



## The Oak Ridge Financial Services Group, Inc.

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Brochure Dated November 16, 2023

**This brochure provides information about the qualifications and business practices of The Oak Ridge Financial Services Group, Inc. ("Oak Ridge"). If you have any questions about the contents of this brochure, please contact Sarah M. Wisniewski, Chief Compliance Officer at 763.923.2245 or via email at [compliance@oakridgefinancial.com](mailto:compliance@oakridgefinancial.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.**

**Oak Ridge is registered as an investment adviser with the United States Securities and Exchange Commission, the State of Minnesota and several other states. Registration of an investment adviser does not imply any level of skill or training.**

**Additional information about Oak Ridge is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

## Item 2 - Material Changes

Oak Ridge will review and update its brochure annually and will send clients a summary of any material changes as well as an offer to deliver the full brochure on an annual basis.

- The definition of “Separately Managed Accounts” has been updated.
- Assets under management (“AUM”) has been updated.

Oak Ridge will further provide clients with a new brochure at any time, without charge. Currently, the brochure may be requested by contacting Sarah Wisniewski at [compliance@oakridgefinancial.com](mailto:compliance@oakridgefinancial.com).

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## Item 4 - Advisory Business

Oak Ridge is an independent, full-service financial services firm offering a wide range of investment planning services to its clients. Oak Ridge was formed in 1977 and was formerly known as Equity Securities Investments, Inc. The name was changed in 2003. Oak Ridge is a registered investment adviser with the U.S. Securities & Exchange. Oak Ridge is also registered as a fully disclosed introducing broker dealer with the Financial Industry Regulatory Authority ("FINRA") and the SEC. Oak Ridge is 100% owned by Oak Ridge Acquisition Corporation. The primary owner of Oak Ridge Acquisition Corporation is Russell S. King, who is the Chairman and Chief Executive Officer of Oak Ridge. Oak Ridge custodies with RBC Clearing & Custody.

### **Managed Accounts**

Oak Ridge Investment Advisory Representatives ("IARs") work with clients to gain a thorough understanding of the client's investment objectives, risk tolerance, time horizon, income needs and any other factors that are integral to the client's financial profile (collectively, the client's "financial information"). To enter into an investment advisory relationship, an executed Advisory Agreement ("Agreement") is required. Clients have the option to have their IAR manage their account or hire a third-party to manage their account. Third-party managers offer a wide array of investment models and styles available through the platform manager, RBC Capital Markets, LLC and offered through an agreement Oak Ridge has with RBC Clearing & Custody. Third-party managers primarily offer portfolios consisting of equities, mutual funds, ETFs and/fixed income. After gaining a thorough understanding of a client's financial situation, the IAR will make a recommendation to manage the client's assets or place client assets with one or more third party portfolio managers based upon the client's best interests, objectives, and financial profile. Clients are presented with sufficient information to approve or reject the recommendation of the third-party manager. Once selected and upon completion of any required documents, the third-party manager selects investments for the client and manages the client account on a discretionary basis, meaning the third-party manager makes investment decisions without prior approval from the client, and generally provides continuous management of client accounts and periodic reporting on the performance of the accounts. IARs manage the relationship between clients and third-party managers. Oak Ridge Financial receives a portion of the fees paid by the client for investment management services. Specific information about each third-party manager's investment objectives, philosophy and portfolio management expertise can be found in their Brochure and other disclosure documents distributed by the third-party manager. Clients should read these disclosure documents carefully to understand the investment process used by third party managers, along with any fees or costs associated with the third-party manager's advisory services.

Assets are maintained in a segregated accounts through our custodian, RBC Clearing & Custody. On an ongoing basis, IARs review portfolio performance and recommend changes and/or portfolio re-deployment when appropriate on a non-discretionary basis.

### **Financial Planning**

IARs also offer financial planning for a fee. IARs gather financial information and history from clients, including retirement and financial goals, investment objectives, investment time horizon, risk tolerance, liquidity needs, education savings and other relevant financial information. Based upon this information, IARs will prepare either a written comprehensive or a segmented plan.

Financial plans are based on a client's financial situation at a point in time and are limited by the depth of the information disclosed by the client to the IARs. Certain assumptions may be made with respect to inflation, trends and projected performance of the markets and economy to assist in planning. However, past performance and projected returns are in no way an indication of actual future investment performance. Clients must review their financial plan on a regular basis and execute strategies accordingly. Clients are under no obligation to implement all or any of the recommendations made in the client's financial plan.

As of September 30, 2023, Oak Ridge had over \$319,000,000 in assets under management on a non-discretionary basis, and over \$93,000,000 in assets under management on a discretionary basis.

## **Item 5 - Fees and Compensation**

### **Separately Managed Accounts**

A separately managed account is an investment portfolio owned by an investor and managed by a professional investment firm—typically registered investment advisors (RIA). Although separate accounts are usually opened through a brokerage or financial advisor, they may also be held at a bank or opened with an insurance company. Third party managers establish their fee schedules independently. Fees charged by third party managers are disclosed in the third-party manager's Advisory Agreement and/or Brochure. Third party managers collect the total advisory fee and remit a portion of the fee to Oak Ridge. In some cases, Oak Ridge charges advisory fees directly to the client for assets managed by a third-party manager. Fees can be charged monthly/quarterly in advance or in arrears based upon the value of the assets under management. Fees payable to Oak Ridge are disclosed in the Agreement and will vary from 0.25% to 2.25% on managed assets, not to exceed the maximum cumulative fee of 2.50%.

## **Financial Planning**

Oak Ridge offers financial planning on both a fixed fee and an hourly fee basis. Fees are negotiable based upon the complexity of the client's financial situation and the requested services. Fixed fees range from \$500 to \$3,000. Hourly fees range from \$150 to \$350 payable upon execution of the Agreement with the IAR. A financial plan is required to be delivered to the client. Clients may terminate the Agreement and receive a full refund of any pre-paid fees at any time up until the presentation of the financial plan to the client.

## **Additional Information Regarding Fees**

The following applies to all fee schedules:

- If the account is opened or is terminated during a quarter, the client pays a prorated fee based on the period of time during the quarter that the account was open and will receive a prorated refund of any unearned fees paid in advance. Clients may add cash to and withdraw funds from their account(s) at any time. Oak Ridge reserves the right to charge a prorated fee with respect to any material addition of assets during any quarter.
- Clients may elect to have the quarterly fee deducted automatically from their account. To make this election, clients are required to provide written authorization. Clients will receive an account statement directly from the custodial broker dealer maintaining their account(s) with the management fee withdrawal clearly noted.
- If client assets are invested in mutual funds (including money market funds), unit investment trusts, annuities or similar investment vehicles, the client's account will bear its proportionate share of the fees (including advisory fees) and internal management expenses of such investment vehicles, as well as any applicable sales loads. These fees are set forth in the product prospectus. Clients who invest in these types of investment vehicles will therefore pay two levels of advisory fees on these assets – one to the firm managing the assets and one to the investment vehicle's adviser.
- Oak Ridge's fees are exclusive of brokerage commissions, transaction fees, termination fees and other related costs and expenses which shall be incurred by the client. In addition, clients may incur certain charges imposed by custodians, brokers, and other third parties, such as fees charged by managers, custodial fees, odd-lot differentials, transfer taxes, wire transfer fees, etc.

The Agreement between Oak Ridge and each client may be terminated by either party by written notice given to the other party at least 30 days prior to the date on which the termination is to take place. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable. If termination occurs within five business days of entering into an Agreement, the client shall be entitled to a full refund of advisory fees paid.

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

Oak Ridge does not charge performance-based fees and has no participation in a client's account performance. As a result, Oak Ridge has no conflicts of interest between accounts that pay asset-based fees and accounts that pay performance-based fees (known as "side-by-side management").

## Item 7 - Types of Clients

Oak Ridge services the investment management needs of individuals, trusts, estates, and institutional clients (corporations, partnerships, foundations, or other business entities). Oak Ridge does not require a minimum account size in order to establish an advisory relationship.

In some cases, third party managers have account minimums that must be met before they will accept a client's assets and provide investment management services.

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

### **Methods of Analysis**

Oak Ridge evaluates several factors before recommending a third-party portfolio manager available to its clients. The criteria will generally include, but are not limited to, the following: 1) Assets Under Management; 2) Portfolio Management Team; 3) SEC Registration Statement/Form ADV; 4) Disciplinary History; 5) Historical Performance; 6) Investment Philosophy; 7) Investment Style and 8) Historical Volatility.

### **Investment Strategies**

IARs will recommend 1) a portfolio of stocks, debt securities, mutual funds and/or exchange traded funds through RBC Clearing & Custody based on the client's investment goals, objectives and risk tolerance, or 2) a third-party money manager who will invest the client's assets based upon the client's investment goals, objectives and risk tolerance. Factors that the IAR may consider when recommending a portfolio of mutual funds include the mutual fund's investment style, historical performance, management experience, volatility, and expenses.

### **Risk of Loss**

Investing in securities involves risk. Oak Ridge cannot guarantee clients will achieve their stated investment objective or achieve positive or competitive returns. Past performance is not indicative of future results. Oak Ridge cannot control external factors which may affect the performance of the client's investments. Clients bear the risk that they could lose all or a portion of their investment.

Asset allocation may have a more significant effect on account values when one of the heavily

weighted sectors is performing more poorly than the others.

**Stocks** represent ownership in a company. If the company prospers and grows, the value of the stock may increase. Stock prices are subject to “market risk” which is attributable to many factors, including investor attitudes towards the company or stocks in general, interest rates and/or the performance of the broad economy.

**Debt Securities** (high yield, convertible or other corporate bonds, Treasury and municipal bonds, certificates of deposit) are promissory notes that pay interest and return the principal at the end of a specified term. Debt securities are subject to numerous risks, including credit risk (the risk that the issuer will fail to pay the interest and/or principal when due), interest rate risk (generally, as interest rates rise, the value of debt securities decline) reinvestment risk (if interest rates fall, the proceeds from maturing bonds may not be reinvested at as high a rate as was once received) and purchasing power risk (when a bond matures the value of the proceeds may have been eroded by inflation).

**Mutual Funds** are investment pools which may hold money market instruments, stocks, bonds, or other investment vehicles. Professional portfolio managers research, select, monitor, and trade various investments that make up the mutual fund’s holdings. Mutual funds may offer a more efficient way of diversifying an investment portfolio as compared to owning individual stocks or debt securities. All mutual funds, whether load or no-load, have investment expenses that are paid to the management company. Mutual fund holders can be subject to income tax on investment income that is earned by the mutual fund, but not distributed to the investor. Mutual fund shares are redeemed at net asset value at the end of the trading day.

**Exchange Traded Funds (“ETFs”)** hold securities to match the price performance of a certain index or commodity. ETFs can track stock market indices and sectors, bonds, commodities or currencies. ETFs are subject to the same market risks as the index or sector they are designed to track. ETFs are also subject to tracking error, meaning that they may not match the performance of the index or sector they are attempting to track. ETFs can be bought and sold throughout the trading day like stocks. ETFs can be passively or actively managed.

## Item 9 - Disciplinary Information

Oak Ridge is required to disclose all material facts regarding any legal or disciplinary events occurring within the past 10 years that would be material to your evaluation of Oak Ridge or the integrity of Oak Ridge’s management.

On June 16, 2014 Oak Ridge’s AWC No. 2012030789401 was accepted by FINRA. This AWC is related to the supervision and sale of non-traditional Exchange Traded Funds (ETFs) during the period of June, 2010 through November, 2012. As part of the AWC, Oak Ridge was censured and paid a fine of \$10,000.

On August 8, 2018 Oak Ridge’s AWC No. 2016052229401 was accepted by FINRA. This AWC is



related to the supervision of Oak Ridge's fixed income trading department and the markups/markdowns taken on certain corporate bond trades executed by Oak Ridge during the period of July 1, 2016 through September 30, 2016. As part of the AWC, Oak Ridge was censured, paid a fine of \$17,500 and made restitution in the amount of \$4,956 plus interest to three clients.

## Item 10 - Other Financial Industry Activities and Affiliations

Oak Ridge has a material relationship to its advisory business in that it is also a fully disclosed introducing broker dealer and a member of FINRA and the Securities Investor Protection Corporation (SIPC). IARs may receive separate and typical compensation for their activities or investment recommendations in their capacity as Registered Representatives of the broker dealer. If securities or insurance products are purchased or sold through the broker dealer for an advisory client, commissions may be generated for the affiliated broker dealer and/or the IAR.

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

Oak Ridge has adopted a Code of Ethics that sets forth its high standard of business, fiduciary and ethical conduct required of all associated persons. Among other things, the Code of Ethics requires associated persons to comply with all applicable federal securities laws and includes provisions relating to the confidentiality of client information, a prohibition on insider trading, restrictions on the acceptance of gifts, approval of board participation and procedures regarding personal securities trading procedures. All associated persons must acknowledge the terms of the Code of Ethics annually, or as amended. The Code of Ethics also provides for a range of sanctions that may be applied to associated persons who violate it.

Oak Ridge provides investment advisory services for various clients and may give advice or take action with respect to one client which may differ from advice given or the timing or nature of actions taken with respect to other clients. All such actions are subject to Oak Ridge's fiduciary duty and its policy to allocate investment opportunities to all clients over a period of time on a fair and equitable basis.

Associated persons may trade securities for their personal accounts. Such trading presents potential and actual conflicts of interest when the securities traded are the same as securities Oak Ridge trades for client accounts. Theoretically, if an associated person wants to purchase a security that is also held in client accounts but does not want to pay current market value for the security, the associated person could sell the security out of client accounts and drive the market price down before making the personal investment. Similar manipulative behavior could occur if the employee desires to sell a personal security holding but buys it in client accounts first in an effort to drive up the price before the employee sells.

Oak Ridge's Code of Ethics contains various provisions that prohibit this sort of conduct, including a requirement that associated persons put client interests first and avoid actual and potential conflicts of interest when transacting in securities for their own accounts. Furthermore, as provided in more detail below, the Code of Ethics imposes restrictions and reporting requirements regarding personal trading.

### **Personal Securities Transactions**

The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of Oak Ridge's associated persons will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing associated persons to invest for their own accounts. The Code of Ethics prohibits associated persons from investing in initial public offerings and requires pre-clearance for all private placement transactions. In addition, the Code of Ethics requires quarterly reporting of personal securities transactions and restricts personal trading in close proximity to client trading activity. Under the Code of Ethics, certain types of securities transactions have been designated as exempt transactions based upon a determination that these would not interfere materially with the best interest of Oak Ridge's clients.

### **Gifts & Business Entertainment**

From time to time, Oak Ridge may determine that it is appropriate and useful to accept from or provide reasonable business gifts and/or business entertainment to clients, prospective clients, broker dealers or other third parties with whom Oak Ridge has a business relationship. Any such gift or entertainment expense is subject to internal policies and procedures as well as applicable laws and regulations. Oak Ridge may, at the request of a broker dealer or third party with whom Oak Ridge has a business relationship, provide charitable contributions or financial support to programs, events or seminars sponsored by the broker dealer or third party.

A copy of Oak Ridge's full Code of Ethics is available upon request by contacting Compliance at [compliance@oakridgefinancial.com](mailto:compliance@oakridgefinancial.com).

## **Item 12 - Brokerage Practices**

### **Directed Brokerage**

Oak Ridge does not permit clients to direct the trading for their advisory account(s) to a broker dealer other than RBC Clearing & Custody. As a condition of participation in the investment programs offered by Oak Ridge, clients must open an account with RBC Clearing & Custody by entering into an account agreement directly with them. Oak Ridge does not have authority to open accounts for clients, although we may aid in doing so.

Oak Ridge does not have discretion to determine which broker dealer will be used or the

commission rates paid when third party managers are utilized. Third party managers may require clients to maintain their assets with a particular custodian. Clients will be informed of these requirements when the third-party manager is selected. All transactions are executed through or with the client's custodial broker dealer.

In determining RBC Clearing & Custody is a qualified custodian, Oak Ridge considered a wide range of factors, including, but not limited to:

- Combination of quality execution services and asset custody services;
- Capability to execute, clear, and settle trades (buy and sell securities for a client's account);
- Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.);
- Quality of services;
- Reputation, financial strength, and stability;
- Prior service to Oak Ridge and our other clients; and
- Ability to aggregate multiple accounts within a household and prepare consolidated performance reporting.

### **Best Execution**

RBC Clearing & Custody does not charge separately for custody services, but they are compensated by charging commissions or other fees on trades they execute for client accounts. Oak Ridge monitors execution quality provided by RBC Clearing & Custody.

### **Trade Error Policy**

Trading errors may occur in a client's account, *e.g.*, the wrong security may be bought or sold. Oak Ridge seeks to keep these errors to a minimum, however, if a trading error is discovered, Oak Ridge immediately contacts RBC Clearing & Custody to provide notice of the error and to seek to correct it. If Oak Ridge was responsible for the trade error, Oak Ridge will bear any net loss or retain any net profit. If feasible, the trade will be canceled. If it is not feasible to cancel the trade, *e.g.*, because the trade has settled, Oak Ridge will instruct RBC Clearing & Custody to reverse the trade. If this results in a net loss to the client, Oak Ridge will reimburse the client. Clients whose assets are managed by a third-party manager may be subject to the trade error correction practices disclosed by the third-party manager. As a general matter, clients are made whole for any losses resulting from the correction of trading errors Oak Ridge makes either by Oak Ridge reimbursing the account or the qualified custodian reimbursing the account and billing Oak Ridge for the amount or netting it against the fee the qualified custodian pays Oak Ridge.

Oak Ridge does not have any arrangements with a broker dealer or third party under which we receive products or services from the broker dealer in exchange for commissions paid to the

broker dealer for executing securities transactions.

Oak Ridge will not cross trades between client accounts or engage in principal transactions between Oak Ridge proprietary accounts and client accounts.

## Item 13 - Review of Accounts

IARs perform periodic asset reviews no less than annually. IARs complete documentation in connection with each account review and submit it to the appropriate Supervising Principal for review. More frequent reviews may be triggered by changes in the third-party manager, political events, material changes in the market or economic outlook, substantial additions, or withdrawals from the account or pursuant to a special arrangement with the client.

Accounts managed on a discretionary basis are reviewed regularly by a Supervisor Principal. Account reviews may include review of holdings, evaluation of asset turnover, meetings, and phone calls with clients.

Clients will receive written reports from third-party managers and receive regular statements from RBC Clearing & Custody. Delivery of these statements are not optional.

## Item 14 - Client Referrals and Other Compensation

Oak Ridge does not pay solicitation or referral fees to any third parties in exchange for potential new client account referrals. Oak Ridge may receive a portion of the fees paid to third party managers for recommending clients place their advisory accounts with those managers. This fee is paid to Oak Ridge for servicing the client and acting as the intermediary between the client and third-party manager.

## Item 15 – Custody

All client assets must be held by a third-party custodian, generally a bank or a broker-dealer. Oak Ridge cannot and does not serve as a qualified custodian for clients and will decline client requests to provide services that would result in Oak Ridge being deemed to have custody under the applicable regulatory rules, such as serving as trustee to a client's account.

Where clients have authorized Oak Ridge to automatically deduct periodic advisory fees directly from the client's account, the rules deem Oak Ridge to have custody and Oak Ridge complies with the limited requirements related to having this sort of custody. Clients must authorize the automatic payment of advisory fees from their account in their Agreement. The custodian will deduct and remit the fees to Oak Ridge and record a debit transaction which will be reflected on the account statement issued directly to the client by the qualified custodian.

Clients receive at least quarterly statements from RBC Clearing & Custody or the third-party

custodian who maintains the client's investment assets. Clients are to notify Oak Ridge Financial at [compliance@oakridgefinancial.com](mailto:compliance@oakridgefinancial.com) if they have questions about their statement.

## Item 16 - Investment Discretion

Oak Ridge generally does not accept discretionary authority from our clients but may make exceptions. All exceptions must be granted prior to execution, in writing, from the Chief Compliance Officer. If an exception is made, Oak Ridge typically receives discretionary authority at the outset of an advisory relationship in the Agreement which allows the IARs to select which securities and the number of securities to be bought or sold. In all cases, discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account.

When selecting securities and determining amounts to be bought or sold, Oak Ridge determines the investment by ensuring it is in the best interest of the client. IARs will work to satisfy limitations and restrictions provided by the client but this cannot be guaranteed.

For non-discretionary accounts, the selection of the third-party money manager(s) must be approved by the client and the client is required to establish an account with the appropriate qualified custodian.

## Item 17 - Voting Client Securities

Oak Ridge does not have authority to vote or advise on proxy matters. Proxy materials are sent to clients who will vote as they desire. Proxy voting will be handled in accordance with the third-party managers' investment practices as disclosed in their Brochure and/or Investment Management Agreement.

## Item 18 - Financial Information

Oak Ridge does not require pre-payment of fees six months in advance, and therefore is not required to disclose certain information related to its financial condition. Oak Ridge has no information to disclose related to any financial commitment that impairs Oak Ridge's ability to meet contractual and fiduciary commitments to clients and has not been the subject of a bankruptcy proceeding.