



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

March 2021

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This brochure provides information about the qualifications and business practices of Eagle Ridge Investment Management, LLC. If you have any questions about the contents of this brochure, please contact us at 203.227.4515. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority. Additional information about Eagle Ridge Investment Management, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2: Material Changes

There are no material changes to report.

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## Item 4: Advisory Business

### THE COMPANY

Eagle Ridge Investment Management, LLC ("Eagle Ridge" or "the firm") was founded in 2008 and is a privately owned investment adviser, registered with the SEC. Eagle Ridge is wholly owned by David A. Tillson, David K. Laidlaw, Tillson Family Holdings, LLC, John J. Knox III, Benjamin Connard, and Michael Oliver.

### INVESTMENT SERVICES

Eagle Ridge provides investment management services to individuals and institutional investors through separately managed accounts. The firm also works with Turnkey Asset Management Programs (TAMPs).

The firm tailors its advisory services to the individual situation of each client. Our systems allow us to manage accounts with specific targets that could be related to the equity/ fixed income balance, or in other cases, restrictions that clients have imposed on certain investments.

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

Eagle Ridge may also provide financial and estate planning for clients, if so requested.

### ASSETS UNDER MANAGEMENT AND ADVISEMENT

Eagle Ridge manages both discretionary and advisory (non-discretionary) portfolios for its clients. Eagle Ridge also advises investment companies. As of December 31, 2020, total assets under management and advisement were:

Discretionary:	\$882,980,496
Advisory:	\$ 75,007,045
Advisement:	<u>\$ 38,951,015</u>
Total:	\$996,938,556

## Item 5: Fees and Compensation

Eagle Ridge is compensated through management fees that it charges directly to clients. Our investment advisory fees, also referred to as management fees, are based on the market value of the managed assets of a client's account on the last day of the quarterly billing cycle (typically a calendar quarter). The fee is calculated within Eagle Ridge's portfolio accounting

system, after the account has been reconciled with the custodian statement. Clients' fees are generally billed quarterly in arrears; however, a number of clients pay fees in advance of services rendered.

Clients have the option to pay these fees to Eagle Ridge or have the custodian debit their account. If the fees are directly debited, Eagle Ridge submits an invoice for investment advisory services to the client's custodian. These activities are completed in a manner consistent with Rule 206(4)-2 of the Advisor's Act.

Eagle Ridge is also compensated for its assets under advisement, based on the market value of the assets on a periodic basis.

Our standard fee schedule for investment advisory services is:

- 1.0% per annum on the first \$5 million of assets;
- 0.8% per annum on the next \$5 million of assets;
- 0.6% per annum on the next \$15 million of assets; and
- 0.4% per annum on any assets over \$25 million.

The fee for assets managed for any period of less than a full quarter are pro-rated accordingly. If a client who pays fees in advance terminates the contract before the end of the quarter, Eagle Ridge will issue a refund based on the number of days remaining in that quarter. When a client has multiple accounts within a relationship with Eagle Ridge, the assets in these accounts will be combined for purposes of calculating the management fee, and the fee will be allocated across these accounts on a pro-rated basis, or as directed by client. Fee schedules and minimums may be negotiable depending on client circumstances. Other fees and expenses that clients may incur include brokerage commissions, custodian fees, transaction costs, mutual fund and exchange traded fund expenses.

Prior to engaging Eagle Ridge, a client is required to enter into an investment management agreement setting forth the terms and conditions under which the firm shall manage the client's assets. Clients must also have a relationship with a qualified custodian. Both Eagle Ridge's Investment Management Agreement and the custodian's custodial/clearing agreement may authorize the custodian to debit the account for the amount of Eagle Ridge's investment management fee and to directly remit that management fee to us in accordance with required SEC procedures. The Investment Management Agreement between Eagle Ridge Investment Management, LLC and the client will continue in effect until terminated by either party by written notice.

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

Eagle Ridge may be contractually engaged to provide financial and estate planning for clients; for these services Eagle Ridge is compensated either by a lump sum or an hourly fee, as determined by both parties.

## Item 6: Performance-Based Fees and Side-By Side Management

Eagle Ridge and none of its supervised persons accept performance-based fees.

## Item 7: Types of Clients

Eagle Ridge Investment Management, LLC provides investment advice to individuals and families, trusts, charitable organizations, pension plans, retirement accounts, corporations and other investment advisors. Our preferred account size minimum is \$1 million. However, special circumstances such as family relationships may result in acceptance of smaller accounts. Eagle Ridge also allows a lower account minimum of \$100,000 for assets managed through another advisor.

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

The firm manages balanced accounts, all equity accounts and accounts invested solely in fixed income securities.

### **EQUITY INVESTMENT STRATEGIES**

Our core strategies invest primarily in large and mid-capitalization stocks. We also provide a small capitalization equity and an international equity offering.

### **EQUITY INVESTING**

Our equity investment process begins with an investment universe exceeding 5000 stocks. We utilize our proprietary stock ranking methodology to narrow this universe to our highest conviction ideas. We perform fundamental analysis including financial statement analysis, business segment analysis, and an assessment of each company's growth drivers and competitive advantages to determine which stocks will be owned in client portfolios.

Equity portfolios generally own between 25 and 40 issues. Position sizes are typically limited to 5% at cost, 8% at market. A stock is sold when it reaches its sell target, a substantially more attractive investment becomes evident, or we have determined our original investment thesis is no longer accurate or business conditions have changed.

## EQUITY RISKS

The material risks associated with this asset class are:

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

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

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

## FIXED INCOME INVESTING

Fixed income investments primarily emphasize investment grade bonds or Exchange Traded Funds that hold investment grade bonds. Individual securities selected are generally held to maturity and are not traded for short-term profits.

Investments in international and/or less than investment grade bonds (junk bonds) may be initiated if market conditions warrant.

## FIXED INCOME RISKS

The material risks associated with this asset class:

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

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

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

## **CASH BALANCES**

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

### **Item 9: Disciplinary Information**

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

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

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

None of Eagle Ridge management persons have any other financial industry activities or affiliations.

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

## **CODE OF ETHICS & PERSONAL TRADING**

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



The Code of Ethics is within our Compliance Manual, which includes guidelines for the reporting of personal securities holdings and trading activity. It prohibits “Insider Trading”, and participation in Initial Public Offerings (IPOs). Short-Term trading (profit in the purchase and sale of covered securities within any period of 60 calendar days) is discouraged, and must be specifically approved by the firm’s Chief Compliance Officer

All Eagle Ridge employees must read and accept in writing the terms of the firm’s Compliance Manual, upon employment, annually, and as amended.

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

## Item 12: Brokerage Practices

### **BROKER SELECTION & BEST EXECUTION**

Eagle Ridge may recommend banks or brokerage firms to serve as custodians. In selecting brokers or dealers for client transactions, the firm seeks the most favorable execution terms for clients. Obtaining the best trade execution is an important aspect of every trade that we place in a client account. Eagle Ridge’s portfolio managers administer our policy for best execution. The portfolio managers select the brokers used to execute trades and determine the reasonableness of their compensation based upon the range of a broker’s services including commission rates, access/extensiveness of trading desk, quality of execution, research capabilities, settlement and correction of errors, financial strength and confidentiality. Clients sometimes pay higher commissions than those obtainable from other brokers since “best execution” encompasses a range of services provided by executing brokers and is not solely based upon the commission rate.

### **RESEARCH AND OTHER SOFT DOLLAR BENEFITS**

Certain brokers through whom Eagle Ridge executes trades may provide proprietary research (research created or developed by the broker) to the firm. This research is used for all client accounts, even though certain clients may not have paid direct commissions to the brokers who provided the research. This research could include a wide variety of reports, charts, publications or proprietary data on economic and political strategy, credit analysis, or stock and bond market conditions and projections. In addition to research, certain brokers may provide invitations to attend conferences and meetings with management representatives of issuers or with other analysts and specialists. Operationally, custodial banks and brokerage firms may provide services such as electronic downloads and software which help the firm in streamlining its operations. These services provided facilitate

conducting business with a particular custodian but do not allow the company to pass on its operational expenses to the custodians.

Receipt of research from brokers who execute client trades involves conflicts of interest. An adviser that uses client brokerage commissions to obtain research, products, or services receives a benefit because it does not have to produce or pay for the research, products, or services itself.

Eagle Ridge does not receive client referrals in return for brokerage commissions.

## **DIRECTED BROKERAGE & AGGREGATED TRADES**

Eagle Ridge clients have their assets custodied with a variety of banks and discount brokerage firms. The vast majority of accounts custodied at brokerage firms are traded with the custodial broker although Eagle Ridge reserves the right to trade with other brokers. Clients who have elected to have their assets custodied at banks receive brokerage through delivery versus payment trades executed with outside brokers. However, certain clients request that their trades be directed to particular brokers. In the event that we do accommodate a directed brokerage relationship, our procedure is to add that broker to our approved broker list and complete the client's trades through the client-directed broker. Clients who request directed trades may pay higher brokerage commissions and may also receive less favorable execution. Eagle Ridge receives no benefit from these client-directed trades.

Eagle Ridge has a trade allocation policy that allows us to select brokers based on our assessment of best execution. In executing a block trade where the same security is bought or sold for multiple accounts, our policy is to ensure that all accounts receive the best execution for that block. Trade order is rotated through different brokerages for separate purchases and sales. Clients may direct trades to a specific brokerage firm. These trades are also part of the rotation. In the event that any trade is partially completed, the shares are allocated on a pro-rata basis to the appropriate client accounts.

## **Item 13: Review of Accounts**

Client accounts are monitored by the firm's partners continuously for consistency with client objectives, restrictions and weightings relative to the strategy utilized. Reviews also cover performance, transactions, and the rationale for investment decisions and investment strategy. The reviews are conducted by the investment professionals of the firm.

Eagle Ridge issues quarterly written reports to its investment advisory clients. These written reports generally contain a list of assets, investment results and statistical data related to each client's account. We urge clients to carefully review these reports and compare them to the statements they receive from their custodian. The firm's portfolio managers also make themselves available to their clients to discuss such topics as investment objectives, account holdings and performance.

## Item 14: Client Referrals and Other Compensation

Eagle Ridge may enter into agreements to compensate individuals or companies for client referrals. These agreements typically involve Eagle Ridge paying a percentage of its management fee to these referrers. Clients referred to Eagle Ridge through these arrangements receive a disclosure document indicating the nature of the responsibilities and the compensation agreement between Eagle Ridge and the solicitor. Eagle Ridge currently does not have solicitation arrangements with any individuals.

## Item 15: Custody

All client assets are held with banks or registered broker-dealers that are qualified custodians. These custodians make available to clients a monthly statement of positions and transactions. The custodians also supply supplementary statements concerning tax information on an annual basis. For legal purposes, the statements of the custodians are the statements of record for the accounts under management. We urge clients to carefully review those statements and compare the custodial records to the reports that we provide. The information in our reports may vary from custodial statements based on accounting procedures, reporting dates or valuation methodologies of certain securities.

Similar to brokerage, certain clients direct that their accounts be held with specific institutions. These accounts may not receive the most favorable custody terms and brokerage commissions.

Eagle Ridge has the authority to deduct fees from client accounts. In addition, some clients have a Standing Letter of Authorization (SLOA) directing Eagle Ridge to disburse funds to one or more third parties as designated by the client. These clients have instructed their qualified custodian to accept Eagle Ridge's direction on their behalf to move money to the third party designated by the client on the SLOA.

## Item 16: Investment Discretion

Eagle Ridge manages client accounts with investment discretion. All client accounts are managed in accordance with the investment advisory agreement and reflect the firm's understanding of each client's investment objectives. Additionally, a small group of accounts are managed in an advisory capacity whereby the client must approve recommended trades before execution.

## Item 17: Voting Client Securities

Eagle Ridge normally retains the right to vote client securities proxies through its investment advisory contract. Some clients retain the right to vote proxies themselves. Eagle Ridge votes its proxies in the manner that its managers believe will maximize the value of the security which it is voting. Eagle Ridge has engaged Broadridge Financial and utilizes their proxy voting platform to vote proxies and for record keeping purposes.

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

Eagle Ridge Investment Management, LLC  
Attn: Proxy Voting Requests  
5 High Ridge Park 2<sup>nd</sup> Floor  
Stamford, CT 06905

## Item 18: Financial Information

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

Eagle Ridge does not solicit its fees more than one quarter in advance of the services it renders. Therefore, the firm will not provide balance sheet data as part of this disclosure.



## Eagle Ridge Investment Management, LLC Form ADV Part 2B – Brochure Supplement

March 2021

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Stamford, CT 06905  
203.227.4515  
[www.eagleridgeinvestment.com](http://www.eagleridgeinvestment.com)

This Brochure Supplement provides information about Eagle Ridge's partners and supervised persons that supplements the Form ADV Part 2A – Disclosure Brochure. Please contact John Knox, the firm's Chief Compliance Office, if you did not receive that Brochure or if you have any questions about the contents of this supplement.

## Item 2: Educational Background and Business Experience

David A. Tillson, CFA – David was born in 1948, and received his B.A. from Brown University and his MBA from New York University. David founded Eagle Ridge Investment Management, LLC in 2008 and is a Partner and Portfolio Manager of the firm.

David K. Laidlaw, CFA – David was born in 1966, and received his B.A from Reed College and his law degree from Rutgers University. David is the Managing Partner and a Portfolio Manager at Eagle Ridge Investment Management, LLC. Prior to this, he was Manager and Co-Founder of Laidlaw Group, LLC, which he co-founded in 1998.

John J. Knox, III, CFA – John was born in 1956, and received his B.A. from Fordham University and his MBA from Pace University. John is a Partner and Portfolio Manager at Eagle Ridge Investment Management, LLC since its inception in 2008 and serves as the Chief Compliance Officer.

Benjamin D. Connard, CFA – Ben was born in 1978, and received his B.A from Williams college. Ben is a Partner and Portfolio Manager at Eagle Ridge Investment Management, LLC. Prior to this Ben worked in a similar capacity at Laidlaw Group, LLC, which he joined in 2004.

Michael B. Oliver, CFA – Mike was born in 1977, and received his B.S. from the University of Wisconsin and his MBA from the Tepper School of Business at Carnegie Mellon. Mike joined Eagle Ridge in 2019 and is a Partner and Portfolio Manager. Prior to this, Mike worked as a Senior Wealth Manager for BNY Mellon Wealth Management

Ronald A. Sages, PhD, AEP®, CFP®, CTFA, EA – Ron was born in 1951 and is a graduate of The Ohio University. Ron later graduated from The University of Connecticut with a MBA in Finance and Taxation, and earned his Ph.D. in Personal Financial Planning, emphasizing behavioral finance from Kansas State University. Prior to joining Eagle Ridge in 2017, Ron was President, Founder and Chief Investment Officer of Chapin Asset Management. At Eagle Ridge Ron is a Portfolio Manager and Director of Financial Planning. Ron continues his academic research in behavioral finance, as an Adjunct Professor at the University of Georgia.

Lynn R. Najman, CFP® - Lynn was born in 1950, and received her B.A. from Barnard College and her Master's in Economics from Stony Brook University. Lynn joined Eagle Ridge in 2020 as a Personal Financial Strategist. Prior to this, Lynn had her own registered investment advisory firm.

### **Designation Details**

CFA – The CFA Program includes a series of three exams, Levels I, II, and III. Level I consists of basic knowledge and comprehension questions focused on investment tools. Level II exams emphasize more complex analysis, along with a focus on valuing assets. Level III exams require synthesis of all the concepts and analytical methods in a variety of applications for effective portfolio management and wealth planning.

CFP – The Certified Financial Planner™ Designation is awarded by the Certified Financial Planner Board of Standards. The CFP® certification process, administered by CFP Board, identifies to the public that those individuals who have been authorized to use the CFP® certification marks in the U.S. have met rigorous professional standards and have agreed to adhere to the principles of integrity, objectivity, competence, fairness, confidentiality, professionalism and diligence when dealing with clients. CFP® certificants must pass the comprehensive CFP® Certification Examination, pass CFP Board's *Fitness Standards for Candidates and Registrants*, agree to abide by CFP Board's *Code of Ethics and Professional Responsibility* and *Rules of Conduct* which put clients' interests first and comply with the *Financial Planning Practice Standards* which spell out what clients should be able to reasonably expect from the financial planning engagement. CFP® applicants are required to fulfill four certification requirements consisting of education, examination, experience and ethics.

EA - The Accredited Estate Planner Designation is awarded by the National Association of Estate Planners and Councils. The AEP® designation recognizes estate planning professionals who meet special requirements of education, experience, knowledge, professional reputation, and character in the field of estate planning.

The CTFA certification demonstrates expertise in the trust and financial advisor field, and is offered by the ABA Institute of Certified Bankers. To qualify, a candidate must be experienced both in wealth management and personal trusts.

### Item 3: Disciplinary Information

None

### Item 4: Other Business Activities

Ron Sages is an Adjunct Professor at the University of Georgia, teaching in the online Personal Financial Planning Masters Program.

### Item 5: Additional Compensation

None

### Item 6: Supervision

The partners of Eagle Ridge collectively supervise the investment advice provided to clients. The investment professionals of Eagle Ridge meet regularly to discuss the firm's outlook for the economy, markets and security selection for client portfolios. Investment decisions pertaining to asset allocation and security selection reflect the best thinking of the firm and are implemented across client portfolios, tailored to client specific objectives. We meet with clients in person, via teleconference, or telephone and/or electronically on a regular basis. Client meetings typically are attended by one of the partners of the firm. Checks and balances include regular monitoring of portfolios' asset allocation, securities held, and client objectives.

Partners John Knox, David Laidlaw and David Tillson are the individuals responsible for overseeing the supervised persons' advisory activities on behalf of the firm. They can be reached at 203-227-4515.

### Item 7: Requirements for State-Registered Advisors

Not Applicable