as being appropriate and prudent among its clients on a fair and equitable basis over time.

Red Oak may direct clients to third-party investment advisers to manage all or a portion of the client's assets. Before selecting other advisers for clients, Red Oak will always ensure those other advisers are properly licensed or registered as an investment adviser. Red Oak conducts due diligence on any third-party investment adviser, which may involve one or more of the following: phone calls, meetings and review of the third-party adviser's performance and investment strategy. Red Oak then makes investments with a third-

party investment adviser by referring the client to the third-party adviser. Red Oak will review the ongoing performance of the third-party adviser as a portion of the client's portfolio.

Selection of Other Advisers

Red Oak may direct clients to third-party investment advisers. Before selecting other advisers for clients, Red Oak will verify that all recommended advisers are properly licensed, notice filed, or exempt in the states where Red Oak is recommending the adviser to clients.

Services Limited to Specific Types of Investments

Red Oak generally limits its investment advice to mutual funds, fixed income securities, equities and ETFs. Red Oak may use other securities as well to help diversify a portfolio when applicable.

C. Client Tailored Services and Client Imposed Restrictions

Red Oak offers the same suite of services to all of its clients. However, specific client investment strategies and their implementation are dependent upon the client Investment Policy Statement which outlines each client's current situation (income, tax levels, and risk tolerance levels). Clients may impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs. However, if the restrictions prevent Red Oak from properly servicing the client account, or if the restrictions would require Red Oak to deviate from its standard suite of services, Red Oak reserves the right to end the relationship.

D. Wrap Fee Programs

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

E. Assets Under Management

Red Oak has the following assets under management:

| Discretionary Amounts: | Non-discretionary Amounts: | Date Calculated: |
|------------------------|----------------------------|------------------|
| \$101,400,000 | \$0 | January 2019 |

Item 5: Fees and Compensation

A. Fee Schedule

Portfolio Management Fees

| Total Assets Under Management | Annual Fees |
|-------------------------------|-------------|
| All Assets | Up to 2.50% |

The advisory fee is calculated using the value of the assets in the Account on the last business day of the prior billing period.

These fees are generally negotiable and the final fee schedule will be memorialized in the client's advisory agreement. Clients may terminate the agreement without penalty for a full refund of Red Oak's fees within five business days of signing the Investment Advisory Contract. Thereafter, clients may terminate the Investment Advisory Contract immediately upon written notice.

Selection of Other Advisers Fees

Red Oak will receive its standard fee on top of the fee paid to the third party adviser, BluePrint. This relationship will be memorialized in each contract between Red Oak and each third-party adviser. The fees will not exceed any limit imposed by any regulatory agency.

Red Oak may engage in the selection of third-party money managers, but does not have any such arrangements in place at this time. This service may be canceled immediately upon written notice.

B. Payment of Fees

Payment of Portfolio Management Fees

Asset-based portfolio management fees are withdrawn directly from the client's accounts with client's written authorization on a monthly or quarterly basis. Fees are paid in advance or arrears. The method of billing is different based on the Individual Advisor.

Payment of Selection of Other Advisers Fees

The timing, frequency, and method of paying fees for selection of third-party managers will depend on the specific third-party adviser selected.

C. Client Responsibility For Third Party Fees

Clients are responsible for the payment of all third party fees (i.e. custodian fees, brokerage fees, mutual fund fees, transaction fees, etc.). Those fees are separate and distinct from the fees and expenses charged by Red Oak. Please see Item 12 of this brochure regarding broker-dealer/custodian.

D. Prepayment of Fees

Red Oak collects fees in advance. Refunds for fees paid in advance but not yet earned will be refunded on a prorated basis and 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.)

E. Outside Compensation For the Sale of Securities to Clients

Neither Red Oak 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

Red Oak does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

Item 7: Types of Clients

Red Oak generally provides advisory services to the following types of clients:

- ❖ Individuals
- ❖ High-Net-Worth Individuals
- ❖ Corporate Companies
- ❖ Trusts

There is no account minimum for any of Red Oak's services.

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

A. Methods of Analysis and Investment Strategies

Methods of Analysis

Red Oak's methods of analysis include Fundamental analysis and Technical analysis.

Fundamental analysis involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages.

Technical analysis involves the analysis of past market data; primarily price and volume.

Investment Strategies

Red Oak uses long term trading and short term trading.

Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.

B. Material Risks Involved

Methods of Analysis

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 is that the market will fail to reach expectations of perceived value.

Technical analysis attempts to predict a future stock price or direction based on market trends. The assumption is that the market follows discernible patterns and if these patterns can be identified then a prediction can be made. The risk is that markets do not always follow patterns and relying solely on this method may not take into account new patterns that emerge over time.

Investment Strategies

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/regulatory risk.

Selection of Other Advisers: Although Red Oak will seek to select only money managers who will invest clients' assets with the highest level of integrity, Red Oak's selection process cannot ensure that money managers will perform as desired and Red Oak will have no control over the day-to-day operations of any of its selected money managers. Red Oak would not necessarily be aware of certain activities at the underlying money manager level, including without limitation a money manager's engaging in unreported risks, investment "style drift" or even regulatory breaches or fraud.

Short term trading risks include liquidity, economic stability, and inflation, in addition to the long term trading risks listed above. Frequent trading can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.

Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.

C. Risks of Specific Securities Utilized

Clients should be aware that there is a material risk of loss using any investment strategy. The investment types listed below are not guaranteed or insured by the FDIC or any other government agency.

Mutual Funds: Investing in mutual funds carries the risk of capital loss and thus you may lose money investing in mutual funds. All mutual funds have costs that lower investment returns. The funds can be of bond "fixed income" nature (lower risk) or stock "equity" nature.

Equity investment generally refers to buying shares of stocks in return for receiving a future payment of dividends and/or capital gains if the value of the stock increases. The value of equity securities may fluctuate in response to specific situations for each company, industry conditions and the general economic environments.

Fixed income investments generally pay a return on a fixed schedule, though the amount of the payments can vary. This type of investment can include corporate and government debt securities, leveraged loans, high yield, and investment grade debt and structured products, such as mortgage and other asset-backed securities, although individual bonds may be the best known type of fixed income security. In general, the fixed income market is volatile and fixed income securities carry interest rate risk. (As interest rates rise, bond prices usually fall, and vice versa. This effect is usually more pronounced for longer-term securities.) Fixed income securities also carry inflation risk, liquidity risk, call risk, and credit and default risks for both issuers and counterparties. The risk of default on treasury inflation protected/inflation linked bonds is dependent upon the U.S. Treasury defaulting (extremely unlikely); however, they carry a potential risk of losing share price value, albeit rather minimal. Risks of investing in foreign fixed income securities also include the general risk of non-U.S. investing described below.

Exchange Traded Funds (ETFs): An ETF is an investment fund traded on stock exchanges, similar to stocks. Investing in ETFs carries the risk of capital loss (sometimes up to a 100% loss in the case of a stock holding bankruptcy). Areas of concern include the lack of transparency in products and increasing complexity, conflicts of interest and the possibility of inadequate regulatory compliance.

Past performance is not indicative of future results. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.

Item 9: Disciplinary Information

A. Criminal or Civil Actions

There are no criminal or civil actions to report.

B. Administrative Proceedings

There are no administrative proceedings to report.

C. Self-regulatory Organization (SRO) Proceedings

There are no self-regulatory organization proceedings to report.

Item 10: Other Financial Industry Activities and Affiliations

A. Registration as a Broker/Dealer or Broker/Dealer Representative

Neither Red Oak nor its representatives are registered as, or have pending applications to become, a broker/dealer or a representative of a broker/dealer.

B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor

Neither Red Oak nor its representatives are registered as or have pending applications to become either a Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Advisor or an associated person of the foregoing entities.

C. Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests

Jack Susin, Phil Ellis, John Young, Thomas Edmund Connors, Bo McNinch and Kim Dyson are licensed insurance agent. From time to time, they will offer clients advice or products from those activities. Clients should be aware that these services pay a commission or other compensation and involve a conflict of interest, as commissionable products conflict with the fiduciary duties of a registered investment adviser. AAA always acts in the best interest of the client; including the sale of commissionable products to advisory clients. Clients always have the right to decide whether or not to utilize the services of any AAA representative in such individual's outside capacities.

D. Selection of Other Advisers or Managers and How This Adviser is Compensated for Those Selections

Red Oak may direct clients to third-party investment advisers to manage all or a portion of the client's assets. Clients will pay Red Oak its standard fee in addition to the standard fee for the advisers to which it directs those clients. This relationship will be memorialized in each contract between Red Oak and each third-party advisor. The fees will not exceed any limit imposed by any regulatory agency. Red Oak will always act in the best interests of the client, including when determining which third-party investment adviser to recommend to clients. Red Oak will ensure that all recommended advisers are licensed or notice filed in the states in which Red Oak is recommending them to clients.

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

A. Code of Ethics

Red Oak has a written Code of Ethics that covers 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 Procedures, Compliance with Laws and Regulations, Procedures and Reporting, Certification of Compliance, Reporting Violations, Compliance Officer Duties, Training and Education, Recordkeeping, Annual Review, and Sanctions. Red Oak's Code of Ethics is available free upon request to any client or prospective client.

B. Recommendations Involving Material Financial Interests

Red Oak does not recommend that clients buy or sell any security in which a related person to Red Oak or Red Oak has a material financial interest.

C. Investing Personal Money in the Same Securities as Clients

From time to time, representatives of Red Oak may buy or sell securities for themselves that they also recommend to clients. This may provide an opportunity for representatives of Red Oak 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. Red Oak will always document any transactions that could be construed as conflicts of interest and will never engage in trading that operates to the client's disadvantage when similar securities are being bought or sold.

D. Trading Securities At/Around the Same Time as Clients' Securities

From time to time, representatives of Red Oak may buy or sell securities for themselves at or around the same time as clients. This may provide an opportunity for representatives of Red Oak to buy or sell securities before or after recommending securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest; however, Red Oak will never engage in trading that operates to the client's disadvantage if representatives of Red Oak buy or sell securities at or around the same time as clients.

Item 12: Brokerage Practices

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

Custodians/broker-dealers will be recommended based on Red Oak's duty to seek "best execution," which is the obligation 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 Red Oak may also consider the market expertise and research access provided by the broker-dealer/custodian, including but not limited to access to written research, oral communication with analysts, admittance to research conferences and other resources provided by the brokers that may aid in Red Oak's research efforts. Red Oak will never charge a premium or commission on transactions, beyond the actual cost imposed by the broker-dealer/custodian.

Red Oak recommends Schwab Institutional, a division of Charles Schwab & Co., Inc., Interactive Brokers LLC and Raymond James Financial Services, Inc

1. Research and Other Soft-Dollar Benefits

While Red Oak has no formal soft dollars program in which soft dollars are used to pay for third party services, Red Oak may receive research, products, or other services

from custodians and broker-dealers in connection with client securities transactions (“soft dollar benefits”). Red Oak 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, and Red Oak does not seek to allocate benefits to client accounts proportionate to any soft dollar credits generated by the accounts. Red Oak benefits by not having to produce or pay for the research, products or services, and Red Oak will have an incentive to recommend a broker-dealer based on receiving research or services. Clients should be aware that Red Oak’s acceptance of soft dollar benefits may result in higher commissions charged to the client.

2. Brokerage for Client Referrals

Red Oak receives referrals from a broker-dealer or third party in exchange for using that broker-dealer or third party.

3. Clients Directing Which Broker/Dealer/Custodian to Use

Red Oak 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 Red Oak to select brokers; this direction may result in higher commissions, which may result in a disparity between free and directed accounts; the client may be unable to participate in block trades (unless Red Oak 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

If Red Oak buys or sells the same securities on behalf of more than one client, then it may (but would be under no obligation to) aggregate or bunch such securities in a single transaction for multiple clients in order to seek more favorable prices, lower brokerage commissions, or more efficient execution. In such case, Red Oak would place an aggregate order with the broker on behalf of all such clients in order to ensure fairness for all clients; provided, however, that trades would be reviewed periodically to ensure that accounts are not systematically disadvantaged by this policy. Red Oak would determine the appropriate number of shares and select the appropriate brokers consistent with its duty to seek best execution, except for those accounts with specific brokerage direction (if any).

Item 13: Review of Accounts

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

All client accounts for Red Oak's advisory services provided on an ongoing basis are reviewed at least Annually by John Susin, CEO, or delegate with regard to clients' respective investment policies and risk tolerance levels. All accounts at Red Oak are assigned to this reviewer.

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

Reviews may be triggered by material market, economic or political events, or by changes in client's financial situations (such as retirement, termination of employment, physical move, or inheritance).

C. Content and Frequency of Regular Reports Provided to Clients

Each client of Red Oak's advisory services provided on an ongoing basis will receive a quarterly report detailing the client's account, including assets held, asset value, and calculation of fees. This written report will come from the custodian.

Item 14: Client Referrals and Other Compensation

A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes)

Red Oak does receive any economic benefit, directly or indirectly from any third party for advice rendered to Red Oak's clients.

With respect to Schwab, Red Oak 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 Advisor Services. 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 Red Oak 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 also makes available to Red Oak other products and services that benefit Red Oak but may not benefit its clients' accounts. These benefits may include national, regional or Red Oak specific educational events organized and/or sponsored by Schwab Advisor Services. Other potential benefits may include occasional business entertainment of personnel of Red Oak by Schwab Advisor Services personnel, including meals, invitations to sporting events, including golf tournaments, and other forms of entertainment, some of which may accompany educational opportunities. Other of these products and services assist Red Oak in managing and administering clients' accounts. These include software and other technology (and related technological training) that provide access to client account data (such as 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 Red Oak'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 Red Oak's accounts. Schwab Advisor Services also makes available to Red Oak other services intended to help Red Oak 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 Red Oak by independent third parties. Schwab Advisor Services 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 Red Oak. Red Oak is independently owned and operated and not affiliated with Schwab.

B. Compensation to Non - Advisory Personnel for Client Referrals

Red Oak does not directly or indirectly compensate any person who is not advisory personnel for client referrals.

Item 15: Custody

When advisory fees are deducted directly from client accounts at client's custodian, Red Oak will be deemed to have limited custody of client's assets and must have written authorization from the client to do so. Clients will receive all account statements and billing invoices that are required in each jurisdiction, and they should carefully review those statements for accuracy.

Item 16: Investment Discretion

Red Oak provides discretionary and non-discretionary investment advisory services to clients. The advisory contract established with each client sets forth the discretionary authority for trading. Where investment discretion has been granted, Red Oak generally manages the client's account and makes investment decisions without consultation with the client as to when the securities are to be bought or sold for the account, the total amount of the securities to be bought/sold, what securities to buy or sell, or the price per share.

Item 17: Voting Client Securities (Proxy Voting)

Red Oak will not ask for, nor accept voting authority for client securities. Clients will receive proxies directly from the issuer of the security or the custodian. Clients should direct all proxy questions to the issuer of the security.

Item 18: Financial Information

A. Balance Sheet

Red Oak 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 Red Oak nor its management has any financial condition that is likely to reasonably impair Red Oak's ability to meet contractual commitments to clients.

C. Bankruptcy Petitions in Previous Ten Years

Red Oak has not been the subject of a bankruptcy petition in the last ten years.