

DJH CAPITAL MANAGEMENT, LLC

ADV Part 2A, Firm Brochure Dated: December 31, 2017

Contact: Dominique Henderson – Owner

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<http://www.djh-capital.com>

This brochure provides information about the qualifications and business practices of DJH Capital Management, LLC. If you have any questions about the contents of this brochure, please contact us at (214) 699-7599 or info@djh-capital.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.

Additional information about DJH Capital Management, LLC. is also available on the SEC's website at <http://www.adviserinfo.sec.gov>.

References herein to DJH Capital Management, LLC. as a “registered investment adviser” or any reference to being “registered” does not imply a certain level of skill or training.

Item 2 Material Changes

DJH Capital Management, LLC (“DJHCM”) is required to inform all clients of any material changes to our Firm Brochure Form ADV Part 2 (“Brochure”).

The material changes in this brochure from the last annual updating amendment of DJHCM on January 2017 are described below. Material changes relate to DJHCM’s policies, practices or conflicts of interests.

- Fees and compensation
- Assets under management

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Item 4 Advisory Business

A. DJHCM is dedicated to offering comprehensive financial planning and investment advisory services to individuals and other types of clients (e.g. businesses). DJHCM is a limited liability corporation formed under the laws of the State Texas in September 2015. DJHCM is owned by Dominique J. Henderson, Sr.

B. Description of Services Offered

(1) Comprehensive Financial Planning: Clients can engage us in comprehensive financial planning services which usually consists of a one-time planning fee and the annual subscription for ongoing financial planning services. This service addresses the need of taking a personal and holistic view of the client’s entire financial situation and creating a customized financial plan that serves as a roadmap or guidepost to achieving the client’s goals. As part of the comprehensive financial planning process, we meet with clients to discuss the details of their financial situation, present recommendations to assist the client ascertain their financial goals, and assist with implementing the financial plan. We also will update, monitor and modify the plan as needed. As part of this plan, we generally meet with clients between three to four times to find out the client’s entire financial situation.



Prior to engaging us to provide comprehensive financial planning services, clients are required to sign an Advisory Agreement. This document: (i) sets forth the terms and conditions of the engagement (including termination), (ii) describes the scope of the services to be provided, and (iii) outlines the fee that is due from the client for the planning service. Within the scope of the comprehensive financial planning service, DJHCM may provide tax planning strategies which the client is advised to consult a tax professional about. DJHCM does not provide tax preparation services.

(2) Investment Advisory Services: Clients can engage us for discretionary or non-discretionary investment advisory services on a fee only basis. The fee will be based on a percentage (%) of the market value of the assets placed under management. Prior to engaging us to provide investment advisory services, clients are required to sign an Advisory Agreement. This document: (i) sets forth the terms and conditions of the advisory service (including termination), (ii) describes the scope of the services to be provided, and (iii) outlines the fee that is due from the client. In certain cases, our annual investment advisory fee shall include investment advisory services, and general financial planning and consulting services.

We will allocate and/or recommend that the client allocate investment assets consistent with the designated investment objectives set forth in the client's Investment Policy Statement.

- (3) Consulting/Implementation Services: In the event that the client requires or requests extraordinary planning or consultation services (to be determined in the sole discretion of DJHCM), we may determine to charge for such additional services (e.g. estate strategy, tax strategy, etc.) These additional services will be billed at \$250-500/hour.

Neither DJHCM, nor any of its representatives, serves as an attorney, and no portion of our services should be construed as such. To the extent requested by a client, we may recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, insurance salespersons, etc.), including representatives of DJHCM in their separate registered and/or licensed capacities as discussed below. The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from us.

Please Note: If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional.

It remains the client's responsibility to promptly notify us if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising our previous recommendations and/or services.

- C. Tailoring of Services Offered: We will provide investment advisory services specific to the needs of each client. Before providing investment advisory services, we will ascertain each client's investment objective(s) and assess the client's risk tolerance. Thereafter, we will allocate and/or recommend that the client allocate investment assets consistent with the designated investment objective(s). The client may, at any time, impose reasonable restrictions, in writing, of our services.
- D. Participation in Fee Based Advisory programs: We do not participate in a wrap fee program.

As of December 31, 2017, DJHCM had \$1,095,413.43 in assets under management on a discretionary basis and \$0.00 in assets under management on a non- discretionary basis.

Item 5 Fees and Compensation

We are required to describe our brokerage, custody, fees and fund expenses so you will know how much you are charged and by whom for our advisory services provided to you. Our fees are generally not negotiable.

A. DJHCM's Compensation for Services

- (1) **Comprehensive Financial Planning:** Clients engaged with us in comprehensive financial planning are subject to the following fees:

-initial, one-time planning fee.....\$500 to \$20,000 per plan
-annual subscription fee\$1,200 to \$12,000 (billed monthly)

- (2) **Investment Advisory Services:** The client can engage us to provide discretionary or non-discretionary investment advisory services on a fee-only basis. Fees are billed quarterly in advance based on the value of the account on the last business day of the previous quarter. Our annual investment advisory fee shall be based upon a percentage (%) of the market value of assets placed under management as follows:

Market Value of Portfolio	Annual Fee %
\$0 to \$10,000,000.00	0.85%
\$10,000,000.00 +	negotiable

- a. Example 1: An account valued at \$1,000,000 on December 31st, would pay an annual fee of 0.85%, quarterly, calculated as follows: **1,000,000 x .85% x total days in upcoming quarter/total days in year.**
- b. Example 2: An account initiated on December 15th, would pay the annual fee on a pro-rata based on the initial account balance, or as follows: **1,000,000 x .85% x total days until end of current quarter/total days in year.**
- (3) **Consulting/Implementation Services:** DJHCM charges \$250-500 per hour for consulting services related to financial planning or investment management. These fees are negotiable, however client will be invoiced as services are rendered and invoices are payable upon receipt.

B. How Clients are Billed

- (1) **Comprehensive Financial Planning:** Upon signing the *Advisory Agreement*, clients will be invoiced and invoices are payable upon receipt by one of our accepted payment methods. The annual subscription fee is due monthly after the *Advisory Agreement* has been executed.
- (2) **Investment Advisory Services:** We charge the advisory fee quarterly in advance and have them deducted from the client's custodial account.

C. Other Fees

Our fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which may 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 fund and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to our fee, and we shall not receive any portion of these commissions, fees, and costs. Item 12 further describes the factors that we consider in selecting or recommending broker-dealers for client's transactions and determining the reasonableness of their compensation (e.g., commissions). We do not accept compensation for the sale of securities or other investment products including asset-based sales charges or service fees from the sale of mutual funds.

D. Fees When Terminating Services

- (1) **Comprehensive Financial Planning:** The initial planning fee is non-refundable, however upon terminating the agreement to provide comprehensive financial planning the client will cease to be billed on the last calendar day of either: (1) the month of their termination, or (2) the month of last payment by client.
- (2) **Investment Advisory Services:** In the event the client decides to terminate our services per the Investment Advisory Agreement, we will refund the unearned portion of our advisory fee to you. To do this, you need to contact us in writing and state that you wish to terminate our services. Upon receipt of the letter of termination, we will start the process to close your account. The date of your written termination will be used to process a pro-rata refund of unearned advisory fees.

E. Commissionable Securities Sales: DJHCM does not engage in commissionable securities sales at this time.

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

DJHCM does not accept performance based fees at this time.

Item 7 Types of Clients

We provide services to individuals, high net worth individuals and small businesses.

We do not have a minimum account size requirement.

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

Our Investment Method & Strategies:

We primarily practice passive investment management. Passive investing involves building portfolios that are comprised of various distinct asset classes. The asset classes are weighted in a manner to achieve a desired relationship between correlation, risk and return. Funds that passively capture the returns of the desired asset classes are placed in the portfolio. The

funds that are used to build passive portfolios are typically index mutual funds or exchange traded funds. Passive investment management is characterized by low portfolio expenses (i.e. the funds inside the portfolio have low internal costs), minimal trading costs (due to infrequent trading activity), and relative tax efficiency (because the funds inside the portfolio are tax efficient and turnover inside the portfolio is minimal). In contrast, active management involves a single manager or managers who employ some method, strategy or technique to construct a portfolio that is intended to generate returns that are greater than the broader market or a designated benchmark. Academic research indicates most active managers underperform the market.

There are material risks involved all investing strategies that we offer that may result in a loss of your original investment which you should be prepared to bear. Many of these risks apply equally to stocks, bonds, commodities and any other investment or security.

Material risks associated with our investment strategies are listed below.

- **Market Risk:** Market risk involves the possibility that an investment's current market value will fall because of a general market decline, reducing the value of the investment regardless of the operational success of the issuer's operations or its financial condition. **Strategy Risk:** The Adviser's investment strategies and/or investment techniques may not work as intended.
- **Company Risk:** Securities of companies with small and medium market capitalizations are often more volatile and less liquid than investments in larger companies. Small and medium cap companies may face a greater risk of business failure, which could increase the volatility of the client's portfolio.
- **Interest Rate or Duration Risk:** Bond (fixed income) prices generally fall when interest rates rise, and the value may fall below par value or the principal investment. The opposite is also generally true: bond prices generally rise when interest rates fall. In general, fixed income securities with longer maturities are more sensitive to these price changes. Most other investments are also sensitive to the level and direction of interest rates.
- **Legal or Legislative Risk:** Legislative changes or Court rulings may impact the value of investments, or the securities' claim on the issuer's assets and finances.
- **Inflation Risk:** Inflation may erode the buying-power of your investment portfolio, even if the dollar value of your investments remains the same.

Apart from the general risks outlined above which apply to all types of investments, specific securities may have other risks.

Commercial Paper is, in most cases, an unsecured promissory note that is issued with a maturity of 270 days or less. Being unsecured the risk to the investor is that the issuer may default.

Common stocks may go up and down in price quite dramatically, and in the event of an issuer's bankruptcy or restructuring could lose all value. A slower-growth or recessionary economic environment could have an adverse effect on the price of all stocks.

Corporate Bonds are debt securities to borrow money. Generally, issuers pay investors periodic interest and repay the amount borrowed either periodically during the life of the security and/or at maturity. Alternatively, investors can purchase other debt securities, such as zero coupon bonds, which do not pay current interest, but rather are priced at a discount

from their face values and their values accrete over time to face value at maturity. The market prices of debt securities fluctuate depending on such factors as interest rates, credit quality, and maturity. In general, market prices of debt securities decline when interest rates rise and increase when interest rates fall. The longer the time to a bond's maturity, the greater its interest rate risk.

Bank Obligations including bonds and certificates of deposit may be vulnerable to setbacks or panics in the banking industry. Banks and other financial institutions are greatly affected by interest rates and may be adversely affected by downturns in the U.S. and foreign economies or changes in banking regulations.

Municipal Bonds are debt obligations generally issued to obtain funds for various public purposes, including the construction of public facilities. Municipal bonds pay a lower rate of return than most other types of bonds. However, because of a municipal bond's tax-favored status, investors should compare the relative after-tax return to the after-tax return of other bonds, depending on the investor's tax bracket. Investing in municipal bonds carries the same general risks as investing in bonds in general. Those risks include interest rate risk, reinvestment risk, inflation risk, market risk, call or redemption risk, credit risk, and liquidity and valuation risk.

Exchange Traded Funds prices may vary significantly from the Net Asset Value due to market conditions. Certain Exchange Traded Funds may not track underlying benchmarks as expected.

Investment Companies Risk. When a client invests in open end mutual funds or ETFs, the client indirectly bears its proportionate share of any fees and expenses payable directly by those funds. Therefore, the client will incur higher expenses, many of which may be duplicative. In addition, the client's overall portfolio may be affected by losses of an underlying fund and the level of risk arising from the investment practices of an underlying fund (such as the use of derivatives). ETFs are also subject to the following risks: (i) an ETF's shares may trade at a market price that is above or below their net asset value; (ii) the ETF may employ an investment strategy that utilizes high leverage ratios; or (iii) trading of an ETF's shares may be halted if the listing exchange's officials deem such action appropriate, the shares are de-listed from the exchange, or the activation of market-wide "circuit breakers" (which are tied to large decreases in stock prices) halts stock trading generally. The Adviser has no control over the risks taken by the underlying funds in which client's invest.

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 DJHCM or the integrity of our management. We have no information applicable to this item.

Item 10 Other Financial Industry Activities and Affiliations

- A. Neither DJHCM, nor its representatives, are registered or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.
- B. Neither DJHCM, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.
- C. DJHCM may have representatives that may also be licensed as insurance agents. From time to time, they may offer insurance products and receive customary fees as a result of insurance sales. A conflict of interest may arise as these insurance sales may create an

incentive to recommend products based on the compensation adviser and/or our supervised persons may earn and may not necessarily be in the best interests of the client. In each instance, DJHCM will evaluate whether or not such offerings are: (i) in the best interest of the client, and (ii) fully disclosed to the client at the time of sale/offering.

D.

Neither DJHCM, nor its representatives, recommend or select other investment advisers for clients and receive compensation directly or indirectly.

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

- A. DJHCM maintains an investment policy relative to personal securities transactions. This investment policy is part of our overall Code of Ethics, which serves to establish a standard of business conduct for all of our current and future representatives that is based upon fundamental principles of openness, integrity, honesty and trust, a copy of which is available upon request. In accordance with Section 204A of the Investment Advisers Act of 1940, DJHCM also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by DJHCM or any person associated with DJHCM.
- B. Neither DJHCM nor any related person of ours recommends, buys, or sells for client accounts, securities in which DJHCM or any related person of ours has a material financial interest.
- C. DJHCM and/or representatives of DJHCM may invest in securities that are also recommended to clients. This practice may create a situation where DJHCM and/or representatives of DJHCM are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. Practices such as “scalping” (i.e., a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon the rise in the market price which follows the recommendation) could take place if DJHCM did not have adequate policies in place to detect such activities. In addition, this requirement can help detect insider trading, “front-running” (i.e., personal trades executed before those of DJHCM’s clients) and other potentially abusive practices.

DJHCM has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of DJHCM’s “representatives”. DJHCM’s securities transaction policy requires that each representative of DJHCM must provide a supervising person or his/her designee with transaction confirmations and/or account statements upon request. However, at any time that DJHCM has only one representative, he or she shall not be required to submit any securities report described above.

- D. DJHCM and/or representatives of DJHCM may recommend securities to clients, at or around the same time as those securities are bought or sold by DJHCM and/or representatives. This practice creates a situation where DJHCM and/or representatives of DJHCM are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. As indicated above in Item 11C, DJHCM has a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each of representative.

Item 12 Brokerage Practices

The Custodian and Brokers We Use

- A. DJHCM does not have any affiliation with Broker-Dealers. Specific custodian recommendations are made to client based on their need for such services. We recommend custodians based on the reputation and services provided by the firm.
- B. We do recommend a specific custodian for clients to use, however, clients may custody their assets at a custodian of their choice. Your assets must be maintained in an account at a “qualified custodian,” generally a broker-dealer or bank. Clients may also direct us to use a specific broker-dealer to execute transactions. By allowing clients to choose a specific custodian, we may be unable to achieve most favorable execution of client transaction and this may cost clients money over using a lower-cost custodian.

Block Trading/Trade Order Aggregation

- C. To the extent that DJHCM provides investment advisory services to its clients, the transactions for each client account generally will be effected independently, unless DJHCM decides to purchase or sell the same securities for several clients at approximately the same time. DJHCM may (but is not obligated to) combine or “bunch” such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among DJHCM’s clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. DJHCM shall not receive any additional compensation or remuneration as a result of such aggregation.

Item 13 Review of Accounts

Client Account Reviews

- A. DJHCM will conduct one-on-one account reviews at least annually for clients retaining the firm for comprehensive financial planning or investment management. A summary of these reviews will be retained in the client’s file in accordance to securities regulations.
- B. Review meetings will consist of at least a discussion of the objectives of the client’s investment policy statement, and/or their written financial planning document. Client reviews will only be conducted by licensed and trained representatives that are supervised by DJHCM. Currently those individuals are: **Dominique J. Henderson, Sr. (Owner)**.
- C. All clients are advised that it remains their responsibility to advise us of any changes in their investment objectives and/or financial situation. All clients (in person or via telephone) are encouraged to review financial planning issues (to the extent applicable), investment objectives and account performance with us at least on an annual basis.

- D. We may conduct account reviews upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and client request.
- E. Clients are provided, at least quarterly, with electronic or written transaction confirmation notices and regular electronic or written summary account statements directly from the broker-dealer/custodian for the client accounts. We may also provide an electronic or written periodic report summarizing account activity and performance.

Item 14 Client Referrals and Other Compensation

- A. We do not receive an economic benefit from any non-clients for providing investment advice or financial planning services.
- B. We do not pay referral fees for client referrals.

Item 15 Custody

DJHCM does not have custody except for in the instance of withdrawing client fees. Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. We urge you to carefully review such statements and compare such official custodial records to the account statements or reports that we may provide to you. Our statements or reports may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

Item 16 Investment Discretion

For those client accounts where we provide investment management services, we maintain discretion over client accounts with respect to securities to be bought and sold and the amount of securities to be bought and sold. Investment discretion is explained to clients in detail when an advisory relationship has commenced. At the start of the advisory relationship, the client will execute an advisory contract. A client may place limits on discretionary authority related to certain securities or the types of securities. The client may have religious, social, or environmental preferences which could limit the discretionary authority of DJHCM. These preferences would influence the construction of the client's portfolio and would be documented in the Investment Policy Statement and reviewed annually.

Item 17 Voting Client Securities

- A. DJHCM does not vote client proxies. Clients maintain exclusive responsibility for:

- directing the manner in which proxies solicited by issuers of securities owned by the client shall be voted, and
 - making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client’s investment assets.
- B. Clients will receive their proxies or other solicitations directly from their custodian. Clients may contact DJHCM to discuss any questions they may have with a particular solicitation.

Item 18 Financial Information

- A. We do not have custody of client funds or securities or require or solicit prepayment of more than \$500 in fees per client six months in advance.
- B. DJHCM is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary authority over certain client accounts.
- C. DJHCM has not been the subject of a bankruptcy petition.

Item 19 Requirements for State-Registered Advisers

Dominique Jevon Henderson, Sr.

Born: 1976

Educational Background

1998 – Bachelor of Arts, Finance, Prairie View A&M University

2015 – Master of Security Analysis and Portfolio Management, Creighton University

Business Experience

06/1998 -- 09/1998, Mary Kay, Inc. , Temporary

09/1998 – 09/2006, HBK Capital Management, Senior Trade Accountant

11/2006 – 06/2008, Covenant Investments, Owner/Investor

06/2008 – 07/2009, Lone Star Financial Partners, Independent Financial Advisor (Junior Associate)

07/2008 – 07/2009, Sunset Financial Service, Inc., Registered Representative

08/2009 – 04/2010, Odesk, Independent Contractor

04/2010 – 08/2010, Wells Fargo Advisors Financial Network, LLC., Registered Representative

08/2010 – 12/2014, Spire Securities, LLC., Registered Representative

04/2010 – 06/2016, McGowan Group Asset Management, Director of Trading/Co-Portfolio Manager

07/2016 – present, DJH Capital Management, LLC., Owner and Investment Adviser

Professional Designations, Licensing & Exams

09/2008, FINRA Series 66 - Uniform Combined State Law Examination

12/2016, Certified Financial Planner™, ID #249281

The CERTIFIED FINANCIAL PLANNER™, CFP® and federally registered CFP (with flame design) marks (collectively, the “CFP® marks”) are professional certification marks granted in the United States by Certified Financial Planner Board of Standards, Inc. (“CFP Board”).

The CFP® certification is a voluntary certification; no federal or state law or regulation requires financial planners to hold CFP® certification. It is recognized in the United States and a number of other countries for its (1) high standard of professional education; (2) stringent code of conduct and standards of practice; and (3) ethical requirements that govern professional engagements with clients. Currently, more than 71,000 individuals have obtained CFP® certification in the United States.

CFP® professionals who fail to comply with the above standards and requirements may be subject to CFP Board’s enforcement process, which could result in suspension or permanent revocation of their CFP® certification.

Dominique Jevon Henderson, Sr. is not involved with outside business activities.

DJHCM is not compensated by performance-based fees.

No management person at DJHCM has ever been involved in an arbitration claim of any kind or been found liable in a civil, self-regulatory organization, or administrative proceeding.

Dominique Jevon Henderson, Sr. does not receive any economic benefit from any person, company, or organization, in exchange for providing clients advisory services through DJHCM.

Dominique Jevon Henderson, Sr. as Managing Member DJHCM, is responsible for supervision. He may be contacted at the phone number on this brochure supplement.

Dominique Jevon Henderson, Sr. has NOT been involved in an arbitration, civil proceeding, self-regulatory proceeding, administrative proceeding, or a bankruptcy petition.