

## **Firm Brochure**

(Part 2A of Form ADV)

**BONAVENTURE CAPITAL, LLC**

**3104 BLUE LAKE DR., STE. 120**

**BIRMINGHAM, AL 35243**

**PHONE: 205-870-8050**

**FAX: 800-490-6448**

**WEBSITE: [WWW.BONAVENTURECAPITAL.NET](http://WWW.BONAVENTURECAPITAL.NET)**

This brochure provides information about the qualifications and business practices of Bonaventure Capital, LLC. If you have any questions about the contents of this brochure, please contact us at (205) 870-8050. 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 Bonaventure Capital, LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

March 28, 2011

## Material Changes

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### **Material Changes since the Last Update**

The U.S. Securities and Exchange Commission issued a final rule in July 2010 requiring advisers to provide a Firm Brochure in narrative “plain English” format. The new final rule specifies mandatory sections and organization. The Material Changes section of this brochure will be updated annually when material changes occur since the previous release of the Firm Brochure.

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# Advisory Business

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## **Firm Description**

Bonaventure Capital, LLC, ("Bonaventure") an Alabama limited liability company, was founded in 1998.

Bonaventure provides investment advisory services to Investment Limited Liability Companies and Investment Limited Partnerships (collectively "the Funds"). Bonaventure also provides investment advisory services to individuals, trusts, corporations and other entities through separately managed accounts ("SMAs").

The owners of Bonaventure are Steven M. Dauphin, Billy L. Harbert, Jr., James O. Rein, and William E. Reiser, Jr.

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## **Separately Managed Accounts**

For SMAs, Bonaventure recommends and implements specific investment strategies that, after consultation and mutual agreement with the Client, best meet the individual Client's investment objectives. Most of the investment strategies recommended to and implemented on behalf of SMA Clients involve the use of index Exchange-Traded Funds ("ETFs") and their listed options. SMA Clients are welcome to impose restrictions on investing in certain securities or types of securities.

Upon request Bonaventure will also advise SMA Clients on private equity investments that they make at their discretion.

As of December 31, 2010, Bonaventure manages \$40,926,555 of SMA Client assets on a discretionary basis and \$900,000 of SMA Client assets on a non-discretionary basis.

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## **The Funds**

Bonaventure advises and manages Investment Limited Liability Companies and Investment Limited Partnerships (collectively "the Funds"). Bonaventure provides the Funds with certain investment management and related services, including, but not limited to (i) identifying, evaluating and structuring investment opportunities consistent with each Fund's governing documents (ii) monitoring investments made by each Fund; and (iii) disposing of and liquidating investments made by each Fund.

As of December 31, 2010, Bonaventure manages \$12,031,791 of Fund assets on a discretionary basis and \$44,700,000 on a non-discretionary basis.

## Fees and Compensation

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### **Separately Managed Accounts**

Bonaventure charges advisory fees for SMAs based on a percentage of assets under management. Such fees, as well as account minimums, are negotiated on a case-by-case basis depending on the level of services required and/or potential growth of an account through future contributions, but are generally as follows:

<u>Assets under Management</u>	<u>Quarterly Rate</u>	<u>Annual Rate</u>
First \$1 Million	0.2500%	1.00%
Next \$4 Million	0.1875%	0.75%
Excess over \$5 Million	0.1250%	0.50%

SMA fees are payable in arrears on a quarterly basis, and based upon the fair market value of the account as of the last business day of the previous quarter. Clients may choose either to have these fees deducted directly from their account or to pay them separately.

SMA Clients receiving advice on private equity investments pay Bonaventure an asset-based fee and a performance-based fee.

Investment Management Agreements between Bonaventure and its SMA Clients may be terminated by either party at any time without penalty upon written notice. Fees paid to Bonaventure are exclusive of any custodial and transaction costs paid to the account custodian, broker dealer or other. The Client should review all fees charged by investments held in their account.

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### **The Funds**

*Southeastern Micro-Cap Financial Services Fund, LP* - Bonaventure acts as the investment manager under contract to Southeastern Micro-Cap Financial Services Fund, LP ("SMFSF"), a Delaware limited partnership formed as a pooled investment vehicle to invest in the financial services industry. SMFSF is closed to new investors. For its services, Bonaventure receives an annual fee from the Fund equal to 1% of assets under management, payable in arrears on a quarterly basis. Fees are calculated based upon the Net Asset Value of the Fund as of the last business day of the previous quarter.

An affiliated company, Bonaventure Partners, LLC ("BP"), is the General Partner of SMFSF. In exchange for its services as the General Partner of the Partnership, the General Partner receives a special profit allocation of 15% of

the Net Profit allocated to the Limited Partners (subject to certain limitations). SMFSF investors should refer to the SMFSF Offering Memorandum for greater details.

*Treble Range Partners, LLC* - Bonaventure is the investment manager and managing member of Treble Range Partners, LLC ("TRP"), an Alabama limited liability company organized in 1998 to operate as a private investment company. TRP is closed to new investors.

TRP pays to Bonaventure for the services rendered by it an annual fee equal to two percent (2.00%) of the value of TRP's investments, cash, and aggregate uncalled capital commitments. Bonaventure may, in its sole and absolute discretion, waive all or any portion of the above fees. Such fees are payable in arrears on a quarterly basis, and are due as soon as practicable, but in no event later than 10 days, following the end of the previous calendar quarter. Such fees are determined based on the value of TRP's investments, cash, and aggregate uncalled capital commitments of the members of TRP as of the end of each calendar quarter. If this Agreement is not in effect for an entire calendar quarter, then the fee for such partial calendar quarter shall be prorated based on the number of days of the quarter that this Agreement is in effect and the total number of days in such quarter. If (i) a distribution is made to the members of TRP during the quarter, or (ii) additional capital commitments are made during the quarter, then the fee for such quarter shall be adjusted to take into account the change in the value of TRP's investments, cash, and aggregate uncalled capital commitments caused by the distribution or additional capital commitments.

As managing member, Bonaventure receives a profit allocation for managing TRP's operations equal to 20% of all profits. The Managing Member may be removed at any time by a vote of the Members holding 90% of the total ownership interests. Bonaventure may withdraw as the Managing Member at any time upon 30 days' written notice.

*Treble Range Partners II, LLC* - Bonaventure is the manager of Treble Range Partners II, LLC ("TRP II"), an Alabama limited liability company organized in 2001 to operate as a private investment company. TRP II is closed to new investors. For its services, Bonaventure receives an annual fee from TRP II equal to 2.5% of the sum of the capital contributions, although Bonaventure may charge a lower fee at its discretion. The fee is determined as of the end of the quarter for which it is due. Bonaventure's role as manager of TRP II automatically renews each year on October 19 for a one-year period unless written notice of non-renewal is delivered by either party to the other party at least 90 days prior to the expiration of the then current term. Bonaventure Partners, an affiliate of Bonaventure, will receive a performance-based fee from TRP II if its returns exceed certain benchmarks.

*Murphree Venture Partners VI, LP, and MVP Growth Equity Fund II, LP* - Bonaventure receives a fixed fee from Murphree & Co., Inc. in exchange for work Mr. Dauphin performs for Murphree Venture Partners VI, LP, and MVP

Growth Equity Fund II, LP (collectively the "MVP Funds"). These funds are closed to new investors. Dauphin assists Murphree & Co., Inc., with deal flow generation, due diligence, investment committee participation and portfolio company oversight. Bonaventure Partners, an affiliate of Bonaventure, will receive performance-based fees from the MVP Funds if their returns exceed certain benchmarks.

*Arlington Private Equity Fund I, LP* - Bonaventure receives a fixed quarterly fee from Arlington Private Equity Fund I, LP, an Alabama limited liability company organized in 2002 to operate as a private investment company to invest in private equity funds. This fee is in exchange for assistance Bonaventure provided in the construction of the fund. Bonaventure will receive a performance-based fee from this fund if its returns exceed certain benchmarks. This fund is closed to new investors, and Bonaventure has no ongoing responsibilities with respect to the fund.

## **Performance-Based Fees**

Bonaventure and its affiliate Bonaventure Partners receive performance-based fees from Clients that invest in private equity, whereas Bonaventure receives only an asset-based fee from Client assets in publicly traded asset classes. Because the types of investments subject to performance-based fees are different from those subject to asset-based fees, a conflict of interest with respect to investment recommendations or allocations does not exist.

## **Types of Clients**

Bonaventure provides investment advisory services to Investment Limited Liability Companies and Investment Limited Partnerships (collectively "the Funds"). Bonaventure also provides investment advisory services to individuals, trusts, corporations and other entities through separately managed accounts.

Bonaventure typically does not accept accounts with less than \$100,000, but exceptions can and have been made depending on the client's circumstances.

## **Methods of Analysis, Investment Strategies and Risk of Loss**

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### **Separately Managed Accounts**

For SMA Clients, Bonaventure analyzes the historical risk and return characteristics of a broad range of asset class combinations. Asset classes representing the vast majority of the publicly traded investment market are

included. ETFs chosen to represent those asset classes in portfolios are analyzed based on their expense ratios, tracking error, index replication methodology and liquidity. Based on historical measures of return, volatility and correlation, together with assumptions concerning future risk and return consistent with Modern Portfolio Theory, portfolios are constructed to exhibit the risk and return characteristics desired by the Client. In many SMAs, with the Client's consent via its Investment Management Agreement with Bonaventure, Bonaventure employs an ETF option-writing strategy whereby out-of-the-money, cash-secured put options and covered call options are written.

There is no guarantee that the investment strategies implemented will perform as intended. Investing in ETFs involves risk of loss that Clients should be prepared to bear. SMA Clients investing in ETFs will receive prospectuses and annual reports from the management companies of the ETFs in their portfolios. These documents should be reviewed for more details on the risks associated with investing in ETFs and the asset classes represented by the ETFs.

There are special risks associated with option writing. The writer of a covered call forgoes the opportunity to benefit from an increase in the value of the underlying stock above the exercise price, but continues to bear the risk of a decline in the value of the underlying stock. The writer of a put option bears a risk of loss if the value of the underlying stock declines below the exercise price, and such loss could be substantial if the decline is significant.

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### **Southeastern Micro-Cap Financial Services Fund, LP**

The following is a brief explanation of the methods of analysis, investment strategies and risk of loss in the Southeastern Micro-Cap Financial Services Fund, LP ("SMFSF"). Investors in SMFSF should refer to its Confidential Private Offering Memorandum which covers these topics in much greater detail.

SMFSF's investment objective is long-term capital appreciation through investment in equity securities of companies in the financial services industry, with special emphasis on banks, bank holding companies and thrifts located in the southeastern United States with market capitalizations generally less than \$500 million. Prospective investments are analyzed using fundamental financial analysis.

An investment in the Fund involves significant risks and is suitable only for investors of substantial financial means who can accommodate limited or no liquidity in their investment and who can bear the risk of potential loss of all or a substantial portion of their investment. Investors should carefully consider the risk factors detailed in the Confidential Private Offering Memorandum including investment risks and partnership risks.

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### **Private Equity Investments**

In its advisory role with respect to private equity investments, Bonaventure analyzes deals using fundamental financial analysis with significant consideration given to management team and co-investor syndicate. Bonaventure's private equity fund clients do not have a specific industry focus, but rather is opportunistic in its investment approach.

Private equity investments involve significant risks and are suitable only for investors of substantial financial means who can accommodate limited or no liquidity in their investment and who can bear the risk of potential loss of all or a substantial portion of their investment.

### **Disciplinary Information**

The firm and its employees have not been involved in legal or disciplinary events related to past or present investment Clients.

### **Other Financial Industry Activities and Affiliations**

Steven Dauphin and William Reiser, Members of Bonaventure, are also Members of Fidelis Capital, LLC ("Fidelis"), a SEC-registered investment adviser affiliated through common control and ownership. Advisory services provided by Fidelis are separate and distinct from the advisory services of Bonaventure, and are provided for separate and industry-standard compensation. No Fidelis Client is obligated to use Bonaventure for any advisory services and conversely, no Bonaventure Client is obligated to use the advisory services provided by Fidelis.

The owners of Bonaventure also own Bonaventure Partners, LLC, the entity that is eligible for performance-based fees from some of the investment entities managed by Bonaventure.

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

Bonaventure has adopted a Code of Ethics expressing the firm's commitment to ethical conduct. Bonaventure's Code of Ethics describes the firm's fiduciary duties and responsibilities to Clients and sets forth Bonaventure's practice of supervising the personal securities transactions of supervised persons with access to Client information. Individuals associated with Bonaventure may buy or sell securities for their personal accounts identical to or different than those recommended to Clients. It is the expressed policy of Bonaventure that no person employed by Bonaventure shall prefer his or her own interest to

that of an advisory Client or make personal investment decisions based on the investment decisions of advisory Clients.

To supervise compliance with its Code of Ethics, Bonaventure requires that anyone associated with its advisory practice with access to advisory recommendations provide annual securities holdings reports and quarterly transaction reports to the firm's Chief Compliance Officer. Bonaventure also requires such access persons to receive approval from the Chief Compliance Officer prior to investing in any IPOs or private placements (limited offerings).

Bonaventure requires that all employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices. Bonaventure's Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. Any individual not in compliance with the above may be subject to discipline.

Bonaventure will provide a complete copy of its Code of Ethics to any Client or prospective Client upon request to the Chief Compliance Officer at Bonaventure's principal address.

Some Bonaventure owners have a material financial interest in some of Bonaventure's Clients. Such Clients receive no favorable treatment with respect to investment allocation as compared to other Bonaventure Clients in whom no Bonaventure owners have a material financial interest.

Bonaventure recommended purchase of a private market investment fund sub-advised by Fidelis to certain of its Clients for which it was suitable. Bonaventure's affiliation with Fidelis was fully disclosed, and no investment in this fund was made by Bonaventure on behalf of any Clients without their prior approval.

In the event the same private market investment is recommended to both Bonaventure and Fidelis Clients, allocations of the investment are made in a manner that maximizes the interests of each Client. Clients will not purchase investments from each other unless the fairness of the transaction price is validated by the involvement of an unrelated third party.

## **Brokerage Practices**

SMA Clients may choose the brokerage firm which will custody their account, or Bonaventure will recommend one based on service and cost. Bonaventure receives no research or other products and services from brokers it recommends.

## **Review of Accounts**

Mr. Reiser reviews SMFSF and all SMAs daily for compliance with policy, suitability of investments and investment objectives. Reiser also assists with reviews of private equity investment entities under management on an as-needed basis. Mr. Dauphin reviews all private equity funds under advisement and their portfolio companies on a daily basis.

Each investor in SMFSF receives a quarterly correspondence providing the value of his interest in the Fund. Members and Limited Partners of the private equity funds under management receive performance updates on a quarterly basis.

SMA Clients have full on-line access to all of their account documents, including transaction confirmations and monthly statements, on their brokerage firm's web site. SMA Clients also receives a quarterly account performance review prepared by Bonaventure.

## **Client Referrals and Other Compensation**

Bonaventure does not compensate referring parties for referrals. Bonaventure does not accept referral fees or any form of remuneration from other professionals when a prospect or Client is referred to them. Bonaventure receives no compensation other than that which is disclosed in this brochure.

## **Custody**

All assets are held at qualified custodians, which means the custodians provide account statements directly to Clients at their address of record at least quarterly. Clients are urged to compare the account statements received directly from their custodians to the performance report statements provided by Bonaventure.

## **Investment Discretion**

Bonaventure accepts discretionary authority to manage SMAs, subject to the Client's Investment Management Agreement with Bonaventure. SMA Clients sign a limited power of attorney form providing Bonaventure with the ability to execute trades in Clients' accounts.

The governing documents of SMFSF, TRP and TRP II provide Bonaventure with full discretion in identifying, evaluating and selecting the investments in which each Fund will invest.

## **Voting Client Securities**

Bonaventure does not vote proxies on securities in SMA Client accounts. SMA Clients will receive their proxies or other solicitations from their custodian or a transfer agent, and are expected to vote their own proxies. Clients are welcome to contact Bonaventure with questions about a particular solicitation.

Bonaventure does have authority to vote securities owned by SMFSF, TRP and TRP II. Bonaventure votes these clients' securities in a manner which it believes will maximize the long-term returns to the investors in these funds. Clients may obtain information about how Bonaventure voted fund securities upon request. Clients also may obtain a copy of Bonaventure's proxy voting policies and procedures upon request.

## **Financial Information**

Bonaventure does not have any financial impairment that will preclude the firm from meeting contractual commitments to Clients.

## **Brochure Supplement (Part 2B of Form ADV)**

Steven McCall Dauphin  
William Edward Reiser, Jr.  
Bonaventure Capital, LLC  
3104 Blue Lake Dr., Ste. 120  
Birmingham, AL 35243  
(205) 588-6022

March 28, 2011

This brochure supplement provides information about Steven McCall Dauphin and William Edward Reiser, Jr., that supplements the Bonaventure Capital, LLC brochure. Please contact Mr. Reiser if you did not receive Bonaventure Capital's brochure or if you have questions about the contents of this supplement.

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**STEVEN MCCALL DAUPHIN****Educational Background and Business Experience**

Born 1964

MBA, Business, University of North Carolina, 1991

BA, Economics and Religion, Harvard College, 1987

Member, Fidelis Capital, LLC, 05/2001 to present

Member, Bonaventure Capital, LLC, 05/1998 to present

Member, Bonaventure Partners, LLC, 05/1998 to present

Board Seats at present: Smart Furniture, IN Holdings, Enviva Biomass, Recast Energy, Aldis

**Disciplinary Information**

None

**Other Business Activities**

Mr. Dauphin is a Member of Fidelis Capital, LLC ("Fidelis"), a SEC-registered investment adviser affiliated through common control and ownership. Advisory services provided by Fidelis are separate and distinct from the advisory services of Bonaventure, and are provided for separate and industry-standard compensation. No Fidelis client is obligated to use Bonaventure for any advisory services and conversely, no Bonaventure client is obligated to use the advisory services provided by Fidelis.

Mr. Dauphin is also a Member of Bonaventure Partners, LLC, an entity that is eligible for performance-based fees from some of the investment entities managed by Bonaventure.

**Additional Compensation**

None

**Supervision**

Mr. Dauphin provides advice to clients regarding private equity investments. Clients that are private equity funds may not make investments without unanimous approval from their investment committees. William E. Reiser, Jr., Member of Bonaventure (205-870-8050), is responsible for supervising Mr. Dauphin's advisory activities on behalf of Bonaventure Capital, LLC. Reiser receives copies of all advice-related client communications sent by Dauphin.

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**WILLIAM EDWARD REISER, JR.****Educational Background and Business Experience**

Born 1964

MBA, Finance/Investments, Duke University, 1992

B.E., Electrical Engineering/Math, Vanderbilt University, 1986

Chartered Financial Analyst (CFA), 1996

Member, Fidelis Capital, LLC, 05/2001 to present

Member, Bonaventure Capital, LLC, 05/1998 to present

Member, Bonaventure Partners, LLC, 05/1998 to present

The CFA charter is a globally respected, graduate-level investment credential established in 1962 and awarded by CFA Institute — the largest global association of investment professionals. To earn the CFA charter, candidates must: 1) pass three sequential, six-hour examinations; 2) have at least four years of qualified professional investment experience; 3) join CFA Institute as members; and 4) commit to abide by, and annually reaffirm, their adherence to the CFA Institute Code of Ethics and Standards of Professional Conduct.

**Disciplinary Information**

None

**Other Business Activities**

Mr. Reiser is a Member of Fidelis Capital, LLC ("Fidelis"), a SEC-registered investment adviser affiliated through common control and ownership. Advisory services provided by Fidelis are separate and distinct from the advisory services of Bonaventure, and are provided for separate and industry-standard compensation. No Fidelis client is obligated to use Bonaventure for any advisory services and conversely, no Bonaventure client is obligated to use the advisory services provided by Fidelis.

Mr. Reiser is also a Member of Bonaventure Partners, LLC, an entity that is eligible for performance-based fees from some of the investment entities managed by Bonaventure.

**Additional Compensation**

None

**Supervision**

Steven M. Dauphin, Member of Bonaventure (205-870-8050), is responsible for supervising Mr. Reiser's advisory activities on behalf of Bonaventure Capital, LLC. Dauphin receives copies of all advice-related client communications sent by Reiser.