

# RidgeHaven Capital LLC

## Firm Brochure - Form ADV Part 2A

*This brochure provides information about the qualifications and business practices of RidgeHaven Capital LLC. If you have any questions about the contents of this brochure, please contact us at (804) 815-8293 or by email at: [david.sims321@gmail.com](mailto:david.sims321@gmail.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 RidgeHaven Capital LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). RidgeHaven Capital LLC's CRD number is: 226688.*

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*Registration does not imply a certain level of skill or training.*

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## **Item 2: Material Changes**

RidgeHaven Capital LLC has not yet filed an annual updating amendment using the Form ADV Part 2A. Therefore there are no material changes to report.

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## Item 4: Advisory Business

### A. Description of the Advisory Firm

RidgeHaven Capital LLC (hereinafter “RHCapL”) is a Limited Liability Company organized in the State of Virginia.

The firm was formed in April 2015, and the principal owner is David Sims.

### B. Types of Advisory Services

#### *Portfolio Management Services*

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

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

RHCapL evaluates the current investments of each client with respect to their risk tolerance levels and time horizon. RHCapL 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.

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

#### Services Limited to Specific Types of Investments

RHCapL generally limits its investment advice to fixed income securities, equities and ETFs, although RHCapL primarily recommends equities to a majority of its clients. RHCapL may use other securities as well to help diversify a portfolio when applicable.

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

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

### **D. Wrap Fee Programs**

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

### **E. Assets Under Management**

RHCapL has the following assets under management:

<b>Discretionary Amounts:</b>	<b>Non-discretionary Amounts:</b>	<b>Date Calculated:</b>
\$0	\$0	April 2015

## **Item 5: Fees and Compensation**

### **A. Fee Schedule**

#### *Asset-Based Fees for Portfolio Management*

<b>Total Assets Under Management</b>	<b>Annual Fee</b>
All assets	1.00%

These fees are generally negotiable and the final fee schedule is attached as Exhibit II of the Investment Advisory Contract. Clients may terminate the agreement without penalty for a full refund of RHCapL's fees within five business days of signing the Investment Advisory Contract. Thereafter, clients may terminate the Investment Advisory Contract immediately upon written notice.

RHCapL uses an average of the daily balance in the client's account throughout the billing period, after taking into account deposits and withdrawals, for purposes of determining the market value of the assets upon which the advisory fee is based.

RHCapL uses the value of the account as of the last business day of the billing period, after taking into account deposits and withdrawals, for purposes of determining the market value of the assets upon which the advisory fee is based.

## **B. Payment of Fees**

### ***Payment of Asset-Based Portfolio Management Fees***

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

## **C. Client Responsibility For Third Party Fees**

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

## **D. Prepayment of Fees**

RHCapL collects its fees in arrears. It does not collect fees in advance.

## **E. Outside Compensation For the Sale of Securities to Clients**

Neither RHCapL nor its supervised persons accept any compensation for the sale of securities or other 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**

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

## Item 7: Types of Clients

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

- ❖ Individuals
- ❖ High-Net-Worth Individuals

### *Minimum Account Size*

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

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

### A. Methods of Analysis and Investment Strategies

#### *Methods of Analysis*

RHCapL's methods of analysis include charting analysis, fundamental analysis and technical analysis.

**Charting analysis** involves the use of patterns in performance charts. RHCapL uses this technique to search for patterns used to help predict favorable conditions for buying and/or selling a security.

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

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

#### *Investment Strategies*

RHCapL uses long term trading, short term trading, short sales and options trading (including covered options, uncovered options, or spreading strategies).

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



## **B. Material Risks Involved**

### *Methods of Analysis*

**Charting analysis** strategy involves using and comparing various charts to predict long and short term performance or market trends. The risk involved in using this method is that only past performance data is considered without using other methods to crosscheck data. Using charting analysis without other methods of analysis would be making the assumption that past performance will be indicative of future performance. This may not be the case.

**Fundamental analysis** concentrates on factors that determine a company's value and expected future earnings. This strategy would normally encourage equity purchases in stocks that are undervalued or priced below their perceived value. The risk assumed is that the market will fail to reach expectations of perceived value.

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

### *Investment Strategies*

RHCapL's use of short sales and options trading generally holds greater risk, and clients should be aware that there is a material risk of loss using any of those 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.

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

**Short sales** entail the possibility of infinite loss. An increase in the applicable securities' prices will result in a loss and, over time, the market has historically trended upward.

**Options transactions** involve a contract to purchase a security at a given price, not necessarily at market value, depending on the market. This strategy includes the risk that an option may expire out of the money resulting in minimal or no value, as well as the possibility of leveraged loss of trading capital due to the leveraged nature of stock options.

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

### **C. Risks of Specific Securities Utilized**

RHCapL's use of short sales and options trading generally holds greater risk of capital loss. Clients should be aware that there is a material risk of loss using any investment strategy. The investment types listed below are not guaranteed or insured by the FDIC or any other government agency.

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

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

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

**Options** are contracts to purchase a security at a given price, risking that an option may expire out of the money resulting in minimal or no value. An uncovered option is a type of options contract that is not backed by an offsetting position that would help mitigate risk. The risk for a "naked" or uncovered put is not unlimited, whereas the potential loss for an uncovered call option is limitless. Spread option positions entail buying and selling multiple options on the same underlying security, but with different strike prices or expiration dates, which helps limit the risk of other option trading strategies. Option transactions also involve risks including but not limited to economic risk, market risk, sector risk, idiosyncratic risk, political/regulatory risk, inflation (purchasing power) risk and interest rate risk.

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

## **Item 9: Disciplinary Information**

### **A. Criminal or Civil Actions**

There are no criminal or civil actions to report.

### **B. Administrative Proceedings**

There are no administrative proceedings to report.

### **C. Self-regulatory Organization (SRO) Proceedings**

There are no self-regulatory organization proceedings to report.

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

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

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

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

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

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

Neither RHCapL nor its representatives have any material relationships to this advisory business that would present a possible conflict of interest.

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

RHCapL does not utilize nor select third-party investment advisers. All assets are managed by RHCapL management.

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

### **A. Code of Ethics**

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

### **B. Recommendations Involving Material Financial Interests**

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

### **C. Investing Personal Money in the Same Securities as Clients**

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

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

From time to time, representatives of RHCapL may buy or sell securities for themselves at or around the same time as clients. This may provide an opportunity for representatives of RHCapL 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, RHCapL will never engage

in trading that operates to the client's disadvantage if representatives of RHCapL buy or sell securities at or around the same time as clients.

## **Item 12: Brokerage Practices**

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

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

RHCapL will require clients to use ETrade.

#### ***1. Research and Other Soft-Dollar Benefits***

While RHCapL has no formal soft dollars program in which soft dollars are used to pay for third party services, RHCapL may receive research, products, or other services from custodians and broker-dealers in connection with client securities transactions ("soft dollar benefits"). RHCapL 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 RHCapL does not seek to allocate benefits to client accounts proportionate to any soft dollar credits generated by the accounts. RHCapL benefits by not having to produce or pay for the research, products or services, and RHCapL will have an incentive to recommend a broker-dealer based on receiving research or services. Clients should be aware that RHCapL's acceptance of soft dollar benefits may result in higher commissions charged to the client.

#### ***2. Brokerage for Client Referrals***

RHCapL receives no referrals from a broker-dealer or third party in exchange for using that broker-dealer or third party.

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

RHCapL will require that clients use a specific broker-dealer to execute transactions. There is no conflict of interest, as the broker-dealer is not an affiliate or related person

of RHCapL. By directing brokerage, RHCapL may be unable to achieve most favorable execution of client transactions which could cost clients money in trade execution. Not all advisers require or allow their clients to direct brokerage.

### **B. Aggregating (Block) Trading for Multiple Client Accounts**

RHCapL does not aggregate or bunch the securities to be purchased or sold for multiple clients. This may result in less favorable prices, particularly for illiquid securities or during volatile market conditions.

## **Item 13: Reviews of Accounts**

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

All client accounts for RHCapL's advisory services provided on an ongoing basis are reviewed at least quarterly by David Sims, President and CEO with regard to clients' respective investment policies and risk tolerance levels. All accounts at RHCapL are assigned to this reviewer.

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

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

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

Each client of RHCapL's advisory services provided on an ongoing basis will receive a quarterly report detailing the client's account, including assets held, asset value, and calculation of fees. This written report will come from the custodian. RHCapL will also provide at least quarterly a separate written statement to the client, which will include the formula used to calculate the fee, the time period covered by the fee, and the amount of assets under management on which the fee was based.

## **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)**

RHCapL does not receive any economic benefit, directly or indirectly from any third party for advice rendered to RHCapL's clients.

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

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

### **Item 15: Custody**

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

### **Item 16: Investment Discretion**

RHCapL provides discretionary investment advisory services to clients. The Investment Advisory Contract established with each client sets forth the discretionary authority for trading. Where investment discretion has been granted, RHCapL 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. Clients with discretionary accounts will execute a limited power of attorney to evidence discretionary authority. Clients may, but typically do not, impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs. RHCapL will also have discretionary authority to determine the broker or dealer to be used for a purchase or sale of securities for a client's account.

### **Item 17: Voting Client Securities (Proxy Voting)**

RHCapL 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**

RHCapL neither requires nor solicits prepayment of more than \$500 in fees per client, six months or more in advance, and therefore is not required to include a balance sheet with this brochure.

### **B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients**

Neither RHCapL nor its management has any financial condition that is likely to reasonably impair RHCapL's ability to meet contractual commitments to clients.

### **C. Bankruptcy Petitions in Previous Ten Years**

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

## **Item 19: Requirements For State Registered Advisers**

### **A. Principal Executive Officers and Management Persons; Their Formal Education and Business Background**

RHCapL currently has only one management person: David Paul Sims. Education and business background can be found on the individual's Form ADV Part 2B brochure supplement.

### **B. Other Businesses in Which This Advisory Firm or its Personnel are Engaged and Time Spent on Those (If Any)**

Other business activities for each relevant individual can be found on the Form ADV Part 2B brochure supplement for each such individual.

### **C. Calculation of Performance-Based Fees and Degree of Risk to Clients**

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



**D. Material Disciplinary Disclosures for Management Persons of this Firm**

There are no civil, self-regulatory organization, or arbitration proceedings to report under this section.

**E. Material Relationships That Management Persons Have With Issuers of Securities (If Any)**

See Item 10.C and 11.B.