RAPIDAN CAPITAL, LLC

Form ADV Part 2A – Disclosure Brochure

March 31, 2015

This Brochure provides information about the qualifications and business practices of **RAPIDAN CAPITAL, LLC**. If you have any questions about the contents of this Brochure, please contact us at (800) 800-2375. 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.

RAPIDAN CAPITAL, LLC is a registered investment adviser in the State of New Jersey. Registration of an Investment Adviser does not imply any level of skill or training.

Additional information about RAPIDAN CAPITAL, LLC is also available on the SEC's website at:

www.adviserinfo.sec.gov.

Rapidan Capital, LLC
125 Half Mile Road, Suite 200
Red Bank, NJ 07701

(732) 800-2375

www.ValueAligned.com,

www.Rapidancapital.com

Item 2 – Material Changes

None

Item 3 - Table of Contents

Item 4 – Advisory Business

Rapidan Capital, LLC ("Rapidan") is a Delaware Limited Liability Company that was founded in 2002 as an independently owned investment advisor which also *does-business-as* ("*d/b/a*") **ValueAligned Partners**. Rapidan is also the general partner of two partnerships for which it serves as investment advisor.

We are a value-oriented investment management firm established to invest and trade principally in publicly-traded corporate equity securities ("Stocks"). David L. Berkowitz is our founder & Managing Member. Mr. Berkowitz, and his family partnership named Berk Capital, L.P., for which he serves as General Partner, are principal owners. RapCap Holdings, LC, a Virginia Limited Company, is also a major owner and Managing Member, whose designated representative, Gregory Suskind, serves on the Management Committee.

Rapidan provides discretionary portfolio management services to: **Value-Aligned Fund, L.P.**, a Delaware limited partnership, **Rapidan Capital Partners, L.P.**, a Delaware limited partnership (collectively, the "***Hedge Funds***"), and individual investors, IRAs, trusts in separately managed accounts in a wrap fee program at **Folio Institutional** a division of online brokerage **FOLIOfn Investments, Inc** *(the "**ValueAligned® Folio Accounts**")*.

We offer one main investment strategy across all products. Our **ValueAligned®** investing strategy invests in stocks of companies that are creating shareholder value and that are under-valued based on our proprietary Economic Value Added ("EVA®") valuation model. [1] The EVA® valuation model strips out material distortions in accounting data and provides a robust link between corporate performance and shareholder value. We seek to invest in the stocks of companies whose leaders understand and use EVA® principles to align their interests with shareholders.

The EVA® framework involves economic performance measurement, performance-based capital allocation policies and owner-like compensation. EVA® often catalyzes value-creating actions like spin-offs, acquisitions, share buybacks, asset sales, restructuring recapitalization, and outsourcing non-core activities that often increase intrinsic value and ultimately enhance stock price performance.

The **ValueAligned®** investing strategy is more fully discussed in Item 8 of this brochure. Our clients choose one of our products that use the **ValueAligned®** investing strategy to meet their needs. Upon request, we will often work with clients to accommodate client-specific restrictions on any of our investment products.

[1] ValueAligned® is a registered trademark of Rapidan Capital, LLC. EVA® is a registered trademark of Stern Stewart & Co. Rapidan Capital, LLC is not affiliated in any way with Stern Stewart & Co., and nothing herein should be construed as an endorsement by Stern Stewart & Co., any of its employees or affiliates.

Hedge Funds

The primary investment objective of the Hedge Funds is to achieve after-tax capital appreciation by buying stocks with trading values materially lower than our estimate of their intrinsic values, and by selling short securities with trading values materially higher than their intrinsic values. The Hedge Funds aim to achieve high absolute rates of return while minimizing the risk of capital loss. There can be no assurance that this investment objective will be achieved and investment results may vary substantially.

The Hedge Funds mostly invest in publicly traded stocks of great companies in North America, but they do from time to time buy and sell stocks of foreign issuers, private companies and debt securities.

ValueAligned® Folio Account

The ValueAligned Folio Account provides access to a separately managed account. With a separately managed account, the client owns the securities in a portfolio and the accounts are managed on a discretionary basis by a manager – Rapidan d/b/a ValueAligned Partners ("VAP") acts as the investment manager. This allows for flexibility and more control as well as tax advantages over other investment vehicles. For example, existing securities can be considered to avoid overlap. Direct ownership of the securities in the portfolio, allows clients to actively manage for taxes (i.e. since each security transaction has a separate cost basis, capital gains and losses can be recognized as necessary to mitigate the impact of taxes).

VAP is a sponsor of a wrap fee program, which is a type of program that provides clients with portfolio management services for a single fee that includes administrative fees, custody fees, investment management fees and commissions. Clients pay our firm a single fee, which includes our money management fees, certain transaction costs, and custodial and administrative costs. The overall costs in the wrap program may be higher or lower than clients might incur by separately purchasing the types of securities available in the program.

Assets Under Management (AUM)

As of March 31, 2015 the regulatory assets under management by Rapidan were approximately $30,400,000.

For a further discussion of these and related items, see **Item 7** (Types of Clients), **Item 8** (Methods of Analysis, Investment Strategies and Risk of Loss) and **Item 10** (Other Financial Industry Activities and Affiliations).

Item 5 – Fees and Compensation

Hedge Funds Management Fee & Performance Allocation

We receive monthly investment management fees (the "***Management Fee***") from the Hedge Funds at an annual rate equal to 2.0% of the value of each investor's investment, valued and payable at the beginning of each month (0.167% per month). The Management Fee for capital contributions made, or shares purchased, during a calendar month will be charged pro rata for the beginning of the month of purchase.

In consideration for the Management Fee, Rapidan provides investment, research and trading services. We also bear the administrative expenses of the Hedge Funds and provide to the Hedge Funds office space and utilities, quotation and computer equipment and services, administrative and accounting services and secretarial, clerical and other personnel. The Management Fee may exceed or may be less than the expenses borne by us on behalf of the Hedge Funds.

Also, Rapidan is entitled to receive from the Hedge Funds an annual performance-based profit allocation (the "***Performance Allocation***") generally at the end of each year in an amount equal to 10% of the increase in the value of each investor's investment over a 5% net return (the "***Hurdle Rate***"). The Performance Allocation generally will be allocated at the end of each year or immediately prior to a withdrawal occurring prior to the end of any year.

If a loss occurs that results in the value of an investor's account being less than the highest value of the account through the close of any year since coming into a Hedge Fund (or in the year of the investor's admission, less than the initial amount of capital contributed to the relevant Hedge Fund and – the "***High Water Mark***"), then there will not be a Performance Allocation until the value of the account is equal to the High Water Mark. A loss in any one year will be recovered in full before performance fees are assessed in subsequent years. Thereafter, the Performance Allocation reverts back to 10% over the hurdle rate. Withdrawals or redemptions by an investor will result in a proportional reduction of the High Water Mark.

The Management Fee and the Performance Allocation may be waived, reduced or rebated for any investor, including, without limitation, for investments we or our affiliates make and/or for investments made by our employees and their family members.

ValueAligned® Folio Account

Fees for ValueAligned® Folio Accounts are based on the client's assets under management. VAP's management fees are deducted from client accounts by Folio Institutional, the custodian, on a monthly basis in arrears. ValueAligned® Folio Account Clients do not pay fees in advance. One-twelfth of the annual fee is deducted each month. Rapidan's annual fee is 1.0% of assets under management at Folio Institutional.

Included in that "fee" is Folio Institutional's custody and trading fee (assessed monthly) at the rate of 0.25% of account assets per year (or a minimum of $25 per month). This fee includes unlimited trading during two "window" trading sessions each day at 11:00 AM and 2:00 PM. If VAP deems it necessary or advantageous to trade at other times outside of one of these two "window" trading sessions, Folio Institutional charges an additional $3.95 per trade. There is a list of other fees not included in the fee (for wire transfers, paper statements, etc.) at Folio's web site: www.folioinstitutional.com.

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

The Hedge Funds provide a Performance-based allocation (fee) to Rapidan. We also provide investment advisory services to additional clients in the ValueAligned® Folio Accounts at Folio Institutional (See "Wrap Brochure"). These clients are charged only a 1% management fee per year. No performance fees are charged by VAP to its separately managed accounts.

The receipt of performance-based fees for the Hedge Funds creates conflicts of interest. Performance-based fees paid to Rapidan may be significantly higher than the asset-based fees paid by the clients with separately managed accounts, thus creating an incentive to favor the Hedge Funds.

We are required to act in a manner that we consider fair, reasonable and equitable in allocating investment opportunities to the Hedge Funds, but we are not otherwise subject to any specific obligations or requirements concerning the allocation of time, effort or investment opportunities, or any restrictions on the nature or timing of investments for the Hedge Funds.

For a further discussion of these and related items, see Item 5 (Fees and Compensation).

In order to reduce potential conflicts of interest, Rapidan does not show preferential treatment to the Hedge Funds. All ValueAligned® Folio Accounts are managed within their respective strategies, given account restrictions and/or constraints. We perform periodic reviews of the performance fee accounts to assure consistency with the separate fee accounts.

Also, we can only enter trades twice a day in the ValueAligned® Folio Accounts. We rotate trades when the Hedge Funds trade in the same stocks around the time of the trade windows. In that way the performance fee accounts do not take preference over ValueAligned® Folio Accounts in the execution of trades. Additionally, all trades for the ValueAligned® Folio Accounts occur at Folio Institutional, while <u>none</u> of the Hedge Fund trades occur at Folio Institutional. Finally, the ValueAligned® Folio Accounts are long-only, non-margin accounts, while the hedge funds can short stocks and borrow money in margin accounts.

Item 7 – Types of Clients

Rapidan provides portfolio management services to individuals, high net worth individuals, trusts, and partnerships. Most of these arrangements are discretionary where Rapidan selects the investments and trades on the client's behalf without prior consultation with the client. Rapidan has one relationship with a family office where it provides consulting services on stocks in various portfolios.

The minimum account size for the hedge funds is $250,000. The minimum account size for the ValueAligned® Folio Accounts is $25,000. Accounts below these minimums may be negotiable and accepted on an individual basis at Rapidan's discretion.

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

Rapidan is a value-oriented investment management firm established to invest and trade principally in publicly-traded stocks. On behalf of the Hedge Funds, Rapidan seeks to maximize investors' capital by buying securities with trading values materially lower than their intrinsic values and by selling short securities with trading values materially higher than their intrinsic values. We aim to achieve high absolute rates of return while minimizing the risk of capital loss in the Hedge Funds, and long-term, maximum after-tax lifetime returns in the ValueAligned® Folio Accounts.

Rapidan combines the analytical discipline of determining fair value with a practical understanding of markets. We tend to seek investments in mispriced securities where we can ascertain the reason for the market's mispricing.

All investments involve risk of loss including loss of principal. There can be no assurance that our investment objectives will be achieved, and investment results may vary substantially.

ValueAligned® Investing Philosophy

Corporate managers create value by finding and implementing investments that earn returns greater than the firm's cost of investment capital. When managers do this, resources are most effectively allocated and there is a benefit to society. Competition among firms for financial capital to fund their growth investments brings the economy's savings to the most attractive investments – benefitting the entire society. This is Adam Smith's invisible hand at work.

We believe managers need a way to measure what is better when they embark on change efforts at public companies – strategies, plans or other tactics – and better should be measured by the increase in long-term intrinsic value of the firm because that single focused "objective" results in the least social waste and will get the most out of society's limited resources.

Unfortunately, most corporate managers are paid for caring about other things than creating value. When they don't own the companies they manage, or they own a tiny percentage of the shares, it is not really surprising that creating value is not their top priority. After all, the value they may create belongs to others – the shareholders.

That means in most public corporations value is destroyed unintentionally because managers pursue other goals that often conflict with the creation of value. Sometimes having the largest market share, the most volume growth, the best customer satisfaction, the most jobs, the most capacity, or even the biggest earnings per share by themselves destroy value over time instead of maximizing value over time.

It's not that these other goals are undesirable. All value creating companies pursue these goals and others not for their own sake but because value maximization is not possible if they don't. The difference is that companies that manage for value understand that these other goals are means to the ultimate end which is the creation of as much value as possible.

Corporate bureaucracies isolate managers from the capital markets and soon those managers believe that money for their projects comes from budgets and not from investors. Value-Based Management (VBM) is a set of management practices that attempts to align the explicit and implicit incentives of corporate managers with the overarching goal of creating long-term value.

Financial economists and investors have noticed these fundamental problems arise where ownership and control of the modern corporation are separated. Managers control the firm and can make decisions that benefit themselves at the expense of the firm's owners. VBM systems are the answer to this problem.

VBM is a management system that encourages employees to think like and act like owners – even though they might only own a tiny sliver of the firm or nothing at all. We believe that capital markets are efficient over the long term. At the same time, though, we recognize that capital markets are inefficient over the short term in certain circumstances. The challenge we see for investors seeking to consistently outperform a market yardstick lies in 1) the recognition of temporary inefficiencies and/or the circumstances giving rise to such inefficiencies and 2) the ability to capitalize upon these value dislocations in a timely fashion.

We believe that a security's trading value is influenced by each of the following:

Fundamentals: This refers to a security's "intrinsic" value. We define intrinsic value as the present value of the cash flows that will be distributed to the owners of a security discounted at a rate that properly reflects the time value of money, the risk that expected cash flows will not be obtained, the volatility of the cash flows, and the security's liquidity. In the case of corporate securities, the cash flows derive either from the company's operations or from the sale of the company's operations and/or its assets.

Technicals: This refers to a security's historical trading pattern and prices. An example of a strategy that relies largely upon technical analysis is "momentum" investing wherein investors purchase securities that have recently appreciated in price in the expectation of further price increases.

Psychology: This refers to the propensity of investors to make investment decisions based upon greed and fear. Investors who have made money in an investment are often inclined to hope for additional profits and increase their exposure, while investors who have lost money in an investment are often inclined to worry about further losses and reduce their exposure. In today's markets, in large part because a relatively few number of managers control enormous capital pools, group psychological swings foster excessive movements in security prices.

Liquidity: This refers to the amount of capital committed to investing in an asset class vis-à-vis the size of the asset class. Assuming that intrinsic value remains unchanged, supply and demand dictate that security prices will rise when additional investment capital enters an asset class and fall when investment capital leaves an asset class. For example, when individuals add liquidity by purchasing mutual funds, the managers of those funds face pressure to buy stocks regardless of the cheapness or dearness of equity prices.

We believe that trading values in the long term are determined strictly by fundamental analysis. Notwithstanding this belief, technical, psychological and liquidity factors clearly influence trading values in the short term. These temporary value dislocations create attractive opportunities for the alert, diligent and patient investor focused on intrinsic value.

Dislocations between intrinsic and trading values exist in two forms. In the first form, the influences of technicals, psychology and liquidity cause trading value to diverge from intrinsic value. The market temporarily focuses on something other than intrinsic value, and we invest on the premise that the market will refocus on fundamentals so that trading value will converge with intrinsic value. In the second form, the market miscalculates intrinsic value due to a lack of either effort or ability. Here, we invest on the premise that the market will correct its assessment of intrinsic value and that the trading value will adjust accordingly.

Investment Methodology

Search for ValueAligned® Companies

ValueAligned® Investing starts with a search for companies that have publicly committed to the use of capital efficiency measures like economic value-added (EVA) or another economic profit (EP) measure that deducts a full capital charge from profits, and/or a "return measure" like Return on Invested Capital (ROIC) or Return on Equity (ROE). Despite the wide acceptance of the value of EVA and Value-Based Management - where decision makers at all levels are focused on increasing intrinsic value - less than 10% of the companies in the S&P 1500 use it. We continually search and then add and subtract companies to our ValueAligned® watch list.

Transform Accounting into Economics

Conventional accounting often severely distorts the economic drivers of a business. It turns out that accounting earnings are a poor proxy for economic profitability because they do not accurately reflect the true cash flow of the firm. According to AFGview.com on average, corporate earnings represent only 45 to 50 percent of a company's cash flow. And earnings do not reflect risk because earnings favor debt financing with its tax advantage and lower hurdle rate.

Accounting rules distort many aspects of economic reality. Research & Development costs, which are long term investments, are immediately expensed under GAAP accounting. Operating leases, obligations which must be paid similar to debt never appear on company balance sheets.

Measure Economic Performance

Once we convert the accounting numbers to economics, we evaluate how well the business has performed. The best companies and management produce positive economic profits (EVA) and grow those profits over time. Companies earn positive and growing EVA by earning returns on invested capital that are above the cost of that capital. Companies that have earned positive and growing EVA have proved to be good long-term investments, and that performance is a characteristic of a ValueAligned® company.

We avoid those firms that spend shareholders money but do not earn adequate returns to cover its cost of capital. Many companies grow at the expense of creating shareholder value. These mis-aligned companies can't generate an adequate rate of return on their assets, but none-the-less they keep trying to grow their way out of their problems.

We go out of our way to avoid these wealth destroyers like Enron, Worldcom and the old Tyco, whose business models were fundamentally flawed which we learned *before* they went bust because their EVA went down even as accounting earnings were going up.

Compare Stock Price to Our Estimate of Fair Value

In the next step we figure out what the market is paying for at the current market price. We use our EVA valuation model, the Applied Finance Group's (AFG) Economic Margin Model and analyst research to understand the expectations embedded in stock prices. We apply this framework to estimate what are the sales growth, margin and capital efficiency expectations embedded in today's stock price. We then compare those expectations against the company's likely ability to deliver those expectations.

Manage Using Margin of Safety, Position Sizing and Correlation

During this process we also estimate an expected Fair Value for the company's stock price. Then, after measuring our confidence in our estimate we set a "Buy Below" stock price at which we would buy the stock. Those required discounts, also called "Margin of Safety", can be as much as 50% from fair value.

Once we decide to buy a particular stock we also must figure out how big the weighting should be in each of our clients' portfolio. We typically will have 50 - 60 stocks with position sizes ranging from 1% - 6% of the value of the portfolio. Size depends on each stock's risk and correlation to the other members of the portfolio. Typically, smaller companies will be smaller positions; larger companies will be bigger.

Correlation measures the degree to which different stocks move in the same direction at the same time. The portfolio will be optimally diversified if we have stocks that don't move together - we want low correlated investments to mitigate risk.

Risks Associated with Stock Investing

Past performance of a stock is not indicative of future results.

Stock Market Risk–Overall stock market risks may affect the value of the investments in equity strategies. Factors such as U.S. economic growth and market conditions, interest rates, and political events affect the stock markets.

Management Risk–Our judgments about the attractiveness, value and potential appreciation of an individual stock may be incorrect and there is no guarantee that individual securities will perform as anticipated. The value of an individual stock can be more volatile than the market as a whole or our intrinsic value approach may fail to produce the intended results. Our estimate of intrinsic value may be wrong or even if our estimate of intrinsic value is correct, it may take a long period of time before the price and intrinsic value converge.

Small and Mid-Cap Company Risk–Investments in small and mid-cap companies may be riskier than investments in larger, more established companies. The securities of these companies may trade less frequently and in smaller volumes than securities of larger companies. In addition, small and mid-cap companies may be more vulnerable to economic, market and industry changes. Because smaller companies may have limited product lines, markets or financial resources, or may depend on a few key employees, they may be more susceptible to particular economic events or competitive factors than larger capitalization companies.

Item 9 – Disciplinary History

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events (i.e., criminal and/or civil action, administrative proceeding, self-regulatory proceeding) that would be material to your evaluation of them or the integrity of their management. Rapidan has no information applicable to this item.

Item 10 – Other Financial Industry Activities and Affiliations

Rapidan's management persons are not registered, nor do any management persons have an application pending to register, as a broker-dealer, representative of a broker-dealer, futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities. Rapidan does not recommend or select other investment advisers for clients.

Item 11 – Code of Ethics

Rapidan has adopted a Code of Ethics policy that fosters a high standard of business conduct for the firm and its employees. Specifically, employees are required to comply with all applicable securities laws and maintain privacy and confidentiality with respect to (1) client transactions, holdings and personal information as set forth in the Privacy Notice, (2) firm securities recommendations and other non-public material information, and (3) guidelines related to gifts and contributions. All employees must accept, in writing, the terms of the Code of Ethics upon employment, annually or as amended.

The Code of Ethics document is available upon request and is offered to clients annually. Requests may be sent to Rapidan Capital, LLC, 125 Half Mile Road, Suite 200, Red Bank, NJ 07701.

Personal Trading

Employees of Rapidan are prohibited from purchasing or selling the same securities that it recommends to its clients, with a few defined exceptions. Should an exception be approved, employees must receive prior approval from the Portfolio Manager and Trader prior to making a personal transaction, whether or not the security is included in any current client securities holdings, in order to mitigate any conflict of interest. If the security is currently being traded for client accounts, employees must wait to place their trades until after all anticipated client trades in the same security are completed. The price paid or received by a client account for any security will not be affected by the selling interest on the part of an employee, or otherwise result in an inappropriate advantage to the employee

All employees are required to submit quarterly personal securities transactions and annual holdings reports for review by the Chief Compliance Officer, who will review these reports for trading conflicts with client accounts. Employees are also required to have copies of all brokerage statements sent to the Chief Compliance Officer, directly from the custodian(s), on at least a quarterly basis. The Chief Compliance Officer will maintain documentation of personal securities transactions, including any violations that occur and their resulting actions.

Trade Errors

In the event of a trade error, the executing broker is contacted so that the error can be corrected as soon as possible. The trader will document the error and take whatever steps are necessary to make the correction. Trade errors will be considered on a case-by-case basis and adjustments will be made accordingly. In correcting a trade error, Rapidan will generally reimburse a client's account for any losses arising from the error and any profits related to the error will generally remain in the client's account. The Chief Compliance Officer (CCO) will work with the trader to determine what steps will be taken to prevent the error from recurring. This documentation will be maintained by the CCO and kept in the file entitled Trade Errors.

Rapidan maintains a trade error account at its main prime broker for the hedge funds, currently Pershing Advisor Solutions (PAS). All trade errors will run through that account. Rapidan is responsible for any net losses that might occur in the error account. Please note that most trades in the ValueAligned® Folio accounts are done at Folio Institutional using their online window trading system.

Item 12 – Brokerage Practices

Broker Selection and Best Execution

For the hedge funds, Rapidan seeks to obtain the best trade execution for its clients. Rapidan selects, approves and compensates brokers based on the range and quality of their brokerage services, including, among other factors: execution capability, quality of research, coverage overlap, trading expertise, commission rates, accuracy of execution, reputation and financial strength. Most of our trading is executed at PAS which is evaluated annually.

Rapidan uses several trade execution procedures to ensure fair trade allocation and best execution.

Hedge Funds

Other factors, such as cash levels, sector weightings and other items will be taken into consideration, as well as making sure each fund and its clients are treated fairly. Performance-based fee accounts will not receive trading preference, but will be included in the block. Traders and portfolio managers review and monitor trades daily for best execution.

Rapidan uses model Folios at Folio Institutional for their trading efficiency and scalability. Rapidan updates all of our accounts that are subscribed to a particular model which can be hundreds or even thousands of client accounts with just one click. Whenever Rapidan updates a model, Folio's platform automatically calculates and executes all the individual trades necessary to update the holdings of every client that are invested using a particular model. And with Folio's window trades it is normally commission-free.

At the same time, we provide seamlessly integrated tools that enable you to manage each clients' holdings individually. We give you complete control, scalability, and flexibility in one easy-to-use platform.

Research and Other Soft Dollar Benefits

Rapidan may consider the value of various services or products that a broker provides to the firm, including the value of research services and products. Selecting a broker in recognition of such other services or products is known as paying for those services or products with "soft dollars". Soft dollar practices come into play when an investment adviser executes transactions with a broker with which it has an arrangement to receive research products and services. Rapidan uses soft dollars to acquire research products and services that fall within the safe harbor provided by the SEC under Section 28(e) of the Exchange Act.

Receipt of research from brokers who execute client trades involves conflicts of interest. An adviser that uses client brokerage commissions to obtain research receives a benefit because it does not have to produce or pay out-of-pocket for the research. Therefore, the adviser may have an incentive to select or recommend a broker based on its desire to receive the soft-dollar research in lieu of best execution of client transactions. While it is possible that a commission incurred by the client may be higher on any given transaction, the selection of the executing broker/dealer is made with all factors in mind, including execution efficiency, settlement capabilities, research and overall financial health of the broker.

In order to mitigate this conflict:

We do not enter into agreements with any broker regarding the placement of securities based solely on soft dollar research. Research acquired by Rapidan through soft dollars is used for the benefit of all clients, even though not all client transactions are executed at one brokerage firm.

Within the last fiscal year, soft dollar arrangements have acquired research services through soft dollar transactions including, but not limited to:

- Economic, industry or company research reports or investment recommendations;
- Compilations of securities prices, earnings, dividends and similar data;
- Certain computerized databases;
- Quotation services, research or analytical computer software and services.

Directed Brokerage

Although we generally discourage clients from directing trades to a particular broker (except for the ValueAligned® Folio Account where our clients direct us to use Folio Institutional which is a condition of the advisor agreement), we have had clients who have requested us to direct trading to a specific broker with whom they have a pre-established relationship. (As of March 31, 2015, we do not have any clients directing trades to a particular broker). By directing brokerage, Rapidan may be unable to achieve the most favorable execution of client transactions and this practice may cost clients more money. We inform our directed clients of these risks.

Aggregate Trades

Hedge Funds

Rapidan has a trade allocation policy that allows it to select brokers for the Hedge Funds. Trades are generally grouped together in an attempt to achieve lower commission costs, faster execution and better execution prices. These blocked trades are allocated on a pro-rata basis at the average price. None of the firm's principals participate in any allocation of blocked trades or alongside trades to be allocated to the Hedge Funds.

> Example: Assume Rapidan purchases 10,000 shares of stock through a broker-dealer to be divided between two Hedge Fund accounts. Hedge Fund A will receive 2,000 shares and Hedge Fund B will receive the remaining 8,000 shares. The commission for the trade is not be split 50/50, as this will cause client A to pay a higher price per share. The commission will be split pro-rata 20/80 to be consistent with the allocation. In addition, if the order is executed at many different prices, Rapidan ensures the trades are fairly allocated to avoid one investor consistently benefiting over another. The partial executions of 10,000 shares at one broker-dealer are put together in one block and the prices averaged so both hedge fund accounts will receive the same price per share and the same pro rata commission per share.

ValueAligned® Folio Accounts

Rapidan creates and maintains investment models on the Folio Institutional Web-based platform. Each client depending on cash availability is subscribed to one of the models. When Rapidan updates and syncs a model, the system calculates all of the necessary trades to bring the subscribed client portfolios up to date and execute them commission-free at the next window. Each client receives the same price and a pro rata share of the trade to bring their account into sync with the model portfolio.

Folio Institutional offers highly economical, dollar-based, fractional share trading through their twice-daily trading windows, 11 AM and 2 PM. Rapidan cost-effectively manages large or small models for its clients regardless of share prices and without burdensome trading fees. The trading windows and fractional shares allows Rapidan to make decisions to buy and sell based on what's right for the client — not based on the cost of trading.

The performance of the client's investments will also more closely match the models when Rapidan invests for them using dollar amounts and fractional shares, instead of only making whole share purchases. The client more regularly invests smaller dollar amounts using fractional shares, and still gets the full benefits of dollar cost averaging.

In this way ValueAligned® Folio accounts are executed in a fair and equitable manner regardless of the relative sizes of each account.

Item 13 – Review of Accounts

As part of our risk management program, accounts are divided among the assigned portfolio managers for monitoring and review. Each account is reviewed, at least quarterly, for asset mix, risk level, and account restrictions and/or constraints in relation to the client's investment objectives, current position size and specific holdings. The frequency of the reviews depends on market conditions and other factors that a prudent, professional investor would deem necessary. Account objectives are confirmed, at least annually, with our direct clients.

Periodic written reports will be issued to clients on a quarterly basis. These reports disclose performance returns, security holdings and market values. If a client desires, other relevant factors may be disclosed.

Item 14 – Client Referrals and Other Compensation

Rapidan may receive client referrals from brokers. If so, the client accounts would be considered directed, relative to commissions, and all trades would be placed with the respective broker. Rapidan does not compensate the brokers for these referrals.

Rapidan does not currently receive compensation from any non-clients.

Item 15 – Custody

Rapidan does not take custody of client assets. Client assets are held with banks or registered broker dealers that are "qualified custodians". *ValueAligned® Folio* account clients will receive statements directly from Folio Institutional at least monthly.

Even though Hedge Fund assets are held at PAS, Hedge Fund clients will receive monthly statements directly from Rapidan as the general partner and administrator for the funds. We urge clients to carefully review those statements especially in regard to capital movements, contributions and/or withdrawals, to and from the fund, and compare them to the capital confirmations that are sent by either the outside auditors or outside tax advisors.

Item 16 – Investment Discretion

Rapidan accepts discretionary authority to manage the assets in the client's account. We observe investment limitations and restrictions that are outlined in each account's investment advisory contract. We assume investment authority on your account when the investment management agreement is executed. Our Hedge Fund clients are managed in accordance with the fund's investment objective, strategies and restrictions and are not tailored to the individualized needs of any particular investor in the fund.

Item 17 – Voting Client Securities

ValueAligned® Folio

FOLIO*Vote*: Online Proxy Voting Made Easy
FOLIO*Vote* is a unique online service that offers our clients the information needed to make informed decisions about how best to vote proxies and to handle certain other corporate actions, as well as an integrated method to cast votes.

The FOLIO*Vote* feature provides automatic email notifications regarding upcoming corporate actions and votes relating to securities held in the clients' accounts. The client determines who votes for corporate actions, Rapidan or its clients. *ValueAligned® Folio* clients can even set custom permissions so that we both share voting capabilities.

Some financial advisors vote proxies on behalf of their clients. Other clients and their advisors believe it better to have the client make these decisions directly. With FOLIOVote, clients, or any designee they choose will receive email notifications whenever corporate actions affecting securities in their accounts are announced. Notifications will instruct the recipient on how to learn more about the issue presented and how to cast votes online when called for. It's simple, quick, and allows direct participation in corporate governance matters. With FOLIOVote, Rapidan and clients can work together to determine how to best exercise corporate governance rights.

Unless a client specifically requests that Rapidan votes their own proxies or to take a shareholder action with respect to other corporate actions requiring shareholder actions, the *ValueAligned® Folio* account client will vote all proxies and act on all other actions in a timely manner, as part of its full discretionary authority over client assets. Corporate actions may include tender offers or exchanges, bankruptcy proceedings, and class actions. If a client wishes to direct Rapidan to vote in a certain manner for a particular proxy, they should provide such direction in writing to Rapidan at least two weeks prior to the shareholder meeting date.

Rapidan will vote proxies for the Hedge Funds. Our utmost concern when voting proxies is that all decisions are made in the best interest of the clients. Rapidan will act in a prudent and diligent manner intended to enhance the economic value of the assets of the client’s account, and will give substantial weight to the recommendation of management on any issue.

Conflicts of Interest

Rapidan also considers whether there are specific facts and circumstances that may give rise to a material conflict of interest on the part of Rapidan voting the proxy. Should a proxy proposal raise a material conflict between the interests of Rapidan and a client, we will resolve the matter on a case-by-case basis, by abstaining from the vote or vote the way Rapidan feels is in the best interest of the client.

Rapidan has written proxy voting procedures, which clients may receive upon written request. Clients may also request information about how Rapidan voted proxies, with respect to their securities, by writing to Rapidan, 125 Half Mile Road, Suite 200, Richmond, VA 23226.

Class Action Security Litigation Policies and Procedures

Rapidan is not required to assemble or file class action security litigation documentation on behalf of any client, but will provide information it has readily available to aid clients who wish to file.

Item 18 – Financial Information

Rapidan does not require or solicit prepayment of more than $1,200 in fees per client, six months or more in advance.

Investment advisers are required to provide you with certain financial information or disclosures about their financial condition. Rapidan has no financial commitments that impair its ability to meet contractual and fiduciary commitments to clients and has never been the subject of a bankruptcy proceeding.

Item 1- Cover Page

RAPIDAN CAPITAL, LLC

Form ADV Part 2B – Brochure Supplement

March 31, 2015

125 Half Mile Road, Suite 200
Red Bank, NJ 07701

(732) 800-2375

www.ValueAligned.com

www.Rapidancapital.com

David L. Berkowitz
Founder, Managing Member & Chief Investment Officer

This Brochure Supplement provides information about DAVID L. BERKOWITZ, and is an addendum to the RAPIDAN CAPITAL, LLC Brochure. You should have received a copy of that Brochure. Please contact David L. Berkowitz at (732) 800-2375, if you did not receive RAPIDAN CAPITAL, LLC's Brochure or if you have any questions about the contents of this supplement.

Item 2- Educational Background and Business Experience

DAVID L. BERKOWITZ

Founder, Chief Investment Officer (CIO) & Managing Member

Year of Birth: 1964

Columbia University School of Business, MBA 1997

Columbia College, Columbia University, BA 1986

FAMILY OFFICE FINANCIAL ADVISOR, CHIEF INVESTMENT OFFICER,
EQUITY PORTFOLIO MANAGER & CORPORATE FINANCE CONSULTANT
Registered Investment Advisor Representative, Wealth Management & Hedge Fund Experience

---

Broadly qualified Senior Investment Professional offering more than 20 years of investment management, stock analysis, corporate finance, corporate strategy and financial advisory experience. Entrepreneurial & innovative leader focused on growing & preserving wealth by managing portfolios of the stocks of great companies. Leader of an independent investment firm that manages assets for a broad spectrum of individuals and their families. Provided comprehensive, fee-only, institutional level investment and family office services that may have been previously unavailable to most individual investors. Manage separately managed accounts (SMA) and investment partnerships (Hedge Funds for qualified individuals) by investing in the shares of great companies where management is most aligned with shareowners.

Strengths in:

- Value Investing
- Investment Strategy & Research Process
- Tactical Asset Allocation
- Macro-economics
- Equity Portfolio Management
- Value-based Management & EVA®
- Hedge Funds, Short-selling & Options
- Corporate Finance (Consulting)
- Executive Compensation
- Investment Policy & Compliance

PROFESSIONAL EXPERIENCE

Rapidan Capital, LLC – Red Bank, NJ **2002 - Present**

www.ValueAligned.com

FOUNDER/CIO/ MANAGING MEMBER (2002 – Present)

Founded a private investment management firm with $3 million under management in 2002. Grew assets under management (AUM) by partnering with an established family office in Richmond, Virginia.

Developed and implemented an active value investing system called ValueAligned® Investing that marries value investing with value-based management (VBM) & EVA® to identify the companies with the managements most aligned with creating shareholder value.

Stern Stewart & Co. – **1997 -2002**
New York, NY
www.sternstewart.com

PRINCIPAL/SENIOR VICE PRESIDENT (2001 – 2002)

VICE-PRESIDENT/PROJECT MANAGER (1999 – 2001)

ASSOCIATE (1997 – 1999)

David led Stern Stewart's consulting operations in North America, and managed the firm's head office in New York. He concentrated on Stern Stewart's manufacturing clients and managed over 50 large and small EVA® engagements for manufacturers, retailers, and financial services firms. Also, David often co-operated with Stern Stewart's Corporate Finance Advisory practice, by applying value based management principles to assist C-level executives and Boards with financial strategy decisions, valuations, and mergers and acquisition analysis. He helped design a survey of best practices

As the pioneers of value-based management (VBM) with their EVA® framework for corporate governance, Stern Stewart helped many public and private companies improve shareholder value by aligning measurement, strategic planning, compensation and finance education.

David also designed and conducted corporate finance education and EVA training for over 6,500 financial and line managers, and corporate boards.

Prior to Stern Stewart, David was **Chief Operating Officer and Head Trader for Woodward & Associates, a New York based hedge fund.**

David has spoken at local National Investor Relations Institute (NIRI) chapters and Analyst Societies in New York, Philadelphia, Chicago, Dallas and Washington. Additionally, he has spoken at Columbia University's School of Business, Fabozzi's Value Metric Conference, the American Management Association (AMA), and IBM’s Advanced Business Institute, among others. David is a member the New York Society of Security Analysts (NYSSA).

He holds an **MBA from the Columbia University Graduate School of Business (MBA 1997)**, and a **BA from Columbia University's Columbia College (BA 1986)**, where he studied economics.

David and his wife Patti have been married for 27 years and have lived in their current home for the last 22 years in their hometown of Middletown, New Jersey. They have three children.

Item 3- 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 each supervised person providing investment advice. No information is applicable to any of the Rapidan associates referenced in this Supplement.

Item 4- Other Business Activities

There are no reportable outside business activities for any of the Rapidan associates referenced in this Supplement, except that Mr. Berkowitz is the general partner for Berk Capital, L.P., his family partnership, which is a large majority owner of the general partner of the Hedge Funds.

Item 5- Additional Compensation

There is no reportable additional compensation for any of the Rapidan associates referenced in this Supplement, except that Mr. Berkowitz does receive periodic management fees from his family partnership, Berk Capital, L. P.

Item 6 - Supervision

Mr. Berkowitz is a principal of Rapidan Capital, LLC and a Managing Member of the Management Committee. He can be reached at (732) 800-2375.

Greg Suskind is Rap Cap, LC's designated Management Committee Representative. He can be reached at (804) 783-1010.

Suzann Ridge is a member of the management committee and the CFO for the Managing Member of Rap Cap, LC. She also can be reached at (804) 783-1010.