

# ASHDON

Investment Management



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This Brochure provides information about the qualifications and business practices of Ashdon Investment Management, LLC (“Ashdon”). It is intended to provide clients and prospective clients with an understanding of the investment advisory services offered by Ashdon and to provide full and fair disclosure of any conflicts or potential conflicts of interest associated with those services. Ashdon may, at the request of a client, provide investment advice or other services not discussed in this Brochure. In such cases, any additional disclosures will be provided to the client as necessary. Clients can also refer to their investment advisory agreement for information specific to the management of their account.

If you have any questions about the contents of this Brochure, please contact David Pruitt at 931-461-5733 or [david.pruitt@ashdon.com](mailto:david.pruitt@ashdon.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.

Ashdon Investment Management is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about Ashdon Investment Management, LLC also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC’s web site also provides information about any persons affiliated with Ashdon who are registered as investment adviser representatives.

## Item 2 – Material Changes

Investment Advisers are required to prepare a disclosure document (“Brochure”) that describes the firm and its business practices. Pursuant to SEC rules, we are required to update our Brochure at least annually and provide you with a summary of any material changes since the previous annual amendment.

We have prepared the updated Brochure, dated March 25, 2022, in accordance with the annual amendment requirement. There have been no material changes since our last Brochure dated March 19, 2021:

With this summary, we hereby offer to deliver a complete copy of our Investment Adviser Brochure upon your request at any time during the year. You may request our Brochure at any time by contacting David Pruitt, Managing Principal at 931-461-5733 or by email at [david.pruitt@ashdon.com](mailto:david.pruitt@ashdon.com).

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## Item 4 – Advisory Business

Ashdon Investment Management was established in 2001. The principals of the firm are David W. Pruitt and June B. Debatin.

Ashdon Investment Management, LLC offers investment advisory services to trusts, estates, charitable organizations, corporations, and individuals. Advisory services are provided by way of:

- Separate Accounts
- Consulting Services
- Family Office Services

### Separate Accounts:

Ashdon manages portfolios for client portfolios based on the specific investment goals and objectives of each client. Clients may provide specific guidelines or impose reasonable restrictions on the management of the portfolio.

### Consulting Services:

Ashdon provides investment consulting services to institutional investors and high net worth individuals. Consulting services are offered on a discretionary or non-discretionary basis. Consulting services entail manager selection and allocation recommendations, preparation of Investment Policy Statements and spending policies, and manager due diligence.

### Family Office Services

Ashdon offers Family Office Services to wealthy families. These services are custom-tailored to provide the economic, emotional, physical and educational needs specific to each family and its diverse members. Family Office services may extend to anything that touches our clients' financial lives, which may include cash flow management/budgeting; charitable giving; family business or foundation management; intergenerational transfer, tax, trust and estate administration; educational seminars, consulting on any financial issues and collaborating with any other professional service providers.

### Nomadic Value Partners

Nomadic Value Partners ("NVP") is a d/b/a of Ashdon Investment Management, LLC. NVP is the name used to market and brand an investment strategy managed by Joshua Collinsworth. NVP's research focuses largely on public equities to build a concentrated portfolio in industries we see as more favorable in the current environment. NVP is distinguishable from the other advisory services offered by Ashdon, as Ashdon primarily provides clients with personalized wealth management solutions through manager/investment selection and portfolio diversification. The NVP strategy is offered both as a separate account and also to other investment advisers through a model delivery program.

As of December 31, 2020, Ashdon Investment Management managed \$47,679,289 on a discretionary basis and \$343,934,350 on a non-discretionary basis. Total firm assets on December 31, 2021 were \$ 391,613,639.

## **Item 5 – Fees and Compensation**

The specific manner in which fees are charged is established in a client's written investment management agreement. Clients may terminate their investment management agreement at the end of any calendar month with at least 30 days written notice. Upon termination, any fees paid in advance, but not yet earned shall be refunded to the client on a pro rata basis. Any fees due will be payable.

Clients may, but are not required to, grant Ashdon the authority to debit advisory fees directly from the clients' accounts. If the client authorizes Ashdon to debit fees, Ashdon is deemed to have custody of the client's funds. Clients will receive a statement, usually monthly but no less than quarterly, directly from their account custodian. Ashdon urges clients to review the information on the statement for accuracy and compare the information to any reports received directly from Ashdon. Please refer to the Custody section of this document for additional disclosures relating to the deduction of advisory fees.

Ashdon Investment Management's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses, which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, and other third parties such as custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange-traded funds also charge internal management fees, which are indirectly charged to the client. Such charges, fees and commissions are exclusive of and in addition to Ashdon Investment Management's fee, and Ashdon Investment Management shall not receive any portion of these commissions, fees, and costs.

Item 12 further describes the factors that Ashdon Investment Management considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation.

**Separate Accounts:** The standard fee schedule for management of a separate account is 1% annual fee paid quarterly in advance, based on the market value of the portfolio on the first day of each calendar quarter. Fees may be negotiable at Ashdon's sole discretion. Fees for separate account management are directly debited from clients' account.

To the extent that Ashdon recommends clients engage a third party manager or invest in any private funds, the client would be required to enter into a separate investment

management agreement directly with the manager or complete the fund's subscription documents. The client would be subject to the investment management fees (and any incentive fees) charged by the fund or third party manager, which would be disclosed to the client in advance.

In limited circumstances, Ashdon may have the discretion to engage third party managers or invest in private funds on behalf of the client. In such cases, the client will be subject to all the fees and expenses associated with such investments. Ashdon considers the costs associated with each investment when determining if the investment is appropriate for the client's portfolio.

Consulting Services: Fees for consulting services are negotiable and depend on the nature and scope of the services provided by Ashdon. Consulting fees may be based on a percentage of assets under management or a fixed fee arrangement. Consulting fees are paid quarterly in advance. Clients may choose to receive an invoice or have fees directly debited from their account.

Family Office Services: Fees for family office services are negotiable based on the nature and scope of the services provided by Ashdon. Fees are typically based on a fixed or asset based fee arrangement, but may also be included in the consulting services fee described above. The specific fees are described in the advisory agreement between Ashdon and the client.

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

Ashdon Investment Management does not receive any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client). To the extent that Ashdon recommends a private fund, the fund may charge a performance-based fee as described in the offering documents. Ashdon does not receive any portion of the performance-based fee.

## **Item 7 – Types of Clients**

Ashdon Investment Management offers its advisory services to individuals, high net worth individuals, trusts, estates, charitable organizations, corporations and other business entities. The minimum account size required for each of the advisory services offered follows. Ashdon may choose to waive any minimum requirement at its discretion.

Separate Account	\$100,000
Consulting Services	\$20 million

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

Investing in securities involves risk of loss that clients should be prepared to bear. Ashdon uses its best judgment and good faith efforts in providing advisory services to clients. Ashdon cannot warrant or guarantee any particular level of account performance, or that an account will be profitable over time. Not every investment decision or recommendation made by Ashdon will be profitable. Investments in securities are subject to various market, currency, inflation, economic, political and business risks. Ashdon attempts to minimize these risks by recommending diversified portfolios constructed to meet the specific goals and objectives of clients.

- **Market Risk:** Investments are subject to risk, including the possibility of a loss of principal. Fluctuations in the value of an investment may be caused by external factors independent of an investment's particular underlying circumstances.
- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Inflation Risk:** High inflation may adversely affect future purchasing power.
- **Currency Risk:** Foreign investments are subject to fluctuations in the value of the dollar versus the local currency where the investment is made.
- **Reinvestment Risk:** Reinvestment risk occurs when proceeds from an investment may be reinvested at lower prevailing rates.
- **Business Risk:** Business risks are associated with a particular industry or a particular company within an industry.
- **Liquidity Risk:** Liquidity risk occurs when there is a possibility an investment cannot be readily converted to cash.
- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.
- **Non-Diversification Risk:** A portfolio concentrated in a small number of holdings is subject to additional risks due the lack of diversification across asset classes, sectors, industries and companies. As a result, the portfolio is more susceptible to a single adverse economic or regulatory occurrence affecting one of these issuers and may experience increased volatility.
- **Private Placements:** Private Placements are unregistered securities that are not regulated by the Securities and Exchange Commission. Private Placements are

subject to additional risks that do not exist in the public equity and public debt markets. Private Placements are not marketable because there is no secondary market to buy and sell shares. Liquidation is limited to the terms and conditions set forth by the General Partner. Some private Placements may allow redemptions as often as monthly, while others may not allow redemptions at all for the entire term of the investment.

**Separate Account Clients** – Ashdon uses fundamental analysis and concepts derived from modern portfolio theory to construct diversified portfolios using an asset allocation strategy. Ashdon assists clients in determining with asset allocation strategy best suits their investment goals, objectives and risk tolerance.

**Consulting Services** – Ashdon determines the client's allocation to each asset class, sector or industry and selects managers based on information obtained through its manager due diligence process. The due diligence process includes an in-depth review of all aspects of the manager's business, including but not limited to:

- (1) interviews with key professionals, including investment professionals, compliance officers, technology staff, and trading personnel;
- (2) review of support systems, such as technology and data services used in the investment process;
- (3) review of SEC filings and disclosure documents; and
- (4) an assessment of the manager's disaster recovery procedures.

Ashdon conducts ongoing manager due-diligence and manager searches to assure that the selected managers maintain the characteristics on which their selection was based and to assure the availability of alternate managers in the event that a replacement manager is required.

#### NVP Strategy

As discussed in Item 4, NVP is the name under which Ashdon markets and brands the specific investment strategy managed by Joshua Collinsworth. NVP's strategy invests in a concentrated portfolio of public equities with the goal of outperforming the S&P 500 Index over the long-term. Portfolios are focused in 7-14 unique ideas and typically less than 20 individual holdings. The strategy looks for positive change creating sustained growth opportunities in combination with favorable competitive dynamics within a select set of industries, and then seeks to partner with financial sponsors either scaling an innovative business model, monetizing optionality of an asset, and/or building a relevant brand. The strategy is all-cap, but portfolios are expected to consist mostly of mid- and large-cap companies. For accounts larger than \$5,000,000, NVP may also include private investment opportunities in client accounts. NVP uses the same research criteria to select private investments as for public equities. NVP views risk as the potential for permanent capital loss and manages this risk by seeking portfolio companies with a diversified set of value creation levers (value levers). Exposures to specific value levers are monitored and diversified at the aggregated portfolio level.



## **Item 9 – Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Ashdon Investment Management or the integrity of Ashdon Investment Management's management. Ashdon Investment Management has no disciplinary events to disclose.

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

Ashdon Investment Management is not engaged in any business other than providing investment advice and has no affiliation material to the advisory services offered to clients.

## **Item 11 – Code of Ethics**

Ashdon Investment Management, Inc. has adopted a Code of Ethics. The Code of Ethics sets forth a standard of conduct required by Ashdon's supervised persons and requires compliance with applicable securities laws, including the Insider Trading and Securities Fraud Enforcement Act of 1988. An investment adviser's Code of Ethics requires certain employees (Access Persons) to report their personal securities holdings within ten days of being hired and annually thereafter, and are required to report securities transactions within thirty days of the end of each calendar quarter. The Chief Compliance Officer or other designated person reviews employee's personal investment activity to ensure employee trading activity does not conflict with advice provided to clients.

Ashdon adopted policies and procedures imposing certain conditions and restrictions on transactions for the accounts of Ashdon's employees. Ashdon employees are permitted to make investments in securities that are also held in client portfolios, provided they conduct their personal trading in a manner that does not create a conflict of interest with a client, or otherwise take unfair advantage of the client relationship. Employees are required to obtain approval from the Chief Compliance Officer, or other designee, prior to executing trades for their own account in any private placement or initial public offering. Ashdon employees are prohibited from taking action for personal benefit rather than for a client's benefit, and from using their knowledge of client transactions for personal profit.

A complete copy of Ashdon's Code of Ethics is available to any client or prospective client upon request.

## **Item 12 – Brokerage Practices**

Ashdon executes client trades through the broker that also serves as custodian for the client's account. Ashdon regularly assesses the services provided by the broker to

determine that the reasonableness of commissions is consistent with the broker's ability to provide quality services to Ashdon and its clients. Ashdon believes that, in consideration of all services provided by the custodian/broker, including but not limited to commission rates and other fees, the custodian/broker is providing overall execution quality consistent with Ashdon's duty to seek best execution for its clients.

Ashdon recommends Fidelity for client brokerage and custodial services. The reason for preferring Fidelity is their discounted commission rates, availability of no-load mutual funds, electronic trading, daily transaction downloads, and dedicated service team. Ashdon receives no fees or compensation for recommending Fidelity. Nonetheless, not all advisers require clients to use the services of a particular broker/dealer or custodian. This requirement limits Ashdon's ability to seek out brokers with different pricing structures or broader services, or to receive more favorable pricing on securities transactions.

Clients may request that Ashdon use the services of a specific broker/dealer. However, Ashdon reserves the right to decline such a request. If Ashdon accepts an account subject to client direction, Ashdon may not be able to attain best execution of client transactions. Directed transactions may result in additional costs to clients.

Ashdon may choose to, but is not required to, aggregate client orders consistent with its duty to seek best price and execution. Clients participating in an aggregated order will receive the average price of all transactions executed on a pro rata basis. If an order is partially filled, shares will be allocated pro rata based on the client's initial participation in the transaction. To the extent that the limited availability of a security would result in a de minimis allocation, Ashdon may exclude one or more accounts from participating in the order and select an alternative allocation method provided that such method is fair and equitable to all client accounts over time.

In accordance with Ashdon's duty to oversee the practices of the third party managers it selects to manage client accounts, Ashdon reviews the investment and brokerages practices of the managers, including but not limited to:

- (1) execution analysis;
- (2) trade aggregation and allocation;
- (3) broker selection;
- (4) use of soft dollars; and
- (5) directed brokerage practices.

Because Ashdon offers the NVP strategy to both separate accounts and through a model delivery program, certain conflicts of interest may arise in Ashdon's trading practices. Ashdon will trade the separate accounts first and deliver the updated portfolio to the model delivery clients as soon as practical after the separate account trades are complete. This may or may not result in the separate account clients receiving better execution of their trades than model delivery clients.

### **Item 13 – Review of Accounts**

Accounts are monitored no less frequently than quarterly to ensure portfolios are invested and/or managers are selected in accordance with the appropriate investment strategy. Additional information about Ashdon's investment personnel is included in Form ADV Part 2B – Brochure Supplement.

All clients receive reports from Ashdon at least quarterly. Clients also receive an account statement directly from their account custodian.

### **Item 14 – Client Referrals and Other Compensation**

Ashdon receives (or has access to) free or discounted research materials from broker-dealers and/or third-party providers in exchange for recommending clients use the custody services of Fidelity. Fidelity provides free industry information that does not qualify as research, such as newsletter or other publications pertaining to compliance, marketing, practice management, etc. In addition, events such as workshops or conferences may be available at reduced cost or no cost. These benefits are not provided on the basis of client transactions. Under no circumstances do any clients pay additional fees or commissions in order for Ashdon to obtain these products or services.

### **Item 15 – Custody**

Ashdon is deemed to have custody of client funds to the extent that Ashdon directly debits fees from client accounts. Debiting of fees is done pursuant to authorization provided by each client. Usually monthly but no less frequently than quarterly, clients will receive account statements directly from their account custodian. Custodial statements include account holdings, market values and any activity that occurred during the period, including purchases and sales, additions and withdrawals, income, dividends and capital gains. Ashdon urges clients to compare information contained in reports provided by Ashdon with the account statements received directly from the account custodian. Differences in portfolio value may occur due to various factors, including but not limited to: (1) unsettled trades; (2) accrued income; (3) pricing of securities; and (4) dividends earned but not received.

In any case where Ashdon is deemed to have custody of client funds or accounts, other than as described above, Ashon will comply with the custody rule by engaging the services of an independent accounting firm to conduct a surprise custody audit of such funds or accounts each year.

## **Item 16 – Investment Discretion**

Ashdon manages client portfolios on both a discretionary and non-discretionary basis. Clients that grant Ashdon discretion over their account do so by providing authorization in the investment advisory agreement. This discretionary authority authorizes Ashdon to determine the securities to be bought or sold and the amount of securities to be bought or sold.

Selections of investments follow the parameters determined for the client as well as any specific instructions, investment objectives and risk profile associated with each client.

## **Item 17 – Voting Client Securities**

Ashdon may choose to, but is not required to, vote proxies on behalf of clients. If Ashdon accepts responsibility for proxy voting, Ashdon will vote in a manner it believes is in the best interests of clients. The exclusive purpose of each voting decision is to maximize the economic value of the client's investment. Ashdon may vote against management on issues that are deemed to impair shareholder rights or value. Guidelines may be developed to cover routine issues, such as board of director nominations, shareholder rights, ratification of auditor, social responsibility, etc. Other issues, such as executive compensation, capitalization and corporate reorganizations are considered on a case-by-case basis in light of relevant facts and circumstances. A report summarizing each corporate issue and corresponding proxy vote is available to clients upon request by contacting David Pruitt at [david.pruitt@ashdon.com](mailto:david.pruitt@ashdon.com).

For accounts where Ashdon has recommended a third party manager, Ashdon delegates proxy voting authority to the manager.

## **Item 18 – Financial Information**

Registered investment advisers are required to provide certain financial information or disclosures about their financial condition. Ashdon has no financial commitments that impair its ability to meet contractual and fiduciary obligations to clients, and has not been the subject of a bankruptcy proceeding.