



## **Ridgewood Investments LLC**

CRD # 121220

Springfield, NJ 07081  
Phone: (973) 544-6970  
Fax: (973) 544-4026

[www.ridgewoodinvestments.com](http://www.ridgewoodinvestments.com)  
[www.dividendgrowthpartners.com](http://www.dividendgrowthpartners.com)

**March 29, 2023**

***This Disclosure Brochure provides information about the qualifications and business practices of Ridgewood Investments LLC. If you have any questions about the contents of this Disclosure Brochure, please contact us at the phone number listed above.***

***The information in this Disclosure Brochure has not been approved or verified by the U.S. Securities and Exchange Commission ("SEC") or by any state securities authority. Please note, where this Disclosure Brochure may use the terms "registered investment adviser" and/or "registered", registration itself does not imply a certain level of skill or training.***

***Additional information about the Advisor and its advisory persons is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).***

## Item 2 Material Changes

Form ADV Part 2 requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes.

Since our last annual updating amendment dated March 30, 2022, we have the following material change(s):

- Item 4. Advisory Business - This section has been updated to add disclosures regarding IRA Rollover Recommendations. Please refer to Item 4 below for more detailed information.
- Item 5. Fees and Compensation - This section has been updated as follows:
  - Clients requesting to be billed rather than having fees debited automatically from their account will be charged an additional administrative charge of \$100.00 per account per year for each account with alternate billing arrangements.
  - Termination of your advisory agreement can be requested at any time with 30 days written notice.
- Item 8. Methods of Analysis, Investment Strategies and Risk of Loss - This section has been updated to include liquidity, inflation, and horizon risks as well as additional information on investing in money market funds, mutual funds, stocks, ETFs, limited partnerships and private placements. Please see this section for specific information and disclosures.

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## Item 4 Advisory Business

### Description of Firm

Ridgewood Investments LLC ("Ridgewood" or "Advisor") is a registered investment adviser primarily based in Springfield, New Jersey. We also have an office in Palos Verdes, California and conduct business under the DBA Dividend Growth Partners. Ridgewood is organized as limited liability company under the laws of the State of New Jersey. We have been providing investment advisory services since 2002. Our principal owners are Kaushal Majmudar, Ahalya Nava-Majmudar, and Terrance McGuire.

The following paragraphs describe our services and fees. Refer to the description of each investment advisory service listed below for information on how we tailor our advisory services to your individual needs. As used in this brochure, the words "we", "our" and "us" refer to Ridgewood and the words "you", "your" and "client" refer to you as either a client or prospective client of our firm.

### Portfolio Management Services

Ridgewood Investments LLC ("Ridgewood" or "Advisor") provides fee-based discretionary and non-discretionary investment advice and portfolio management services to individuals, high net-worth individuals, trusts, estates, charitable organizations, foundations, corporations and other business entities. On occasion, Ridgewood offers consulting services on an hourly, performance based, asset based or fixed fee basis. Prior to engaging the Advisor for portfolio management services, a client is required to enter into written agreement(s) with the Advisor setting forth the terms and conditions under which Ridgewood renders its services.

The Advisor's portfolio management services are provided in accordance with the client's investment objective(s) and time horizon. Management and/or consulting fees are negotiable and dependent upon the scope and complexity of the engagement as well as the amount of assets to be supervised. As part of our portfolio management services, in addition to other types of investments (see disclosures below in this section), we may invest your assets according to one or more model portfolios developed by our firm. For example Dividend Growth Partners follows a disciplined approach to dividend growth investing, relying on research and dividend growth investing experience throughout multiple business cycles. Our services offered may include comprehensive advice and recommendations in the following areas:

- Investment research and investment management
- Portfolio construction and management
- Securities selection
- Strategic asset allocation
- Cash flow planning
- Retirement planning
- Income planning
- Estate and financial planning

To the extent specifically requested by a client, Ridgewood may provide limited consultation services on a fee for service basis to its clients on investment and non-investment related matters. For example, Ridgewood may render non-discretionary investment management services to clients relative to:

- Individual employer sponsored retirement plans
- Trusts, Charitable Trusts, and other accounts managed by third parties
- 401k and other defined contribution or ERISA plans

In doing so, Ridgewood either directs or recommends the allocation of client assets among the various options available to client. The client assets shall be maintained at the custodian, trust company, or plan respectively.

Ridgewood may also recommend an investment in one or more private funds that are managed by Ridgewood Investments or one of our affiliates. Our funds sometimes charge asset management fees and generally charge performance based fees (and sometime a combination of both of these fees). Our fund investments are only offered to accredited investors or qualified clients, as defined by current securities regulations. Our funds are exempt from registration under Rule 3(c)(1) of the Investment Company Act of 1940, which limits the number of limited partners allowed to invest in each fund. Details regarding the investment policies and business practices of each fund are outlined in the information memorandum and subscription documents for the each respective fund which you should review carefully before deciding to make or not make an invest in any of our private funds. You can find more information about our private funds including a list of our funds and how performance based fees work including information about conflicts of interest in Item 6 (Performance Based Fees and Side by Side Management), Item 10 (Other Financial Industry Activities and Affiliations), and Item 15 (Custody).

### **IRA Rollover Recommendations**

Effective December 20, 2021 (or such later date as the US Department of Labor ("DOL") Field Assistance Bulletin 2018-02 ceases to be in effect), for purposes of complying with the DOL's Prohibited Transaction Exemption 2020-02 ("PTE 2020-02") where applicable, we are providing the following acknowledgment to you.

When we provide investment advice to you regarding your retirement plan account or individual retirement account, we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way we make money creates some conflicts with your interests, so we operate under a special rule that requires us to act in your best interest and not put our interest ahead of yours. Under this special rule's provisions, we must:

- Meet a professional standard of care when making investment recommendations (give prudent advice);
- Never put our financial interests ahead of yours when making recommendations (give loyal advice);
- Avoid misleading statements about conflicts of interest, fees, and investments;
- Follow policies and procedures designed to ensure that we give advice that is in your best interest;
- Charge no more than is reasonable for our services; and
- Give you basic information about conflicts of interest.

We benefit financially from the rollover of your assets from a retirement account to an account that we manage or provide investment advice, because the assets increase our assets under management and, in turn, our advisory fees. As a fiduciary, we only recommend a rollover when we believe it is in your best interest.

### **Assets Under Management**

As of December 31, 2022, we provide continuous management services for \$246,191,263 in client assets on a discretionary basis, and \$56,192,234 in client assets on a non-discretionary basis.

## Item 5 Fees and Compensation

Unless otherwise agreed, fees are charged quarterly in arrears based on the value of assets under management as of the last day of the calendar quarter. Management fees will be automatically debited from client accounts on a quarterly basis by the advisor at the qualified custodian of record. The custodian maintains possession of client assets in accordance with the client authorization in the Advisory Agreement ("Agreement"). Clients requesting to be billed rather than having fees debited automatically from their account will be charged an additional administrative charge of \$100.00 per account per year for each account with alternate billing arrangements.

Investment Advisory Fees for discretionary accounts range from 1.50% to 0.75% depending on the size and complexity of the Client relationship; the strategy or strategies being implemented; and/or additional services provided to the client. Relationships with multiple objectives, specific reporting requirements, portfolio restrictions and other complexities may be charged a higher fee. Fees for defined contribution plans and other accounts may have fee schedules that differ from above and are negotiated on a case-by-case basis.

**Fee Calculation:** Investment Advisory Fees are generally charged in arrears (end of quarter) based upon a percentage of the total assets under management, including money market balances on the last trading day of each calendar quarter. In any partial calendar quarter, fees are pro-rated based on the number of days in which the account is open during the quarter. All securities and their values are determined by each custodian or mutual fund, their designee, or other third party sources unless otherwise noted. Fee calculations are derived from these valuations.

Management fees are negotiable under certain circumstances, at the sole discretion of the Advisor. Ridgewood's fee is separate and distinct from the custodian and execution fees. All commissions, custody, execution fees and other related costs or expenses charged by the qualified custodian and/or executing broker-dealer (or other financial institution(s) involved with the client account) are charged separately.

Such fees may include custodial fees, charges imposed directly by a mutual fund or exchange traded fund in the account, which shall be disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Ridgewood does not receive any portion of these commissions, fees, and costs.

**Fixed and Hourly Fees:** The advisor also provides certain services related to financial planning or other financial advisory services on an hourly or fixed fee basis. Depending on the scope of the work to be performed and the professional performing the advisory services, the hourly rate will range from a low of \$450 per hour to a high of \$1,000 per hour. Fixed fees are customized to the scope of the project to be performed and are discussed with clients in advance. Advisor will perform fixed fee or hourly advisory assignments by either oral or written agreement with the client and will bill either in advance or arrears depending on the arrangement and the scope of work to be performed. Fixed and hourly fees are negotiable at the sole discretion of the Advisor.

**Termination of Advisory Relationship:** The advisory agreement may be canceled at any time, by either party, for any reason upon thirty days' prior written notice. Upon termination of an account, any prepaid and/or unearned fees will be promptly refunded. Similarly, any earned and/or unpaid fees will be due and payable. Clients retain the right to terminate the advisory agreement without penalty within five business days after entering into an Agreement. The Agreement shall remain non-transferable unless authorized by the client in writing.

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

Ridgewood may receive a Performance Fee based upon any gains obtained in the accounts or on the investments of "Qualified Clients" pursuant to an Investment Advisory Agreement. The Performance Fee will be calculated, if at all, either at the close of the investment, or each calendar year and/or calendar quarter and be deducted from Client accounts directly by the Custodian. The Performance Fee will be equal to a percentage (typically 10% to 25%) of any gains in the Client account for the year. The Advisor will receive the Performance Fee only to the extent that there are cumulative gains in the Client's account for the relevant period.

The receipt of a Performance Fee from certain Clients or Accounts results in a conflict of interest, where Ridgewood has higher compensation from a Client or Account. Advisor may utilize block trading to buy or sell and then allocate securities respectively to clients across accounts simultaneously to help mitigate these issues. However, there can be no guarantee that Advisor can avoid a conflict of interest nor that Advisor will equally allocate investments to each of its clients. Advisor retains the right to differentiate among and between clients based on factors such as suitability, liquidity, risk tolerance, time horizon, timing of account reviews and methodology, relationship and other factors when allocating investment opportunities in its sole discretion.

Who is a "Qualified Client"?

The Investment Advisers Act of 1940 (the "Advisers Act"), Rule 205-3(d)(1) defines a "Qualified Client" who is financially sophisticated and meets one or more of the following conditions:

1. Client is a natural person who or a company that immediately after entering into the contract has at least \$1,100,000 under the management of the Advisor;
2. Client is a natural person who or a company that immediately prior to entering into the contract, has a net worth (together, in the case of a natural person, with assets held jointly with a spouse) of more than \$2,200,000 at the time the contract is entered into.

(Clients who engaged our firm prior to August 16, 2021 may be subject to lower thresholds in place at the time they became clients.)

Ridgewood may also recommend the following private funds that charge a Performance Fee or charge a Performance Fee related to certain Alternative Investment Funds. For a full list of our affiliated funds and pooled investment vehicles, please see *Other Financial Industry Activities and Affiliations* under Item 10 and *Custody* under Item 15 for more information.

## Item 7 Types of Clients

Ridgewood provides investment management services to individuals, high net-worth individuals, pension and profit sharing plans, trusts, estates, charitable organizations, foundations, corporations and business entities. Clients are required to enter into a written agreement with the Advisor setting forth the terms and conditions under which Ridgewood renders its services. Ridgewood has an account minimum of \$500,000, which may be reduced at the sole discretion of the Advisor.

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

The Advisor provides both discretionary and non-discretionary investment management services to individuals, institutions and other types of clients (See Item 7). Ridgewood focuses on the principles of value and dividend investing in an effort to provide rewarding long-term returns.



Our portfolios are constructed based on our proprietary internal analysis and research. Our services include the management of separate accounts whereby client authorizes Advisor in writing to manage client's investments with full discretion to make investment decisions for and on behalf of client without additional ongoing authorization. Advisor provides multiple strategies including Core Value, Dividend Growth and Core Dividend, Passive/Enhanced index, Balanced Value and Total Income, Quantitative Value Strategies and Alternative Investment Management.

Advisor takes and encourages clients to take a patient, long-term, value-oriented approach to investing and applies this discipline across the portfolios it manages. Advisor believes that successful investing requires a discipline be maintained through various market environments and fluctuations. Our emphasis on long-term investing generally leads to low portfolio turnover though no specific turnover is explicitly targeted.

Investments are generally selected with an initial five to ten year holding time frame in mind, though shorter or longer holding periods will also occur in practice. While Advisor may report performance more frequently, clients are encouraged whenever possible to adopt a minimum of a seven to ten year investment horizon for investment funds managed by Advisor. Advisor believes, and some studies have illustrated, that clients who adopt a long-term investment horizon are more likely to enjoy investment success due to their ability to patiently stick with investments through the likely ups and downs of various market cycles. Clients' probabilities of achieving successful outcomes increases significantly as longer timeframes are used to measure their investment performance and progress toward their investment objectives. This supports the importance and emphasis that Advisor places on educating its clients to adopt a long-term approach to their investments.

Ridgewood currently offers the following primary investment strategies to its investment advisory clients:

### **Core Value Strategy**

Our Core Value strategy involves a focused approach to purchasing and owning a concentrated portfolio of approximately ten to fifty individual positions. Advisor selects investments that Advisor believes offer an appropriate risk reward trade-off over the next five to seven years. It is Advisor's policy to focus on the expected compound return over time while simultaneously monitoring and managing the risk of permanent capital impairment over time. Investments often have a significant contrarian or value component involving investments in securities and sectors with near-term factors that have reduced the quoted price and uncertainty as to when or if these factors will reverse.

Investments in our Core Value strategy are selected based on quantitative and qualitative criteria with an emphasis on the following investment criteria:

- Value investments including statistically inexpensive companies and growing companies selling at value prices
- Contrarian investments
- Special situation, event driven, and/or arbitrage investments
- Cash equivalents or income oriented investments

### **Core Dividend and Dividend Growth Strategies**

Our Core Dividend and Dividend Growth strategies involve a focused approach to purchasing and owning approximately twenty to fifty individual positions within each strategy with an emphasis on dividend paying holdings. In our dividend strategies, Advisor selects investments that offer an appropriate risk reward trade-off over the next five to seven years. Within our dividend strategies, we focus on total compound return over time with a particular focus on the contribution from dividends. In evaluating the prospects for our Core Dividend and Dividend Growth strategies, the Advisor considers



a number of factors including, but not limited to, prior history of dividend payments, the company's financial strength, industry conditions, management commentary around dividend policy, growth prospects for the company, current yield and current payout ratio, sustainability and growth rate of the dividend.

Our Dividend Growth strategy emphasizes the potential for future dividend growth rather than current yield as a basis for portfolio construction. Because the focus of this strategy is future dividend growth, investments are not restricted to current dividend payers or companies with a history of sustained dividend growth. In contrast, our Core Dividend strategy places greater emphasis on providing current income with the possibility of somewhat more limited dividend growth.

### **Passive and Enhanced Indexed Strategy**

The Advisor also offers clients passive and indexed accounts featuring enhanced index and value oriented mutual funds with an emphasis on the institutional quality funds offered by Dimensional Fund Advisors, as well as, exchange traded funds. These investments feature a more diversified and passive investment strategy than our core value and dividend strategies and are utilized on their own or in conjunction with our other strategies to manage accounts to meet a variety of client needs. Among other applications, our Passive and Enhanced Indexed strategy can be used to implement asset class exposure and broader diversification. We recommend these accounts to clients for a variety of situations including qualified retirement plans such as 401k plans, as well as, broadly diversified taxable accounts. Passive accounts are also utilized for smaller accounts accepted for supervision by Advisor.

### **Quantitative Value Strategies**

The Advisor offers its clients access to several proprietary Quantitative Value strategies that emphasize an algorithmic approach to investing based on value factors such as price to book value combined with other metrics such as short term and intermediate term relative strength, business quality as judged by metrics such as returns on invested capital, upwards earnings estimate revisions, and other factors.

### **Balanced Value Strategies and Total Income Strategies**

The Advisor offers its clients access to Balanced Value investment strategies that feature a combination of investment in individual securities and funds with an emphasis on balancing the objectives of growth and long-term compounding with an additional objective of generating a higher level of current income/interest/dividends or lower portfolio volatility through the inclusion of fixed income, bonds, and dividend paying securities and funds. Advisor's Total Income strategy emphasizes pursuit of yield and current income as a primary objective through use of bonds, fixed income securities, and some dividend securities, though it may include a portion of investments in equities and other securities as well.

### **Alternative Investments and Strategies**

The Advisor offers select clients access (at their own discretion) to one or more private investment partnerships managed by Advisor, a related entity, or third-parties in areas such as income funds, real estate partnerships, and other areas. These partnerships have a number of features and risks as outlined in their respective information memoranda and subscription documents.

To the extent clients decide to participate in these investments, Advisor or an officer or affiliate of Advisor may receive management fees and/or performance based fees as general partner or investment advisor to these partnerships or directly from the client by agreement related to their Alternative Investment holdings supervised by the Advisor. Partnerships are generally accessible only to sophisticated and/or accredited and qualified investors as required by law. In addition, Advisor may charge management and/or performance fees to client (which may be deducted with consent of the

client from the value of their account in each partnership), paid directly by the client, or debited from another account supervised by advisor under separate agreement with both the client and the administrator of each partnership (if at all).

### **Investment Strategy Implementation**

It should be noted that Ridgewood's strategies focus on low turnover, low transaction cost, and low friction (avoiding unnecessary trading activity) approaches to generate returns. Therefore, in some cases, Ridgewood does not actively rebalance accounts (with the sometimes exception of its quantitative based strategies and model portfolios within advised 401k plans). There is likely to be significant dispersion amongst the performance of individual accounts with the same or similar strategies. This variance may be the result of timing of security sales or purchases, cash holdings/availability, the size of a client account, client instructions/limitations, the timing of client deposits or withdrawals, and client status (new/existing client) among other reasons. More detailed description of each investment strategy is available upon request.

**Risk of Loss:** Investing in securities involves a certain amount of risk of loss that clients should be prepared to bear. Questions regarding these risks and/or increased costs may be directed to the Advisor and its advisory persons. Ridgewood Investments' focus on value investments and equity securities and concentrated/non-diversified strategies can create elevated portfolio volatility and exposure to temporary or sometimes permanent loss of capital. Clients should be aware of such risks prior to selecting an investment strategy or retaining Advisor. Clients should also take a long-term view towards their investments supervised by Advisor since Advisor offers strategies designed to seek performance in the long-term and adopting a long-term view enhances the probability of a successful outcome.

### **Other Risk Considerations**

When evaluating risk, financial loss may be viewed differently by each client and may depend on many different risks, each of which may affect the probability and magnitude of any potential losses. The following risks may not be all-inclusive, but should be considered carefully by a prospective client before retaining our services.

**Liquidity Risk:** The risk of being unable to sell your investment at a fair price at a given time due to high volatility or lack of active liquid markets. You may receive a lower price or it may not be possible to sell the investment at all.

**Inflation and Interest Rate Risk:** Security prices and portfolio returns will likely vary in response to changes in inflation and interest rates. Inflation causes the value of future dollars to be worth less and may reduce the purchasing power of a client's future interest payments and principal. Inflation also generally leads to higher interest rates which may cause the value of many types of fixed income investments to decline.

**Horizon and Longevity Risk:** The risk that your investment horizon is shortened because of an unforeseen event, for example, the loss of your job. This may force you to sell investments that you were expecting to hold for the long term. If you must sell at a time that the markets are down, you may lose money. Longevity Risk is the risk of outliving your savings. This risk is particularly relevant for people who are retired, or are nearing retirement.

### **Recommendation of Particular Types of Securities**

We recommend various types of securities and we do not primarily recommend one particular type of security over another since each client has different needs and different tolerance for risk. Each type of security has its own unique set of risks associated with it and it would not be possible to list here all of the specific risks of every type of investment. Even within the same type of investment, risks can vary

widely. However, in very general terms, the higher the anticipated return of an investment, the higher the risk of loss associated with the investment. A description of the types of securities we may recommend to you and some of their inherent risks are provided below.

**Money Market Funds:** A money market fund is technically a security. The fund managers attempt to keep the share price constant at \$1/share. However, there is no guarantee that the share price will stay at \$1/share. If the share price goes down, you can lose some or all of your principal. The U.S. Securities and Exchange Commission ("SEC") notes that "While investor losses in money market funds have been rare, they are possible." In return for this risk, you should earn a greater return on your cash than you would expect from a Federal Deposit Insurance Corporation ("FDIC") insured savings account (money market funds are not FDIC insured). Next, money market fund rates are variable. In other words, you do not know how much you will earn on your investment next month. The rate could go up or go down. If it goes up, that may result in a positive outcome. However, if it goes down and you earn less than you expected to earn, you may end up needing more cash. A final risk you are taking with money market funds has to do with inflation. Because money market funds are considered to be safer than other investments like stocks, long-term average returns on money market funds tends to be less than long term average returns on riskier investments. Over long periods of time, inflation can eat away at your returns.

**Stocks:** There are numerous ways of measuring the risk of equity securities (also known simply as "equities" or "stock"). In very broad terms, the value of a stock depends on the financial health of the company issuing it. However, stock prices can be affected by many other factors including, but not limited to the class of stock (for example, preferred or common); the health of the market sector of the issuing company; and, the overall health of the economy. In general, larger, better established companies ("large cap") tend to be safer than smaller start-up companies ("small cap") are but the mere size of an issuer is not, by itself, an indicator of the safety of the investment.

**Mutual Funds and Exchange Traded Funds:** Mutual funds and exchange traded funds ("ETF") are professionally managed collective investment systems that pool money from many investors and invest in stocks, bonds, short-term money market instruments, other mutual funds, other securities, or any combination thereof. The fund will have a manager that trades the fund's investments in accordance with the fund's investment objective. While mutual funds and ETFs generally provide diversification, risks can be significantly increased if the fund is concentrated in a particular sector of the market, primarily invests in small cap or speculative companies, uses leverage (i.e., borrows money) to a significant degree, or concentrates in a particular type of security (i.e., equities) rather than balancing the fund with different types of securities. ETFs differ from mutual funds since they can be bought and sold throughout the day like stock and their price can fluctuate throughout the day. The returns on mutual funds and ETFs can be reduced by the costs to manage the funds. Also, while some mutual funds are "no load" and charge no fee to buy into, or sell out of, the fund, other types of mutual funds do charge such fees which can also reduce returns. Mutual funds can also be "closed end" or "open end". So-called "open end" mutual funds continue to allow in new investors indefinitely whereas "closed end" funds have a fixed number of shares to sell which can limit their availability to new investors.

ETFs may have tracking error risks. For example, the ETF investment adviser may not be able to cause the ETF's performance to match that of its Underlying Index or other benchmark, which may negatively affect the ETF's performance. In addition, for leveraged and inverse ETFs that seek to track the performance of their Underlying Indices or benchmarks on a daily basis, mathematical compounding may prevent the ETF from correlating with performance of its benchmark. In addition, an ETF may not have investment exposure to all of the securities included in its Underlying Index, or its

weighting of investment exposure to such securities may vary from that of the Underlying Index. Some ETFs may invest in securities or financial instruments that are not included in the Underlying Index, but which are expected to yield similar performance.

**Limited Partnerships:** A limited partnership is a financial affiliation that includes at least one general partner and a number of limited partners. The partnership invests in a venture, such as real estate development or oil exploration, for financial gain. The general partner has management authority and unlimited liability. The general partner runs the business and, in the event of bankruptcy, is responsible for all debts not paid or discharged. The limited partners have no management authority and their liability is limited to the amount of their capital commitment. Profits are divided between general and limited partners according to an arrangement formed at the creation of the partnership. The range of risks are dependent on the nature of the partnership and disclosed in the offering documents if privately placed. Publicly traded limited partnership have similar risk attributes to equities. However, like privately placed limited partnerships their tax treatment is under a different tax regime from equities. You should speak to your tax adviser in regard to their tax treatment.

**Private Placements:** A private placement (non-public offering) is an illiquid security sold to qualified investors and are not publicly traded nor registered with the Securities and Exchange Commission. Private placements generally carry a higher degree of risk due to illiquidity. Most securities that are acquired in a private placement will be restricted securities and must be held for an extended amount of time and therefore cannot be sold easily. The range of risks are dependent on the nature of the partnership and are disclosed in the offering documents.

## Item 9 Disciplinary Information

There are no legal, regulatory or disciplinary events involving Ridgewood or any of its employees. Ridgewood values the trust you place in us. We encourage you to perform the requisite due diligence on any advisor or service provider. Our backgrounds are on the Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). To review the firm information contained in ADV Part 1, select the option for Investment Adviser Firm and enter 121220 in the field labeled "Firm IARD/CRD Number" to access or Form ADV Parts 1 and 2. Item 11 of the ADV Part 1 lists legal and disciplinary questions.

## Item 10 Other Financial Industry Activities and Affiliations

Mr. Majmudar is the Founder and owner of Freedom Income Fund Management LLC, the manager of Freedom Income Fund I, a separate series fund of Freedom Income Fund Management LLC. Freedom Income Fund I is a private income fund launched in January 2012, which is implementing an income oriented investment strategy for its investors. Mr. Majmudar also is the manager of Freedom Real Estate Series 1, a separate series fund of Freedom Income Fund Management LLC. Freedom Real Estate Series 1 is a real estate fund launched in February 2015, which is implementing a real estate investment strategy for its investors. The Freedom Income Fund I and the Freedom Real Estate Series 1 are available only to accredited and qualified investors as defined by applicable laws and available only to investors who choose to subscribe to these partnerships after an independent review of their respective partnership memorandum and related documents and in their sole discretion.

Mr. Majmudar is the Founder and majority owner of Ridgewood Investments, LLC, as well as the manager of Ridgewood Real Estate Series 1, a separate series fund of Ridgewood Funds LLC. Ridgewood Real Estate Series 1 is a real estate fund launched in February 2015, which is implementing real estate investment strategy for its investors. The Ridgewood Real Estate Series 1 is available only to accredited and qualified investors as defined by applicable laws and available only to investors who choose to subscribe to these partnerships after an independent review of their respective partnership memorandum and related documents and in their sole discretion.

Mr. Majmudar is the Founder and majority owner of Ridgewood Investments, LLC, as well as a co-manager of Ridgewood Dividend Partners Fund, a separate series fund of Ridgewood Funds LLC. Terrance McGuire is also a manager of Ridgewood Dividend Partners Fund. Ridgewood Dividend Partners Fund is an investment partnership launched in March 2017, which is implementing a dividend growth investment strategy for its investors. The Ridgewood Dividend Partners Fund is available only to accredited and qualified investors as defined by applicable laws and available only to investors who choose to subscribe to these partnerships after an independent review of their respective partnership memorandum and related documents and in their sole discretion.

Mr. Majmudar is the Founder and majority owner of Ridgewood Investments, LLC, as well as a co-manager of Ridgewood Select Value Fund LP which is also managed by Sam Namiri. Ridgewood Select Value Fund LP is an investment partnership launched in 2018, which is implementing a small and micro cap value based investment strategy for its investors. The Ridgewood Select Value Fund is available only to accredited and qualified investors as defined by applicable laws and available only to investors who choose to subscribe to these partnerships after an independent review of their respective partnership memorandum and related documents and in their sole discretion.

Mr. Majmudar is the Founder and majority owner of Ridgewood Investments, LLC, as well as a manager of Ridgewood Funds LLC series funds and its separate series which is available only to accredited and qualified investors as defined by applicable laws and available only to investors who choose to subscribe to these pool partnership series investments after an independent review of their respective partnership memorandum and related documents and in their sole discretion.

Ridgewood Investments may solicit clients to invest in one or more managed or affiliated private funds as listed above. For a variety of reasons including the potential to charge performance based fees, or because we or one or more of our affiliates may have investment interests in the funds or have a direct investment in one or more of the fund holdings, conflicts of interest arise. You should, therefore, carefully review the partnership memorandum and subscription documents associated with each fund in light of conflicts of interest before deciding to proceed with an investment in one or more of our managed or affiliated funds.

At the request of clients, Advisor may refer clients to third party service providers such as estate planning attorneys, certified public accountants, employment attorneys, or others. Advisor recommends that clients always check multiple sources for any products or services being sought and select the provider or providers offering the best combination of service and value for the service or products being requested. To the extent that clients utilize products from firms or service providers introduced to client by Advisor, the decision remains with the client and in their own discretion to use or not use any provider, whether or not introduced to the client by Advisor.

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

### **Description of Our Code of Ethics**

We strive to comply with applicable laws and regulations governing our practices. Therefore, our Code of Ethics includes guidelines for professional standards of conduct for our Associated Persons. Our goal is to protect your interests at all times and to demonstrate our commitment to our fiduciary duties of honesty, good faith, and fair dealing with you. All of our Associated Persons are expected to adhere strictly to these guidelines. Our Code of Ethics also requires that certain persons associated with our firm submit reports of their personal account holdings and transactions to a qualified representative of our firm who will review these reports on a periodic basis. Persons associated with our firm are also



required to report any violations of our Code of Ethics. Additionally, we maintain and enforce written policies reasonably designed to prevent the misuse or dissemination of material, non-public information about you or your account holdings by persons associated with our firm.

Clients or prospective clients may obtain a copy of our Code of Ethics by contacting us at the telephone number on the cover page of this brochure.

### **Participation or Interest in Client Transactions**

We serve as the investment adviser to Ridgewood Real Estate Series 1; Ridgewood Dividend Partners Fund, as well as Ridgewood Select Value Fund (collectively the "Funds"), and Ridgewood Funds a series fund which are private pooled investment vehicles in which you may be solicited to invest. Persons associated with our firm may have significant investments in the Funds. If you are an investor in the Funds, please refer to the Fund's offering documents for detailed disclosures regarding your Fund(s). Additionally, individuals associated with our firm may buy or sell for their personal account(s) investment products identical to those purchased by the Funds. This practice may create a conflict of interest because we have the ability to trade ahead of the Funds and potentially receive more favorable prices than the Funds will receive. To mitigate this conflict of interest, it is our policy that neither our firm nor persons associated with our firm shall have priority over the Funds in the purchase or sale of securities.

Please see *Other Financial Industry Activities and Affiliations* under Item 10 and *Custody* under Item 15 for more information.

### **Personal Trading Practices**

Our firm or persons associated with our firm may buy or sell securities for you at the same time we or persons associated with our firm buy or sell such securities for our own account. A conflict of interest exists in such cases because we have the ability to trade ahead of you and potentially receive more favorable prices than you will receive. To mitigate this conflict of interest, it is our policy that neither our firm nor persons associated with our firm shall have priority over your account in the purchase or sale of securities.

## **Item 12 Brokerage Practices**

Client generally selects a custodian (who is usually the broker as well). For accounts with prime brokerage designation, Advisor sometimes has full discretion to select brokers and commission rates in these circumstances. However, Advisor's investment authority may be subject to specified investment objectives, guidelines and/or conditions imposed by the Client.

Client is free to select broker/custodian of their choice. Advisor recommends that clients utilize discount brokers and custodians. The services of TD Ameritrade Advisor Services, Fidelity Institutional, Schwab Institutional, Folio Institutional and Interactive Brokers are generally recommended for ease of administration and efficiency. In choosing to recommend these custodians, Advisor considered a variety of factors including their discount commission rates, trading and technology support, and the quality of customer service. Neither Advisor nor Advisor representatives are registered representatives of these firms nor do they receive commissions or fees for recommending these providers. These firms provide clients directly with statements for their accounts.

While you are free to choose any broker-dealer or other service provider as your custodian, we recommend that you establish an account with a brokerage firm with which we have an existing relationship. Such relationships may include benefits provided to our firm, including but not limited to market information and administrative services that help our firm manage your account(s). We believe that the recommended broker-dealers provide quality execution services for our clients at competitive

prices. Price is not the sole factor we consider in evaluating best execution. We also consider the quality of the brokerage services provided by recommended broker-dealers, including the value of the firm's reputation, execution capabilities, commission rates, and responsiveness to our clients and our firm. In recognition of the value of the services recommended broker-dealers provide, you may pay higher commissions and/or trading costs than those that may be available elsewhere.

Some clients may instruct Advisor to use one or more particular brokers for the transactions in their accounts. Clients who may want to direct Advisor to use a particular broker should understand that this may prevent Advisor from aggregating orders with other clients or from effectively negotiating brokerage compensation on their behalf. This arrangement may also prevent Advisor from obtaining the most favorable net price and execution. Thus, when directing brokerage business, clients should consider whether the commission expenses, execution, clearance, and settlement capabilities they will obtain through their broker, compare favorably to those that Advisor would otherwise obtain for its clients.

It is Advisor's policy to offer all clients a choice between available custodians and allow client to make their own decision regarding whether to utilize Ameritrade, Fidelity, Schwab Institutional, Folio Institutional, Interactive Brokers or another custodian based on a variety of factors. Advisor believes that Ameritrade, Fidelity, Schwab Institutional, Folio Institutional and Interactive Brokers continue to offer products and services to clients that are competitive in the marketplace and similar to, if not better than, other options for custody and discount brokerage services.

Ridgewood's primary objectives when placing orders for the purchase and sale of securities for accounts is to obtain favorable execution for client trades taking into consideration these factors.

Transactions for each client generally will be effected independently, unless the Advisor decides to buy or sell the same securities for several clients at approximately the same time. In this case, Ridgewood may elect to combine or aggregate orders (i.e. block trading) in order to obtain an average price and allocate shares among several client accounts. Shares will be distributed pro-rata (or other appropriate method depending on the circumstances) and in accordance with Ridgewood's established allocation policy.

Depending on the custodian selected, the means of trade execution and pricing can differ. In particular, clients using Folio Institutional for custody will generally be allocated by the use of models that align with selected strategies traded at Folio's Institutional's twice daily window trading times (11am and 2pm). In the event it is deemed in client's best interest to trade outside window times, our discretion remains to trade other than during window times at a per trade cost. However, trades during window trading times are covered by the Folio Institutional annual bundled pricing for clients so we will generally utilize window trading times whenever possible for our clients who choose to custody assets at Folio Institutional.

### **Aggregated Trades**

Since Ridgewood and its clients utilize multiple custodians and client trades are generally handled by the custodian, Ridgewood will not have the ability to aggregate client transactions or negotiate commissions in this situation, the client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.



**Mutual Fund Share Classes**

Mutual funds are sold with different share classes, which carry different cost structures. Each available share class is described in the mutual fund's prospectus. When we purchase, or recommend the purchase of, mutual funds for a client, we select the share class that is deemed to be in the client's best interest, taking into consideration cost, tax implications, and other factors.

**Research and Other Soft Dollar Benefits**

Advisor does not receive any research, products, client referrals, or other services from a broker-dealer or third party in connection with client-based securities transactions (i.e. Ridgewood does not accept soft dollars).

**Item 13 Review of Accounts**

For those clients that receive discretionary investment management services, Ridgewood monitors those portfolios as part of an ongoing process. Regular account reviews are conducted at least quarterly by Kaushal B. Majmudar, CFA and/or Terrance P. McGuire. Clients should contact the Advisor immediately with any changes to their financial situation as such changes may impact the status of their investment account(s). Ridgewood may also contact investment advisory clients to review previous recommendations and to discuss the impact of any changes in the client's financial situation and/or investment objectives.

Clients receive written statements no less than quarterly from the trustee or qualified custodian. In addition, client's may receive other supporting reports from Advisor or asset managers, trust companies or custodians, insurance companies, broker/dealers, and others involved with client accounts.

**Item 14 Client Referrals and Other Compensation**

Advisor enters into arrangements with individuals or entities that refer clients and prospective client to Advisor (the "Solicitor") under which the Solicitor agrees to refer potential clients to Advisor for investment advisory services. In return, Advisor will pay to such Solicitor a referral fee, which may be a fixed amount or a percentage of the advisory fee collected. Remuneration to the Solicitor is predicated on the prospect entering into an advisory agreement with Advisor. Such arrangements will comply with the requirements set forth in Rule 206(4)-3 under the Investment Advisers Act of 1940, and/or applicable state statutes, to the extent they apply. Specifically, it is Advisor's practice to disclose, in writing, to its clients that were referred to it by a Solicitor that such Solicitor will receive compensation for referring that client to Advisor.

We have entered into contractual arrangements with employee(s) of our firm, under which the individual receives compensation from our firm for the establishment of new client relationships. Employees who refer clients to our firm must comply with the requirements of the jurisdictions where they operate. The compensation is a percentage of the advisory fee you pay our firm for as long as you are a client with our firm, or until such time as our agreement with the Solicitor expires. You will not be charged additional fees based on this compensation arrangement. Incentive based compensation is contingent upon you entering into an advisory agreement with our firm. Therefore, the individual has a financial incentive to recommend our firm to you for advisory services. This creates a conflict of interest; however, you are not obligated to retain our firm for advisory services. Comparable services and/or lower fees may be available through other firms.

## Item 15 Custody

Clients with separately managed accounts generally authorize Ridgewood to directly deduct advisory fees owed to Ridgewood from their accounts held by a qualified custodian. In regard to separately managed accounts, Clients will receive their account statements directly from their qualified custodian.

Ridgewood is deemed to have custody of client funds and securities because a related person is manager of the Freedom Income Fund Management LLC, Series I fund and starting in 2015 also the Freedom Real Estate Series 1 and the Ridgewood Real Estate Series 1 funds and starting in 2017, the Ridgewood Dividend Partners Fund and certain of our clients invest in these funds and starting in 2018, the Ridgewood Select Value Fund and certain of our clients invest in these funds, and the Ridgewood Funds series funds and certain of our clients invest in these funds. These partnerships are independently audited by an independent CPA auditing firm each year.

Clients should always carefully review all custodian account and capital account statements that they receive for accuracy as well as review any advisor fees that have been deducted to check them for accuracy. For more information about custodians and brokerage practices, see Item 12 - Brokerage Practices.

### **Pooled Investment Vehicles**

Mr. Majmudar is the Founder and owner of Freedom Income Fund Management LLC, the manager of Freedom Income Fund I, a separate series fund of Freedom Income Fund Management LLC. Freedom Income Fund I is a private income fund launched in January 2012, which is implementing an income oriented investment strategy for its investors. Mr. Majmudar also is the manager of Freedom Real Estate Series 1, a separate series fund of Freedom Income Fund Management LLC. Freedom Real Estate Series 1 is a real estate fund launched in February 2015, which is implementing a real estate investment strategy for its investors. The Freedom Income Fund I and the Freedom Real Estate Series 1 are available only to accredited and qualified investors as defined by applicable laws and available only to investors who choose to subscribe to these partnerships after an independent review of their respective partnership memorandum and related documents and in their sole discretion.

Mr. Majmudar is the Founder and owner of Ridgewood Investments, LLC, as well as the manager of Ridgewood Real Estate Series 1, a separate series fund of Ridgewood Funds LLC. Ridgewood Real Estate Series 1 is a real estate fund launched in February 2015, which is implementing real estate investment strategy for its investors. The Ridgewood Real Estate Series 1 is available only to accredited and qualified investors as defined by applicable laws and available only to investors who choose to subscribe to these partnerships after an independent review of their respective partnership memorandum and related documents and in their sole discretion.

Mr. Majmudar is the Founder and owner of Ridgewood Investments, LLC, as well as the manager of Ridgewood Dividend Partners, a separate series fund of Ridgewood Funds LLC which is also managed by Terrance McGuire. Ridgewood Dividend Partners Fund is an investment partnership launched in March 2017, which is implementing dividend investment strategy for its investors. The Ridgewood Dividend Partners Fund is available only to accredited and qualified investors as defined by applicable laws and available only to investors who choose to subscribe to these partnerships after an independent review of their respective partnership memorandum and related documents and in their sole discretion.

Mr. Majmudar is the Founder and owner of Ridgewood Investments, LLC, as well as the manager of Ridgewood Select Value Fund, a separate series fund of Ridgewood Funds LLC which is also managed by Sam Namiri. Ridgewood Select Value Fund is an investment partnership launched in 2018, which is implementing value based investment strategy for its investors. The Ridgewood Select

Value Fund is available only to accredited and qualified investors as defined by applicable laws and available only to investors who choose to subscribe to these partnerships after an independent review of their respective partnership memorandum and related documents and in their sole discretion.

Mr. Majmudar is the Founder and owner of Ridgewood Investments, LLC, as well as a manager of Ridgewood Funds LLC series funds which are available only to accredited and qualified investors as defined by applicable laws and available only to investors who choose to subscribe to these pooled partnership series investments after an independent review of their respective partnership memorandum and related documents and in their sole discretion.

In our capacity as Manager of the above described pooled investment vehicles, we will have access to the described funds and securities, and therefore have custody over such funds and securities. We provide each respective investor with audited annual financial statements. If you are an investor to any of the above described pooled investment vehicles and have questions regarding the financial statements or if you did not receive a copy, please contact us directly at the telephone number on the cover page of this brochure.

## **Item 16 Investment Discretion**

For most of its managed accounts, Ridgewood's discretion is limited to the selection and amount of securities to be bought or sold in client accounts without obtaining prior consent or approval from clients. These accounts require the careful research, selection, and monitoring of individual equities, exchange traded funds, mutual funds, preferred stocks, options, bonds and income securities. As described above, investing involves significant risks.

Discretionary authority will only be authorized upon full disclosure to the client. The granting of such authority will be evidenced by the client's execution of a written agreement containing all applicable limitations to such authority. Discretionary trades made by Ridgewood will be in accordance with a client's investment objectives and goals.

## **Item 17 Voting Client Securities**

We will determine how to vote proxies based on our reasonable judgment of the vote most likely to produce favorable financial results for you. Proxy votes generally will be cast in favor of proposals that maintain or strengthen the shared interests of shareholders and management, increase shareholder value, maintain or increase shareholder influence over the issuer's board of directors and management, and maintain or increase the rights of shareholders. Generally, proxy votes will be cast against proposals having the opposite effect. However, we will consider both sides of each proxy issue. Unless we receive specific instructions from you, we will not base votes on social considerations.

Except in the case of a conflict of interest as described below, we do not accept direction from you on voting a particular proxy.

Conflicts of interest between you and our firm, or a principal of our firm, regarding certain proxy issues could arise. If we determine that a material conflict of interest exists, we will take the necessary steps to resolve the conflict before voting the proxies. For example, we may disclose the existence and nature of the conflict to you, and seek direction from you as to how to vote on a particular issue; we may abstain from voting, particularly if there are conflicting interests for you (for example, where your account(s) hold different securities in a competitive merger situation); or, we will take other necessary steps designed to ensure that a decision to vote is in your best interest and was not the product of the conflict.

We keep certain records required by applicable law in connection with our proxy voting activities. You may obtain information on how we voted proxies and/or obtain a full copy of our proxy voting policies and procedures by making a written or oral request to our firm.

## **Item 18 Financial Information**

We are not required to provide a balance sheet or other financial information to our clients because we do not require the prepayment of fees in excess of \$1,200 and six months or more in advance; we do not take custody of client funds or securities; and, we do not have a financial condition that is reasonably likely to impair our ability to meet our commitments to you. Moreover, we have never been the subject of a bankruptcy petition.

## **Item 19 Requirements for State-Registered Advisers**

Ridgewood is an SEC-Registered Adviser; hence this requirement is not applicable.

## **Item 20 Additional Information**

### **Your Privacy**

We view protecting your private information as a top priority. Pursuant to applicable privacy requirements, we have instituted policies and procedures to ensure that we keep your personal information private and secure.

We do not disclose any non-public personal information about you to any non-affiliated third parties, except as permitted by law. In the course of servicing your account, we may share some information with our service providers, such as transfer agents, custodians, broker-dealers, accountants, consultants, and attorneys.

We restrict internal access to non-public personal information about you to employees, who need that information in order to provide products or services to you. We maintain physical and procedural safeguards that comply with regulatory standards to guard your non-public personal information and to ensure our integrity and confidentiality. We will not sell information about you or your accounts to anyone. We do not share your information unless it is required to process a transaction, at your request, or required by law.

You will receive a copy of our privacy notice prior to or at the time you sign an advisory agreement with our firm. Thereafter, we will deliver a copy of the current privacy policy notice to you on an annual basis. Please contact our main office at the telephone number on the cover page of this brochure if you have any questions regarding this policy.

### **Trade Errors**

In the event a trading error occurs in your account, our policy is to restore your account to the position it should have been in had the trading error not occurred. Depending on the circumstances, corrective actions may include canceling the trade, adjusting an allocation, and/or reimbursing the account. If a trade error results in a profit, you will keep the profit.

For accounts custodied at TD Ameritrade, as of April 1, 2014, if a profit results from correcting the trade, you will not retain the profit as all net gains (positive error accounts balances resulting from trade corrections) will be moved to a TD Ameritrade error account and subsequently donated to charity.

**Class Action Lawsuits**

We do not determine if securities held by you are the subject of a class action lawsuit. Moreover, we do not determine whether you are eligible to participate in class action settlements or litigation nor do we initiate or participate in litigation to recover damages on your behalf.