

Form ADV Part 3- Client Relationship Summary

August 13, 2021



Pacific Ridge Capital Partners ("PRCP") is an investment adviser registered with the Securities and Exchange Commission. Brokerage and investment advisory services and fees differ and it is important for you to understand these differences. Free and simple tools are available to research firms and financial professionals at Investor.gov/CRS, which also provides educational materials about broker-dealers, investment advisers, and investing.

What investment services and advice can you provide me?

We offer investment management services to retail investors, as well as other types of clients. We manage your portfolio utilizing either our Small Cap Value or Micro Cap Value model portfolios. When providing you these investment management services, we manage your portfolio on a discretionary basis where we have authority to determine which securities to buy or sell without obtaining your prior consent. This discretionary authority is subject to investment restrictions and other conditions that you may impose in the investment advisory agreement. However, since we are typically managing just one portion of your overall investment portfolio, we generally do not assess or take into account your overall investment objectives and risk tolerance. Our monitoring includes daily reviews of cash positions, pre-trade compliance checks, regular post-trade and model drift comparisons and annual reviews of performance and objectives. Our minimum portfolio size for separately managed accounts is \$3 million. However, at our sole discretion, we may reduce or waive the minimum account size requirements on a case-by case basis. For additional information, please see our Firm Brochure (Items 4 and 7), which is also available here: <https://adviserinfo.sec.gov/firm/summary/152154>.

Conversation Starters – Ask Us

Given my financial situation, should I choose an investment advisory service? Why or why not?

How will you choose investments to recommend to me?

What is your relevant experience, including your licenses, education and other qualifications? What do these qualifications mean?

What fees will I pay?

When we provide you investment management services, you will pay an advisory fee quarterly in arrears based on the value of your total assets managed by our firm. The annual fee for Portfolio Management Services in our Small Cap portfolio is 1.00% of assets under management. The annual fee for Portfolio Management Services in our Micro Cap portfolio is 1.50% of assets under management. These fee requirements may be negotiable under certain circumstances. We, at our sole discretion, may also offer you services for a fee based on our performance in managing your account in accordance with Rule 205-3 of the Investment Advisers Act of 1940.

When we charge you an asset-based fee, the more assets there are in your account, the more you will pay in fees. We therefore have an incentive to encourage you to increase the assets in your account. Please also note that you may pay additional fees and costs, such as custodian and transaction fees.

You will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce any amount of money you make on your investments over time. Please make sure you understand what fees and costs you are paying.

Additional information about our fees can be found in the Fees and Compensation section (Item 5) of our Firm Brochure.

Conversation Starters – Ask Us

Help me understand how these fees and costs might affect my investments. If I give you \$10,000 to invest, how much will go to fees and costs, and how much will be invested for me?

What are your legal obligations to me when acting as my investment adviser? How else does your firm make money and what conflicts of interest do you have?

When we act as your investment adviser, we have to act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests. You should understand and ask us about these conflicts because they affect the recommendations we provide you. Here are some examples to help you understand what this means.

- One conflict relates to the way we make investment decisions. Because we accept performance-based fees on some of our accounts, we may be influenced to make riskier investment decisions in the hopes of generating higher returns (and hence, higher performance-based fees). We also have an incentive to favor accounts with performance-based fees over other accounts in the allocation of investment opportunities. We mitigate this conflict in two ways: (1) we have policies and procedures in place that ensure all of our clients are treated fairly and equitably, and (2) we manage performance-based fee accounts consistently with that of other asset-based fee accounts and are therefore subject to the same aggregation and pro-rata allocation as all other clients.
- A second conflict centers around the client brokerage commissions we use to obtain research or brokerage services. We receive a benefit to the extent that we do not have to produce such products internally or compensate third parties with our own money for the delivery of such services. Therefore, such use of client brokerage commissions may result in a conflict of interest because we have an incentive to direct securities transactions to those brokers who provide research and services we utilize, even if these brokers do not offer the best price or commission rates for our clients. We mitigate this conflict in two ways: (1) we limit the percentage of trades we give to brokerage firms that offer soft dollars, and (2) we have a Soft Dollar Committee that reviews our soft dollar arrangements and frequency of use at least once per year.

We encourage you to ask us about these conflicts of interest so you fully understand them before investing with us. You can also refer to our Firm Brochure (Items 6 and 12) for more information about these conflicts of interest.

Conversation Starters – Ask Us

How might your conflicts of interest affect me, and how will you address them?

How do your financial professionals make money?

We offer our investment, administration and marketing staff a competitive base salary, a discretionary bonus and possible equity ownership. Bonuses paid to our investment staff are a combination of objective measures (stock selection scores and contribution), as well as subjective measures determined by senior management. The stock selection and contribution measures create a potential conflict of interest because financial professionals have an incentive to make riskier or more speculative investments to drive profits.

Bonuses paid to our administrative and marketing staff take into account the amount of client assets they service and the acquisition of new clients. The acquisition of new clients creates a potential conflict of interest because marketing professionals have an incentive to market to new potential clients that may not be well suited for our strategies.

Do you or your financial professionals have legal or disciplinary history?

No. Neither our firm nor any of our staff have or have had any legal and/or disciplinary events. Visit <https://www.investor.gov/CRS> for a free, simple search tool to research us and our financial professionals.

Conversation Starters – Ask Us

As a financial professional, do you have any disciplinary history? For what type of conduct?

You can obtain additional information about our investment management services in three places: (1) Visit our website at www.PacificRidgeCapital.com, (2) See our brochure at <https://adviserinfo.sec.gov/firm/summary/152154>, or (3) call us at 503-886-8970 to request up-to-date information and obtain a copy of this relationship summary..

Conversation Starters – Ask Us

Who is my primary contact person? Is he or she a representative of an investment-adviser or a broker-dealer? Who can I talk to if I have concerns about how this person is treating me?

Your primary contact is Manisha Thakkar, Director of Marketing and Client Service Manager. Manisha can be reached at (503) 878-8502.

Any concerns should be directed to Peter Trumbo, Chief Operating Officer, at 503-886-8970.