

## Item 1. Cover Page



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This brochure provides information about the qualifications and business practices of kdhb V Capital Management, LLC. If you have any questions about the contents of this brochure, please contact us at 404-815-4533. The information in this brochure has not been approved by or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

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

Registration as a registered investment adviser pursuant to the Investment Advisers Act of 1940, as amended (the “Advisers Act”), does not imply a certain level of skill or training.

## **Item 2. Material Changes**

This Form ADV Part 2A, also known as our **"Brochure,"** has 18 separate disclosure items that we must address, each of which must be presented in the order set forth in this Brochure. We will provide an updated Brochure or summary of material changes to our continuing clients at least annually. In the future, this Brochure section or a separate supplement will summarize any material changes from the disclosures in the Brochure previously delivered to you within 120 days of the end of our fiscal year, December 31st.

### **Full Brochure Available**

A current Form ADV Part 2A is available to our existing and prospective clients at no charge 24 hours a day through the Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) or by contacting us at 404-815-4533 or [dfarr@kdhbv.com](mailto:dfarr@kdhbv.com).

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#### **Item 4. Advisory Business**

kdhb V Capital Management, LLC (“KDHBV”, “we”, “us”, or “our”) is a value-oriented investment management firm. KDHBV was organized as a Georgia limited liability company in December 2014 and commenced operations in 2015. Dorsey Farr is the sole owner of KDHBV and serves as portfolio manager.

KDHBV provides discretionary investment management services to two private pooled investment funds (the “Funds”).

KDHBV serves as the sole adviser and general partner of KDHB V Partners, LP (the “KDHBV Partnership”). Interests in the KDHBV Partnership are offered on a private placement basis to persons who are accredited investors and qualified clients. Limited partners in the KDHBV Partnership are subject to certain other conditions, which are set forth in the KDHBV Partnership’s Confidential Private Offering Memorandum (the “KDHBV Memorandum”). KDHBV manages the KDHBV Partnership in accordance with its limited partnership agreement (“LPA”) and the investment strategy set forth in the KDHBV Memorandum.

The KDHBV Partnership seeks to earn attractive long-term returns through the application of a risk-averse, value-oriented investment process. Capital preservation is a primary objective alongside the pursuit of long-term growth. KDHBV seeks to promote these dual objectives by investing in bargain situations, where market prices reflect a substantial discount to our estimate of underlying value and our assessment of likely outcomes suggests a favorable, asymmetric risk-reward profile. Because capital markets do not always present investors with a rich array of such bargain situations, KDHBV may hold cash in the absence of compelling opportunities.

The KDHBV Partnership maintains a broad mandate and may invest in a wide range of asset types and securities. Investments in the KDHBV Partnership are not tailored to the individual needs of any particular limited partner, and investors in the KDHBV Partnership may not impose restrictions on their investment. Additional information is available in the KDHBV Memorandum.

In addition, KDHBV also serves as a sub-adviser to the Interactive Advisers Multi Manager Fund (“IAMMF”), a private fund from which KDHBV receives fees for its services.

On a limited basis, KDHBV provides non-discretionary investment consulting and family office services to certain investors in the KDHBV Partnership.

As of January 31, 2023, KDHBV had \$47,498,221 in discretionary regulatory assets under management.

## **Item 5 – Fees and Compensation**

A detailed description of the fees associated with the KDHBV Partnership are available in the KDHBV Memorandum. For our investment management services, KDHBV receives a quarterly management fee equal to 0.1875% (0.75% annualized) of the balance of the capital accounts of each of the limited partners in the KDHBV Partnership. In addition, KDHBV may receive an incentive allocation based on performance of the KDHBV Partnership (see *Item 6 – Performance-Based Fees and Side-By-Side Management* below for more information). KDHBV, as general partner of the KDHBV Partnership, has the authority to waive any or all of the management fee with respect to any limited partner.

KDHBV receives similar management and incentive fees for its role as sub-adviser to the IAMMF.

In instances where KDHBV provides additional investment consulting or family office services to investors in the KDHBV Partnership, KDHBV may negotiate fixed fees or hourly fees with each client on a case-by-case basis based on the nature of the work involved.

Fees are deducted directly from the KDHBV Partnership's account with its custodian, in accordance with the KDHBV Memorandum. KDHBV sends invoices for fees associated with any investment consulting or family office services. These fees are typically billed quarterly or semi-annually in arrears. KDHBV does not bill any clients in advance.

KDHBV does not participate in any wrap-fee programs.

KDHBV does not earn revenue from any other sources. The management fees and incentive allocation are exclusive of brokerage commissions, transaction fees, and other related costs and expenses incurred by the KDHBV Partnership and its investors and other KDHBV clients.

In addition to the fees discussed above, the KDHBV Partnership will bear, or reimburse KDHBV for, all organizational, offering, ordinary and extraordinary operating expenses of the partnership as contemplated in the LPA. The KDHBV Memorandum contains details on additional expenses incurred by the KDHBV Partnership, including legal expenses, accounting and administrative fees, audit and tax preparation expenses, etc.

The KDHBV Partnership's portfolio and portfolios of other KDHBV clients may include investments in mutual funds or exchange-traded funds which also charge internal management fees as disclosed in any such fund's prospectus. KDHBV does not receive any portion of these fees and our incentive is to select investments that produce the best net-of-fee returns for the KDHBV Partnership and other KDHBV clients.

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

As general partner of the KDHBV Partnership, KDHBV may earn an incentive allocation, which ranges from 10-20% of the net profits generated in the capital account of each limited partner in excess of a preferred return, subject to a high water mark. KDHBV is eligible to earn similar incentive fees for its role as sub-adviser to the IAMMF. Performance-based compensation gives rise to conflicts of interest that are described in the KDHBV Memorandum.

Because KDHBV does not manage separate accounts and trades for the KDHBV Partnership are conducted *pari passu* with the IAMMF, we do not encounter situations involving side-by-side management (where one account is charged a performance fee and another account with a similar mandate is not).

## **Item 7 – Types of Clients**

KDBHV provides discretionary investment management services to two private pooled investment funds (the “Funds”).

KDHBV serves as the sole adviser and general partner of KDHB V Partners, LP (the “KDHBV Partnership”), a private fund. The KDHBV Partnership is open exclusively to accredited investors and qualified clients. The minimum investment is \$500,000, subject to waiver by the general partner. New subscriptions are accepted monthly and solely at the discretion of KDHBV.

Additionally, KDHBV serves as sub-adviser to the Interactive Advisers Multi Manager Fund (“IAMMF”), a private fund.

In certain cases, KDHBV also provides investment consulting and family office services to a small number of limited partners in the KDHBV Partnership. These services are not part of our standard investment advisory offering and we do not seek additional relationships of this type.

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

KDHBV is an opportunistic investment firm that seeks to grow capital over the long run through the application of a risk-averse, value-oriented investment process. KDHBV maintains a broad mandate in order to promote flexibility and to maximize its opportunity set. The KDHBV Partnership may invest in a broad range of securities, including domestic and foreign equity securities, fixed income securities, floating-rate securities, options, ETFs, and closed-end funds.

KDHBV generally seeks to achieve its objective by investing in long positions in bargain-priced securities, sectors, and markets, embracing situations where analysis suggests market prices exhibit deviations from fundamental value. Specifically, KDHBV attempts to identify and emphasize situations that provide a sufficient discount to conservative estimates of underlying value in order to ensure a reasonable likelihood of attractive returns while minimizing risk.

KDHBV employs a variety of analytical methods to assess investment opportunities for the KDHBV Partnership. These techniques include proprietary models designed to gauge the long-term prospective returns priced into major asset categories, as well as various methodologies utilized to identify and evaluate mispriced securities within markets.

The KDHBV Partnership's holdings generally consist of securities that trade at substantial discounts to estimates of fundamental value based on an assessment of long-term earning power, net assets or liquidation value. Often these holdings are comprised of out-of-favor companies selling at discounted valuations due to market participants reacting negatively to recent business developments, market or business cycle trends, and other short-term factors. In most circumstances, KDHBV gives preference to those companies that display various attributes of quality such as balance sheet strength, earnings stability, and a high long-term return on capital, provided they trade at appealing valuations. At times KDHBV may invest in situations that fail to meet the foregoing quality criteria but exhibit favorable valuations and are undergoing restructuring or other significant change.

KDHBV may invest in and acquire assets through ownership of other investment vehicles such as closed-end funds. When acquiring interests in closed-end funds, KDHBV generally seeks situations where (i) the current discount to underlying asset value is large relative to its past history, (ii) such discounts can be identified in combination with a favorable assessment of the underlying asset, and (iii) the fund exhibits other attractive characteristics such as reasonable management fees, modest amounts of leverage, a sufficiently large asset base, and a history of active share repurchases by the fund sponsor.

The KDHBV Partnership may also invest in debt and credit instruments as well as exchange-traded baskets of such instruments. These holdings may include corporate bonds and notes, securities issued by state and sovereign governments (including issues denominated in currencies other than U.S. dollars), instruments backed by mortgages or receivables from credit cards or auto loans, as well as senior-secured floating-rate loans, high-yield bonds and other debt instruments issued by companies with highly leveraged balance sheets or companies undergoing significant financial restructuring or stress. In addition to fundamental analysis of the underlying issuer, KDHBV may utilize economic analysis, business cycle analysis, and historical information on interest rates and credit spreads when assessing the merits of these opportunities.



### Portfolio Diversification, Hedging and Risk Controls

KDHBV believes diversification is beneficial for managing portfolio risk, and the KDHBV Partnership generally will hold a variety of different types of investments (e.g., equity, debt, etc.) across a range of different sectors and representing a number of different geographic locations. However, the KDHBV Partnership maintains an opportunistic mandate, and KDHBV does not manage portfolio exposures to any particular policy or set of targets, nor does it seek diversification as a primary objective.

While KDHBV generally seeks to achieve its objectives by owning long positions in favorably valued assets or securities, KDHBV may hedge its investments or seek to reduce risk by utilizing a variety of tools, including options on individual securities or ETFs, short positions in individual securities or ETFs, or other market-based hedging instruments. Additionally, KDHBV may employ increased cash balances or greater diversity among its holdings as a means of controlling portfolio risk.

### Expected Holding Periods

KDHBV employs a patient, long-term approach and often may hold investments for several years. When examining potential new investment candidates, KDHBV typically assumes a multi-year holding period, which helps to ensure that only securities with a sufficiently high prospective return are added to the portfolio. The realization of value may occur much more quickly and in some cases there may be catalysts in place to drive the realization of value over a shorter horizon. Turnover, while generally low in any given year, is ultimately driven by market activity, macroeconomic conditions, the frequency with which new opportunities arise, and the speed with which the prices of the KDHBV Partnership's holdings converge with estimates of fundamental value.

KDHBV exits positions generally when prices reach or exceed its estimate of underlying value, when changes in fundamentals or other factors result in a reassessment of fundamental value, or when superior opportunities arise.

### Risk of Loss

As described above, KDHBV employs a value-oriented investment approach in an effort to ensure a reasonable likelihood of attractive returns while minimizing risk. However, this approach is contrarian in nature and involves investment in securities, sectors, and markets that are generally out of favor. Even if KDHBV successfully establishes a portfolio of investments at a significant discount to underlying value, and particularly during certain market cycles when prices are being driven up or down by "momentum" investing, the KDHBV Partnership's positions may fail to appreciate and could experience substantial losses that may or may not be recovered if price momentum eventually subsides. As a result, the KDHBV Partnership will be subject to volatility and losses even if KDHBV successfully implements investment strategies intended to reduce the risk of loss.

An investment in the KDHBV Partnership is not necessarily intended as a complete investment program, and each investor should consider the appropriate role of the Fund in their overall investment program. There can be no assurance that the KDHBV Partnership will achieve its investment objective, and investors may suffer substantial losses. YOUR ACCOUNT MAY DECREASE IN VALUE. YOU MAY LOSE YOUR INVESTMENT PRINCIPAL.

### **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 an investor's evaluation of KDHBV or the integrity of its management. KDHBV and its employees have not been the subject of any such legal or disciplinary action and, as such, has nothing to report in this regard.

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

Neither KDHBV nor Mr. Farr is affiliated with any broker dealer, bank, insurance company, or any other financial institution.

KDHBV may recommend that clients invest in the KDHBV Partnership. Clients should inquire about any fees and expenses associated with the KDHBV Partnership before making an investment and should consider potential conflicts of interest raised by the relationship between a client, KDHBV and the KDHBV Partnership.

## **Item 11. Code of Ethics**

KDHBV has adopted a Code of Ethics (the “Code”) describing its standards of conduct and fiduciary duties and responsibilities to its clients. The Code includes policies regarding confidentiality of client information, limiting and disclosing conflicts of interest, the prevention and avoidance of insider trading, restrictions on acceptance of significant gifts, and procedures related to trading in the personal accounts of employees. All employees must acknowledge the terms of the Code on annual basis or as it is amended. KDHBV will provide a copy of the Code to any client, investor or prospective investor upon request.

As general partner of the KDHBV Partnership, we may have a conflict of interest in recommending additional investment in the KDHBV Partnership to clients to whom we provide investment consulting advice. The Managing Member of KDHBV is also a limited partner of the KDHBV Partnership, which KDHBV believes aligns its interest with those of the other investors in the KDHBV Partnership.

Notwithstanding certain de minimis exemptions, KDHBV employees and the Managing Member are generally required to pre-clear personal trades in securities such as equities, bonds, and derivatives. The Code includes provisions allowing for employee trading in certain securities designated as exempt transactions, including exchange-traded funds, based on the determination that such trading would not interfere with the best interests of the KDHBV Partnership or other KDHBV clients.

KDHBV does not engage in principal trading, cross trading or agency cross transactions.

## **Item 12. Brokerage Practices**

KDHBV seeks to obtain the best combination of price and quality of execution when selecting broker-dealers to effect securities transactions for the KDHBV Partnership or other clients. KDHBV considers a number of factors, including broker capability and ability to execute the transaction, the cost of brokerage commission, as well as other services provided which KDHBV considers beneficial to the KDHBV Partnership or other clients.

KDHBV does not (i) utilize formal soft dollar arrangements, (ii) select brokers in exchange for client referrals, or (iii) engage in or allow for any directed brokerage arrangements.

However, when selecting brokers to execute transactions, KDHBV may receive so-called "soft dollar" arrangements, under which securities firms would provide or pay the costs of certain services, equipment or other items for the benefit of the KDHBV Partnership or KDHBV in consideration of the allocation to the firm of portfolio transactions (with resulting commission income or profit) or commissions made on behalf of or with the KDHBV Partnership as principal. These services ("soft dollar benefits") may include trading software, market forecasts, news services, subscriptions to financial publications, compilations of security prices, earnings, dividends, and similar financial data.

Any of these soft dollar arrangements may benefit the KDHBV Partnership by reducing expenses or benefit KDHBV or one or more of its affiliates without any direct benefit to the KDHBV Partnership. The soft dollar arrangements may also provide an incentive to trade more actively to generate balances available to pay eligible expenses. KDHBV believes, however, that such arrangements generally enhance the KDHBV Partnership's ability to obtain research and achieve optimal execution, as well as other indirect benefits.

Whenever practicable, KDHBV aggregates trades between the KDHBV Partnership and other KDHBV clients.

### **Item 13. Review of Accounts**

Positions held by the KDHBV Partnership are reviewed and monitored on a frequent basis. Mr. Farr is responsible for all portfolio management activities and investor communications.

KDHBV communicates formally with limited partners in the KDHBV Partnership via quarterly investor letters. Limited partners in the KDHBV Partnership also receive Schedule K-1s annually for tax reporting along with audited financial statements.

KDHBV may also communicate with clients via telephone conversations or periodic face-to-face meetings.

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

KDHBV has not entered into any arrangement with third parties to act as solicitors on its behalf. KDHBV does not earn revenue from any sources other than those reported above in Item 5. Fees and Compensation, and no one, other than the Funds or other KDHBV clients, provides any economic benefit to KDHBV for providing investment advice or other advisory services to the Funds or other KDHBV clients.

### **Item 15. Custody**

KDHBV does not maintain physical custody of the assets of the KDHBV Partnership or any clients. However, KDHBV believes that it, in accordance with Rule 206(4)-2 of the Advisers Act (the “Custody Rule”), would generally be deemed to have custody of the assets of the KDHBV Partnership for which it serves as general partner.

KDHBV has hired two qualified custodians (Cadence Bank and Interactive Brokers) to hold the KDHBV Partnership’s assets as required by the Custody Rule.

The KDHBV Partnership is subject to an annual audit by an independent accounting firm, and annual audited financial statements are distributed to limited partners in accordance with the LPA.



### **Item 16. Investment Discretion**

KDHBV has discretionary authority to manage investments in securities on behalf of the KDHBV Partnership in accordance with the KDHBV Memorandum. Investments are not tailored to the individual needs of any particular limited partner, and investors in the KDHBV Partnership may not impose restrictions on their investment.

### **Item 17. Voting Client Securities**

KDHBV votes proxies exclusively on behalf of the KDHBV Partnership and the IAMMF. KDHBV does not have, and will not accept, authority to vote securities for any other client. KDHBV seeks to determine in good faith the votes that will result in maximizing value for investors, considering both short-term and long-term implications.

KDHBV maintains a Proxy Voting Policy (the “PVP”) which governs conflicts of interest. The KDHBV Partnership may obtain a copy of the PVP as well as recorded votes upon request.

In cases where KDHBV is aware of a conflict between the interests of a client(s) and the interests of KDHBV or an affiliated person of KDHBV (e.g., a portfolio holding is a client or an affiliate of a client of KDHBV), KDHBV will seek to resolve the conflict by consulting the recommendations offered by major proxy advisory firms such as Institutional Shareholder Services, Inc. (ISS) and Glass, Lewis & Co., LLC (Glass Lewis).

### **Item 18. Financial Information**

KDHBV does not bill any clients in advance. KDHBV has no financial commitment which would impair its ability to meet contractual and fiduciary commitments to the KDHBV Partnership or other clients. KDHBV has not been the subject of a bankruptcy proceeding.