

# Disclosure Brochure

July 12, 2017

## **Running Oak Capital, LLC**

*a Registered Investment Adviser*

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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 or by any state securities authority. Additional Information about Running Oak Capital, LLC is available on the SEC website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Running Oak Capital, LLC is an SEC registered investment adviser. Registration does not imply any level of skill or training.



## Item 2. Material Changes

This Item discusses only the material changes to this Disclosure Brochure since ROCL's most recent prior Disclosure Brochure dated February 26, 2017

In addition to this Item 2, Items 4, 5, 8, 9, 12, 16, and 17 are revised to reflect that effective March 24, 2017, ROCL entered into a subadvisory agreement (the "*Subadvisory Agreement*") with Marks Group Wealth Management, Inc. ("*MGWM*") to manage the Marks Group Core Equity Portfolio strategy ("*MGCEP*"). The MGCEP will be invested in the same manner as ROCL's Efficient Growth Equity Strategy ("*REGS*").

Effective July 2017, ROCL closed the Efficient Growth Fund, I. L.P. [to new investment](#) and is in the process of winding down the fund's operations.



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## Item 4. Advisory Business

### A – Description of the Advisory Firm

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

### B – Types of Advisory Services

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#### Portfolio Management Services

ROCL offers portfolio management services on a discretionary basis based on the individual goals, objectives, time horizon, and risk tolerance of each client. ROCL 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
- Personal investment policy
- Asset allocation
- Asset selection
- Risk tolerance
- Regular portfolio monitoring

ROCL evaluates the current investments of each client with respect to their risk tolerance levels and time horizon. ROCL 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. Clients are advised to promptly notify ROCL if their financial situation or investment objectives change.

ROCL makes investment decisions in accordance with the fiduciary duties owed to its accounts and without consideration of ROCL’s economic, investment or other financial interests. 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/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.

#### Subadvisory Services

ROCL may also act as a subadviser to advisers unaffiliated with ROCL. These third-party advisers would outsource portfolio management services to ROCL. This relationship will be memorialized in each contact between ROCL and the third-party adviser.

On March 24, 2017, ROCL entered into a Subadvisory Agreement with Marks Group Wealth Management (MGWM) an investment adviser registered with the Securities and Exchange Commission and independent of ROCL. Through this contractual relationship, ROCL provides investment subadvisory services for the MGCEP. The MGCEP will be managed in the same manner as REGS.



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ROCL will provide MGWM with a copy of its disclosure brochure (i.e., Form ADV Parts 2A and 2B) and Privacy Notice annually and at any time ROCL makes material changes to these materials. MGWM will provide a copy of these materials to its clients whose assets ROCL will be managing as required by applicable regulations.

As per the Subadvisory Agreement, MGWM will be responsible for oversight of ROCL's advisory activities conducted on behalf of MGWM's clients. ROCL will be available to answer questions MGWM clients may have regarding any portion of their accounts managed by ROCL. MGWM will generally act as the communication conduit between its clients and ROCL. Though the terms of the Subadvisory Agreement set forth specific details regarding the engagement and termination of ROCL as a sub-adviser, MGWM has ultimate authority to hire and fire ROCL.

## 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 as well to help diversify a portfolio when applicable.

## C – Client Tailored Services and Client Imposed Restrictions.

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ROCL offers the same suite of services to all of its clients. However, specific client investment strategies and their implementation are dependent upon the client's investment policy statement which outlines each client's current situation (income, tax levels, and risk tolerance levels). Clients may not impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs. Clients are advised to promptly notify ROCL if their financial situation or investment objectives change.

## D – Wrap Fee Programs

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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.

## E – Assets Under Management

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ROCL has the following assets under management:

As of July 12, 2017, ROCL managed \$180 million in client assets on a discretionary basis.

## Item 5. Fees and Compensation

### A – Fee Schedule

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#### Portfolio 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.



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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 previous month. The annual fee is 1.00% of the assets under management.

Management Fees are generally negotiable and the final fee schedule is attached as an exhibit to the client's investment advisory contract with ROCL. Clients may terminate the 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 30 days' written notice.

### Subadviser Services Fees

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ROCL may also act as a subadviser to unaffiliated third-party advisers and ROCL would receive a share of the fees collected from the third-party adviser's client. The fees charged will not exceed any limit imposed by any regulatory agency. 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. This relationship will be memorialized in each contract between ROCL and each third-party adviser.

### MGWM Subadviser Compensation

MGWM's clients do not pay ROCL directly for its services and do not pay "layered fees" due to the subadvisory relationship. Management fees will be charged by MGWM who will then compensate ROCL for its subadvisory services. The method, amount and timing of such compensation is governed by the Subadvisory Agreement, to which MGWM's clients are not a party.

### Additional Fees and Expenses

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As further discussed in response to Item 12 (below), 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, banks etc. (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 any Financial Institutions may authorize ROCL to debit the client's account for the amount of ROCL's fee and to directly remit that management fee to ROCL. Any Financial Institutions recommended by ROCL has agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to ROCL.

### B – Payment of Fees

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## Payment of Portfolio Management Fees

Asset-based portfolio management fees are withdrawn directly from separate client's accounts with client's written authorization on a monthly basis. Fees are paid in advance.

## Payment of Subadviser Fees

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

## C – Client Responsibility for Third-Party Fees

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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 ROCL. Please see Item 12 of this brochure regarding broker-dealer/custodian practices.

## D – Prepayment of Fees

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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.)

## E – Outside Compensation for the Sale of Securities to Clients

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Neither ROCL nor its supervised persons may 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 accept performance based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a separate account client.

## Item 7. Types of Clients

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

- Individuals
- High-Net-Worth Individuals
- Pooled Investment Vehicles (Mutual Funds, Private Funds)
- Other Investment Advisers
- Banks and Thrift Institutions
- Pension and Profit Sharing Plans
- Charitable Organizations
- Corporations or Business Entities
- Insurance Companies



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## Minimum Account Size

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There is no minimum account amount for any of ROCL's separate account services.

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

### A – Methods of Analysis and Investment Strategies

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#### 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.

**Quantitative analysis** deals with measurable factors as distinguished from qualitative considerations such as the character of management or the state of employee morale, such as the value of assets, the cost of capital, historical projections of sales, and so on.

#### Investment Strategies

ROCL manages one investment strategy which uses long term trading. The investment strategy is summarized below:

**Efficient Growth Strategy (“REGS”):** 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 weighted mid to large cap securities.

### B – Material Risks Involved

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#### 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.

**Quantitative analysis** 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.

#### 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.



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

## C – Risks of Loss

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### *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.

## Item 9. Disciplinary Information

### A – Criminal or Civil Actions

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There are no criminal or civil actions to report.

### B – Administrative Proceedings

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There are no administrative proceedings to report.

### C – Self-Regulatory Organization (SRO) Proceedings

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There are no SRO proceedings to report.

## Item 10. Other Financial Industry Activities and Affiliations

MGWM is required to disclose any relationship or arrangement that is material to its advisory business or to its clients with certain related persons. Such relationships and arrangements are described below.

### A – Registration as a Broker/Dealer or Broker/Dealer Representative

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Neither ROCL 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

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Neither ROCL 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.



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## **C – Selection of Other Advisers or Managers and How This Adviser is Compensated for Those Selections**

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Although ROCL does not utilize nor select third-party investment advisers, it does have a subadvisory relationship with MGWM. All assets are managed by ROCL management.

### **Subadviser Relationship**

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As described in Item 4 – Advisory Business above, ROCL entered into a Subadvisory Agreement with MGWM to manage all or a portion of MGWM's client' assets dedicated to a particular investment strategy (see also Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss for further details regarding the strategy employed by ROCL pursuant to the Subadvisory Agreement).

While not legally affiliated entities, ROCL and MGWM share or utilize some of the same physical office space. In addition, any advisory decisions made by ROCL pursuant to the Subadvisory Agreement 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 Policy. 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 from time to time.

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

### **A – Code of Ethics**

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ROCL 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. ROCL's Code of Ethics is available free upon request to any client or prospective client.

### **B – Investing Personal Money in the Same Securities as Clients**

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From time to time, 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. ROCL 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.

### **C – Trading Securities At/Around the Same Time as Clients' Securities**

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From time to time, representatives of ROCL may buy or sell securities for themselves at or around the same time as clients. This may provide an opportunity for representatives of ROCL 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, ROCL will never engage in trading that operates to the client's disadvantage if representatives of ROCL 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

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Custodians/broker-dealers will be recommended based on ROCL'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 ROCL 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 ROCL's research efforts. ROCL will never charge a premium or commission on transactions, beyond the actual cost imposed by the broker-dealer/custodian.

ROCL recommends Schwab Institutional, a division of Charles Schwab & Co., Inc.

#### 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-dollar benefits"). 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, and 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 Broker/Dealer/Custodian 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 free and directed accounts; the client may be unable to participate in block trades (unless ROCL is able to engage in "step outs"); and



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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

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Transactions for client accounts will be executed by MGWM at ROCL's direction or from time to time 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 REGS strategy, for ROCL's clients at approximately the same time. MGWM may (but is not obligated to) combine or "batch" 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 REGS strategy, for ROCL's clients 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 REGS 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 Advisers Act and no-action guidance provided by the staff of the Securities and Exchange Commission. 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: (i) 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; (ii) allocations may be given to one account 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; (iii) 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); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) 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; the transactions may be executed on a pro rata basis among the remaining accounts; or (vi) 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.

### Impact of Subadvisory Relationship

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As described elsewhere in this Disclosure Brochure, including in Item 4 – Advisory Business above, MGWM and ROCL are parties to the Subadvisory Agreement. While ROCL may manage all or a portion of MGWM clients' assets dedicated to a particular investment strategy (see also Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss), ROCL does not presently execute or make actual trades in MGWM's clients' investment portfolios. Instead, ROCL will instruct certain MGWM employees to execute ROCL's trading decision for ROCL on behalf of MGWM's clients and from time to time ROCL's clients. Accordingly, MGWM does not anticipate there will be any impact on clients' brokerage relationships as



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described elsewhere in this Disclosure Brochure, including the immediately above subsections of this Item 12 – Brokerage Practices. As a result of or due to the subadvisory relationship between MGWM and ROCL.

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

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

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

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

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

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

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ROCL 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 (Includes Sales Awards or Other Prizes)**

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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.

With respect to Schwab, 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 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 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 also 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 Advisor Services. Other potential benefits may include occasional business entertainment of personnel of ROCL by Schwab Advisor Services personnel, including meals,



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invitations to sporting events, including golf tournaments, and other forms of entertainment, some of which may accompany educational opportunities. All of these products and services 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 (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 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 Advisor Services 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 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 ROCL. ROCL is independently owned and operated and not affiliated with Schwab.

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

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

### **Item 15. Custody**

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

ROCL may be deemed to have custody over the funds and securities invested in pooled investment vehicles that ROCL manages.

### **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. Where investment discretion has been granted, ROCL 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.

ROCL is generally given the authority to exercise discretion on behalf of clients. 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 (such as certain securities not to be bought or sold). ROCL takes discretion over the following activities:



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- 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**

ROCL 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**

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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**

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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 in Previous Ten Years**

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



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