

# Item 1

## Cover Page

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### SPRINGDALE CAPITAL

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This brochure provides information about the qualifications and business practices of Springdale Capital LLC (“**we**,” “**us**,” or “**our**”). If you have any questions about the contents of this brochure, please contact us at 203-936-7404 or by email at [yev@springdalecap.com](mailto:yev@springdalecap.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “**SEC**”) or by any state securities authority.

Additional information about Springdale Capital LLC is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

We are a registered investment adviser under the Investment Advisers Act of 1940, as amended (the “**Advisers Act**”). Such registration under the Advisers Act does not imply any level of skill or training.

# Item 2

## Material Changes

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

There have been no material changes with respect to our business or this brochure since our last annual update of this brochure dated February 2019.

### **Full Brochure Availability**

Our brochure may be requested, free of charge, by contacting Yevgeny Neginsky at 203-936-7404 or by email at [yev@springdalecap.com](mailto:yev@springdalecap.com).

# Item 3

## Table of Contents

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Item 1 Cover Page .....	1
Item 2 Material Changes .....	2
Material Changes since the Last Update.....	2
Full Brochure Availability .....	2
Item 4 Advisory Business.....	5
Firm Description .....	5
Principal Owner .....	5
Types of Advisory Services .....	5
Tailored Relationships .....	5
Wrap Fee Programs.....	6
Client Assets .....	6
Item 5 Fees and Compensation.....	7
Description .....	7
Fee Billing.....	7
Other Fees .....	8
Fees Paid in Advance.....	8
Additional Compensation .....	8
Item 6 Performance-Based Fees & Side-by-Side Management.....	9
Sharing of Capital Gains or Capital Appreciation .....	9
Item 7 Types of Clients.....	10
Description .....	10
Account Minimums.....	10
Item 8 Methods of Analysis, Investment Strategies, Risk of Loss.....	11
Methods of Analysis.....	11
Risk of Loss.....	11
Item 9 Disciplinary Information.....	13
Item 10 Other Financial Industry Activities and Affiliations.....	14
Broker-dealer or Registered Representative .....	14
Futures Commission Merchant, Commodity Pool Operator, Commodity Trading Adviser or Associated Person .....	14
Material Relationships or Arrangements with Financial Industry .....	14

Recommend or Select Other Investment Advisers .....	14
Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading ..	15
Code of Ethics.....	15
Recommend Securities with Material Financial Interest .....	15
Invest in Same Securities Recommended to Clients.....	15
Item 12 Brokerage Practices .....	16
Selecting Brokerage Firms .....	16
Research and Soft Dollars.....	16
Brokerage for Client Referrals.....	16
Directed Brokerage .....	16
Order Aggregation.....	16
Item 13 Review of Accounts .....	17
Periodic Reviews .....	17
Review Triggers.....	17
Regular Reports .....	17
Item 14 Client Referrals and Other Compensation .....	18
Economic Benefits .....	18
Third Party Solicitors.....	18
Item 15 Custody .....	19
Account Statements.....	19
Item 16 Investment Discretion.....	20
Discretionary Authority for Trading .....	20
Limited Power of Attorney .....	20
Item 17 Voting Client Securities.....	21
Proxy Voting.....	21
Item 18 Financial Information .....	22
Prepayment of Fees.....	22
Financial Condition.....	22
Bankruptcy .....	22

## Item 4 Advisory Business

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### Firm Description

We are a New Jersey limited liability company formed in 2009 with a single objective - to preserve and grow our clients' wealth. We believe that the best way to achieve this goal is to prudently allocate capital to assets that offer attractive risk/reward characteristics, while minimizing taxes and transaction costs.

Our investment philosophy is anchored in the belief that purchase price is the key to determining the investment's outcome. We believe that a mediocre asset, be it a stock, a bond, or a house, if purchased at a terrific price will likely result in a satisfactory return. Conversely, even a great business, if purchased at too high of a price, might turn out to be a poor investment.

### Principal Owner

Yevgeny Neginsky

### Types of Advisory Services

We serve as a financial advisor to a limited number of individuals, institutions and high net worth families. We work with clients to establish appropriate investment objectives and create customized portfolios tailored to each client's needs. After implementing a suitable investment strategy, we monitor our clients' asset allocation, portfolio performance and investment objectives on an ongoing basis.

Additionally, we implement a special situations investment strategy with the objective of generating superior risk-adjusted absolute returns while attempting to avoid permanent loss of capital. Accounts managed pursuant to this special situations strategy are generally managed in the same manner and own the same securities with essentially the same position sizes. However, one or more such accounts may be managed differently in order to meet certain specific needs of the applicable client account (e.g., to address tax considerations, cash availability and other considerations).

We may offer certain consultancy services to institutions, providing investment advice on a periodic basis. We do not manage any assets through our consultancy services. Finally, we may, on occasion, be retained to provide limited advisory services on an *ad hoc* basis.

### Tailored Relationships

With respect to our financial advisory services, we will manage clients' wealth in a comprehensive manner, including: a) working with clients to establish appropriate investment objectives, b) implementing an investment strategy suitable to those objectives and c) reviewing clients' portfolios, performance and investment objectives at appropriate intervals. We will select mutual funds and individual securities (including, but not limited to, common and preferred stocks, corporate and municipal bonds, closed-end funds and exchange-traded funds, listed domestically and internationally) with an emphasis on appropriate diversification and low cost. A portion of our clients' assets may be invested in securities that have limited trading liquidity and thus are more likely to experience higher price volatility. Clients can choose to impose restrictions on investing in certain securities or types of securities.

With respect to our special situations services, clients agree to allow us to invest as we deem best, and we have no restrictions on what specific securities or types of securities we can buy on behalf of our clients, subject to certain specific needs of the applicable client account, such as tax considerations or cash availability.

With respect to our consultancy services, we do not engage in any kind of tailored relationships with our consultancy clients.

With respect to certain limited advisory services that we may perform on an *ad hoc* basis, such services shall be provided in accordance with the individually tailored program to address the needs of any such client.

### **Wrap Fee Programs**

Not Applicable.

### **Client Assets**

As of March 23, 2020, we manage approximately \$31,419,964 of client assets on a discretionary basis. No assets are managed on a non-discretionary basis.

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## Item 5 Fees and Compensation

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### Description

For our financial advisory services, we receive management fees equal to 0.5% of the value of the assets in a client's account per annum.

For our special situations services, we receive management fees equal to 1% of the value of the assets in a client's account per annum. Subject to us exceeding a 7% hurdle rate (the "Hurdle Rate"), we will also receive a performance fee equal to 20% of the cumulative new profits on the assets in a client's account that exceed the Hurdle Rate since the later of (i) the creation of the client's account, or (ii) the date of the last assessment of a performance fee. For the avoidance of doubt, we will not receive a performance fee to the extent the aforementioned cumulative new profits do not exceed the Hurdle Rate.

For the consultancy services, no fixed fee schedule exists, and compensation is negotiable.

With respect to certain limited advisory services that we may perform on an *ad hoc* basis compensation is generally based on a fixed dollar amount or percentage of assets under management. Such compensation is negotiable.

We have the discretion to reduce or waive any fees described above.

### Fee Billing

We respect to our financial advisory services, all management fees are billed and payable quarterly in arrears and will be based on the valuation of the client's account at the end of the quarter. We may invoice clients on an annual basis in arrears, in which case the fee will be calculated on the average of the four quarterly balances.

With respect to our special situations services, all management fees are billed and payable quarterly in arrears and will be based on the valuation of the client's account at the end of the quarter. We may invoice clients on an annual basis in arrears, in which case the management fee will be calculated on the average of the four quarterly balances. The performance fee, calculated on the basis of the cumulative new profit that exceeds the Hurdle Rate, will be paid annually in arrears, based on the year-end balance of the client's account and subject to Section 205 of the Investment Advisers Act of 1940. Cumulative new profit is calculated on a "high water mark" basis and is only recognized to the extent that the account's all time high value as of the end of the immediately preceding calendar year is exceeded in the current measurement period. Calculation of the account's all time high value will be adjusted for capital contributions and withdrawals. No performance fee will be charged if the client's account does not exceed the current "high water mark." and the Hurdle Rate.

Alternatively, the special situations clients may choose to direct the custodian to enact the Automatic Billing option, whereby the custodian will charge to the client's account the management fee of 1% of the net liquidation value, entered as an annualized percentage, applied on a daily basis. The Automatic Billing option will charge the 20% performance fee to the client's account. Under Automatic Billing, the performance fee is applied to the mark-to-market profits and losses (positive or negative) at the end of each day. If at the end of the billing period the accumulated fee calculation is below the Hurdle Rate, no fee will be charged. The Automatic Billing calculation will be performed annually as of December 31.

With respect to our consultancy services, fees are billed on a variable and negotiable basis.

With respect to certain limited advisory services that we may perform on an *ad hoc* basis, fees are billed on a variable and negotiable basis.

### **Other Fees**

The fees discussed above are compensation solely for the services provided by us to our clients. Fees and expenses charged by the custodian shall be in addition to and distinct from the fees charged to the client by us. Refer to the section on Brokerage for further explanation of possible fees incurred via custodial or brokerage services.

### **Fees Paid in Advance**

Not Applicable.

### **Additional Compensation**

Not Applicable.



## Item 6 Performance-Based Fees & Side-by-Side Management

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### Sharing of Capital Gains or Capital Appreciation

We manage accounts under our financial advisory strategy, for which we charge a 0.5% management fee. We also manage other accounts under our special situations strategy, for which we charge a 1% management fee and a 20% performance fee (the calculation of the performance fee is described above in the Fees and Compensation section). With respect to certain limited advisory services that we may perform on an *ad hoc* basis, our compensation is negotiable. Generally, we will structure any performance or incentive fee arrangements in accordance with Section 205(a)(1) of the Advisers Act and the rules and regulations thereunder, including the exemption set forth in Rule 205-3 of the Advisers Act permitting performance fee arrangements with “qualified clients.”

Our fee structure may create an incentive for us to favor certain accounts over others. For instance, performance-based fee arrangements may create an incentive for us to recommend investments that may be riskier or more speculative than those that we may recommended under a different fee or allocation arrangement. In the allocation of investment opportunities, performance-based fee arrangements may also create an incentive for us to favor clients with performance or incentive fee arrangements over clients that do not have such arrangements or, alternatively, favor clients with higher performance based fee arrangements over clients with lower performance based fee arrangements.

Notwithstanding the foregoing, we believe that managing the types of accounts described in this brochure is complementary in nature, and although such fee structures may create the appearance of conflicts, we do not believe there are any actual conflicts of interest because our asset allocation procedures are individually tailored for our financial advisory clients, as appropriate to their respective needs. Moreover, our advisory clients expect general asset allocation services, and expressly acknowledge that our efforts in the selection of specific securities will be primarily directed at our special situations accounts.

With respect to our consultancy services, fees are variable and negotiable. We believe there is no conflict of interest between advice provided to consultancy clients and the services provided to financial advisory and special situations clients because we do not directly manage any investments for our consultancy clients.

## Item 7 Types of Clients

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### Description

We provide investment advice to individuals, institutions, high net worth families and pooled investment vehicles.

### Account Minimums

For our financial advisory services, the minimum investment is \$500,000. For our special situations services, the minimum investment is \$250,000. We may waive such account minimums. With respect to certain limited advisory services that we may perform on an *ad hoc* basis, minimum investment requirements are negotiable. Our consultancy business has no direct management aspect; therefore account minimums are not applicable.

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

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## Methods of Analysis

With respect to our financial advisory strategy, the objective is to preserve and grow clients' wealth. We believe the best way to achieve this goal is to prudently allocate clients' capital to assets that offer attractive risk/reward characteristics, while minimizing transaction costs and charging low fees. Our investment philosophy is anchored in the belief that purchase price is the key to determining the investment's outcome. We will implement an investment strategy suitable to clients' needs by selecting mutual funds and individual securities (including, but not limited to, common and preferred stocks, corporate and municipal bonds, closed-end funds and exchange-traded funds, listed domestically and internationally) with an emphasis on appropriate diversification and low cost. A portion of clients' assets may be invested in securities that have limited trading liquidity and thus are more likely to experience higher price volatility.

With respect to our special situations strategy, the objective is to generate superior risk-adjusted absolute returns while attempting to avoid permanent loss of capital. To achieve this goal, we will utilize fundamental research to identify attractive securities (including, but not limited to, common and preferred stocks, corporate and municipal bonds, closed-end funds and exchange-traded funds, listed domestically and internationally) with a focus on companies and securities undergoing corporate actions, such as spin-offs, mergers, liquidations, etc. In the absence of compelling risk-adjusted opportunities, we will hold cash. The special situations clients' accounts will be managed in a concentrated manner and considered "non-diversified" under Securities and Exchange Commission guidelines. Many of the securities selected by us are likely to be of "small or micro-cap" companies, have little or no analyst coverage, and are likely to experience significant price volatility and have limited trading liquidity.

All investments entail risk of loss and no approach to investing can guarantee profits or avoid losses. Past performance is not a guarantee of future results and there is no assurance that future investments will be profitable. We cannot and do not guarantee that clients' investment objectives will be realized. Clients must be able to bear the risk of loss of all of the value of their account assets.

## Risk of Loss

With respect to our financial advisory strategy, clients are aware that this strategy will entail, but not be limited to, the following risks:

Illiquidity: a portion of clients' accounts might be invested in illiquid securities. Additionally, as a function of certain corporate actions, clients' accounts may hold securities that do not have a readily ascertainable market value and are not freely transferable.

Size: a portion of the portfolio might be invested in securities of small companies.

Volatility: illiquid securities have historically experienced higher price volatility and are likely to do so in the future.

Custodian: we have no control over the business activities of the custodian and thus cannot and do not guarantee the safety of clients' assets.

With respect to our special situations strategy, clients are aware that this strategy will entail, but not be limited to, the following risks:

Concentration: clients' accounts will be managed in a concentrated manner, with significant concentration in a single security or industry, and shall not be considered diversified.

Illiquidity: a significant portion of clients' accounts might be invested in illiquid securities. Additionally, as a function of certain corporate actions, clients' accounts may hold securities that do not have a readily ascertainable market value and are not freely transferable.

Size: a portion of the portfolio might be invested in securities of small companies.

Volatility: illiquid securities have historically experienced higher price volatility and are likely to do so in the future.

Custodian: we have no control over the business activities of the custodian and thus cannot and do not guarantee the safety of clients' assets.

With respect to certain limited advisory services that we may perform on an *ad hoc* basis, some or all of such risks may apply with respect to such services.

Clients acknowledge that the above described risks are not intended to be a complete and exhaustive list of the risks to which clients' investments may be exposed.

Aside from the risks described above in the Methods of Analysis and Investment Strategies sections, we do not primarily recommend a particular type of security that would involve significant or unusual risks.

## Item 9 Disciplinary Information

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To the best of our knowledge, there are no legal or disciplinary events that we believe would be material to our clients' or our prospective clients' evaluation of our advisory business or the integrity of our management.

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## Item 10 Other Financial Industry Activities and Affiliations

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### **Broker-dealer or Registered Representative**

Not applicable.

### **Futures Commission Merchant, Commodity Pool Operator, Commodity Trading Adviser or Associated Person**

Not applicable.

### **Material Relationships or Arrangements with Financial Industry**

Not applicable.

### **Recommend or Select Other Investment Advisers**

Not applicable.

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

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### **Code of Ethics**

We have adopted a Code of Ethics that is based on the principle that we, and each of our personnel, owe a fiduciary duty to our clients and a duty to comply with federal and state securities laws and all other applicable laws. These duties include the obligation of all personnel to conduct their personal securities transactions in a manner that does not interfere with the transactions of any client or otherwise take unfair advantage of their relationship with clients.

We will provide a copy of our Code of Ethics, free of charge, to any client or prospective client upon request.

### **Recommend Securities with Material Financial Interest**

Not applicable.

### **Invest in Same Securities Recommended to Clients**

Yevgeny Neginsky, our principal, invests alongside our special situations clients. Yevgeny Neginsky, our principal, also maintains an account that is managed in accordance with our financial advisory strategy. With respect to such accounts, the principal's gains and losses, on a percentage basis, should be approximately the same as the gains and losses of our special situations and financial advisory clients, respectively. We believe that investing the principal's personal capital in an essentially identical manner to our clients creates an alignment of interests. When we rebalance all of our clients' accounts, it is theoretically possible that some securities sold in the principal's account(s) would be purchased by client(s), or that some securities sold by client(s) would be purchased in the principal's account(s).

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## Item 12 Brokerage Practices

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### Selecting Brokerage Firms

We recommend which brokerage firms will be used to effect client transactions. We use a single brokerage firm for all special situations clients. Clients have a custodial arrangement directly with the brokerage firm and all trades are executed through this broker. For financial advisory clients, we use another brokerage firm, with which clients establish accounts pursuant to a separate written agreement and all trades are executed through this broker.

The brokerage firms are selected for their quality of execution, commission rates and quality of service. The brokerage firms selected will have competitive commission rates, but will not necessarily have the lowest possible commissions. We may select brokers that provide us with research or other transaction-related services, although that is not our general practice to do so.

### Research and Soft Dollars

We do not accept soft dollar benefits.

### Brokerage for Client Referrals

We do not receive client referrals from brokers.

### Directed Brokerage

Not applicable.

### Order Aggregation

It is our policy, to the extent practical, to allocate investment opportunities among clients over time on a fair and equitable basis. To the extent permitted by law, we shall be permitted to, but are not obligated to, combine or “batch” client orders to obtain best execution, or to allocate equitably among our clients. Clients may experience differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently.



## Item 13 Review of Accounts

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### Periodic Reviews

As to the financial advisory services, clients' accounts are reviewed at appropriate intervals, depending on clients' needs or change in objectives.

As to the special situations strategy, all client accounts are managed in an essentially identical manner. Therefore, individual account reviews generally are not necessary, but reviews will be conducted on a periodic basis by our principal.

As to the *ad hoc* services, clients' accounts are reviewed at appropriate intervals, depending on clients' needs or change in objectives.

As to the consultancy service, reviews are not applicable.

### Review Triggers

Any of the clients' accounts could be reviewed at a client's expressed request, or due to an event that significantly changes a client's financial objectives.

### Regular Reports

We do not provide regular reports to clients. The custodian will provide clients with statements on a regular basis and it is the clients' responsibility to review these statements and report any discrepancies to the custodian.

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## Item 14 Client Referrals and Other Compensation

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### **Economic Benefits**

We do not receive any economic benefits from non-clients for providing investment advice or other advisory services to our clients.

### **Third Party Solicitors**

We do not pay referral fees or provide any economic benefits to third parties for referring clients to us.

## Item 15 Custody

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### Account Statements

We do not obtain actual possession or the authority to obtain possession of the assets of our advisory clients, and, therefore, we are not deemed to have custody of client assets. Custody of assets in clients' accounts will be maintained by an independent custodian. Clients will be responsible for paying any and all fees charged by the custodian. All transactions on behalf of clients executed through the custodian shall have associated brokerage commissions and/or transaction fees withdrawn directly from their accounts. The custodian will provide clients statements on a regular basis and clients shall be responsible for reviewing the statements and promptly reporting any discrepancies to the custodian.

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## Item 16 Investment Discretion

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### **Discretionary Authority for Trading**

We are authorized to invest in securities, funds and/or other assets held in clients' accounts and engage in such transactions on clients' behalf as we may deem appropriate, in our sole discretion, subject to the investment guidelines specified by clients. In providing these services to clients, we shall be entitled to rely on the investment guidelines, financial information and other information provided by clients. Our discretionary authority shall remain in effect until changed or terminated by the client in writing.

### **Limited Power of Attorney**

Clients grant us complete and unlimited discretionary trading authorization and appoint us as agent and attorney-in-fact with respect to clients' accounts. Pursuant to such authorization, we may purchase, sell, exchange, convert and otherwise trade in securities and other investments in clients' accounts and act on behalf of clients in all other matters necessary or incidental to the handling of clients' accounts. We will have the ability to implement short sales for hedging or investment purposes. We may take any action or non-action as we deem appropriate, except that we shall not be authorized to withdraw any money, securities or other property in the name of clients. This trading authorization will be in full force and effect until changed or terminated by the client in writing.

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## Item 17 Voting Client Securities

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### Proxy Voting

We will not exercise proxy voting on clients' behalf in connection with clients' accounts. Clients will receive all proxy materials directly either from the custodian or the issuers of such securities, their service providers or other agents. We shall not advise clients on the voting of proxies. Any proxy voting must be exercised by clients directly.

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## Item 18 Financial Information

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### **Prepayment of Fees**

We do not require or accept any prepayment of fees.

### **Financial Condition**

Not applicable.

### **Bankruptcy**

Not applicable.

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