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## PART 2A OF FORM ADV: FIRM BROCHURE

# Blackhill Capital, Inc.

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This brochure provides information about the qualifications and business practices of Blackhill Capital, Inc. If you have any questions about the contents of this brochure, please contact us at 973-984-7014. 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 Blackhill Capital, Inc. also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Blackhill Capital, Inc. is a Registered Investment Adviser; registration does not imply a certain level of skill or training.

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## **MATERIAL CHANGES**

This item is not applicable.

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## **ADVISORY BUSINESS**

Blackhill Capital, Inc. (Blackhill Capital) is an independent registered investment advisory firm primarily serving the investment needs of high net worth individuals and family groups. We distinguish ourselves by offering an exceptional level of personalized service, integrity, and confidentiality, and strive to keep turnover, transaction costs and taxes low. Blackhill's principal focus on after-tax, long-term capital appreciation involves identifying companies that are well-managed, shareholder-oriented, larger capitalization, global franchises that are within our sphere of understanding and competence.

Blackhill Capital provides continuous investment supervisory services to clients on the basis of the needs and desires of each client. We assess each client's assets, sources of income, investments and investment goals, present and future financial obligations, and tolerance for investment risk, and propose an investment strategy based on the client's requirements. The necessary information is obtained at an initial conference attended by the client and a representative of Blackhill Capital and during subsequent follow-up discussions with the client. The frequency of such follow-up discussions will vary with each client's particular financial requirements and the applicable investment strategy.

Our Investment Advisory Agreement gives the advisor authorization to supervise and direct, on a confirming basis, the investment and reinvestment of all assets, including option contracts, in the account at its discretion, subject to the limitations, needs and objectives imposed by the client. As of 12/31/2018, Blackhill Capital managed \$553,868,895 on a discretionary basis; no assets were managed on a non- discretionary basis.

Cary Schwartz, President and Chief Investment Officer, formed Blackhill Capital in February, 1988.

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## **FEES AND COMPENSATION**

Fees are calculated on the basis of the gross market value (excluding debit balances owed) of the assets under management, including cash balances and cash held in money markets, in each client's portfolio on the last business day of each calendar quarter, after adjusting upward or downward for any additions or withdrawals during the quarter. Fees are paid at the client's choice either pursuant to invoice or directly from a client's account under a written authorization for such payments.

Compensation is not payable before investment supervisory services are provided. Clients may terminate an investment advisory contract upon 90 days prior written notice, in which case, the fee is apportioned as of the termination date.

Clients' fees for investment supervisory services are negotiable and are payable when invoiced at the following rate(s): 1.00% - 2.50% per annum.

Clients will incur standard brokerage costs on securities transactions; this is explained in the Brokerage Practices section of this brochure.

## **PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

This item is not applicable.

## **TYPES OF CLIENTS**

Blackhill Capital generally provides investment advice to high net worth individuals and families, individuals, trusts, and charitable organizations.

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## **METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

Blackhill Capital invests primarily in equities. Our investing process emphasizes a thorough examination of a company's financial data and an objective appraisal of management. It places prime importance on analyzing a firm's past and current financial data because the basic financial characteristics of most medium-to-large corporations tend to change gradually over time. Consequently, forecasting even in the best of circumstances can prove erroneous. We believe that an accurate assessment of value and of management is the dependable barometer of identifying superior companies.

The heart of Blackhill Capital's investment strategy is a value orientation that implies a conservative approach. Requiring considerable information and understanding, this approach can mean identifying a company before the marketplace has recognized its true asset value, selecting a company that investors might have ignored, or recognizing those companies undergoing advantageous changes. Since a value orientation can result in investments that are contrary to general market expectations, our approach encompasses a one-to-five year time horizon. Always though, every decision is preceded by a thorough study of a firm as though its entire purchase was being considered.

We utilize a conservative, defensive, longer-term investing focus emphasizing tax efficiency and low portfolio turnover. We maintain a strict fiduciary standard with all our investing clients; we utilize a fully independent custodian for all investments, and all of our securities are liquid, transparent, and trade freely on national stock exchanges. We believe that investing is not a sprint to some short-term goals, but rather a marathon for all of one's lifetime and perhaps beyond, a discipline involving patience, perseverance, constant vigilance, flexibility, intellectual integrity and a healthy dose of skepticism.

Investing in securities involves risk of loss that clients should be prepared to bear including, but not limited to, stock market fluctuations that occur in response to economic and business developments.

## **DISCIPLINARY INFORMATION**

Blackhill Capital, Inc. and our management personnel have no reportable disciplinary events to disclose.

## **OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

This item does not apply.

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## **CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

Blackhill Capital's Code of Ethics, adopted pursuant to SEC Rule 204A-1, in summary, states that all employees of Blackhill Capital, Inc. must comply with all applicable Federal securities laws; always preserve confidentiality of client information; and always maintain the highest ethical standards.

Blackhill Capital may, from time to time, recommend to clients, the purchase or sale of securities in which it may be deemed to have an indirect beneficial interest as a result of the ownership of Cary Schwartz, who, directly or indirectly, may have a position or interest in such securities. As a result, a conflict of interest between Blackhill Capital and its clients may exist from time to time. The internal procedures of Blackhill Capital restricting such transactions and requiring disclosure of conflicts of interest with respect to such transactions are summarized as follows:

Employees of Blackhill Capital are permitted to purchase securities recommended by Blackhill Capital at prices equal to or higher than the price paid by a client for the same security within a 72 hour period of time. Employees of Blackhill Capital are permitted to sell securities recommended by Blackhill Capital at prices equal to or lower than the price realized by a client for the same security within a 72 hour period of time.

In no event will Blackhill Capital or its employees engage in secret trades in the market and any similar proscribed trading activity commonly referred to as "scalping".

In order to notify clients that Blackhill Capital, or an employee of Blackhill Capital, may buy or sell securities that Blackhill Capital also recommends to clients, the following language is contained in Blackhill Capital's contracts with clients: "Adviser, its officers, employees and agents, may have or take the same or similar positions in specific investments for their own accounts as Adviser instructs for the Portfolio".

Additionally, Blackhill Capital and its employees are not permitted to receive securities in underwritten offerings which are determined to be "issues in demand".

In order to ensure that each employee of Blackhill Capital strictly adheres to the highest standards of conduct and integrity in conducting business on behalf of our clients, each employee signs our Code of Ethics and Code of Ethics Relating to Personal Security Transactions of All Employees annually.

Blackhill Capital will provide a copy of our Code of Ethics to any client or prospective client upon request.

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## **BROKERAGE PRACTICES**

Blackhill Capital attempts to select the brokers through whom, and the commission rates at which, securities transactions for client accounts are to be executed based upon which broker will provide reasonable and competitive rates coupled with the best execution.

Factors considered in selecting brokers and determining the reasonableness of their commissions are the reputation and past performance of the brokers in efficiently executing trades at a reasonable commission rate and the financial stability and general reputation of the broker. Blackhill Capital endeavors to negotiate discounts in commissions from the published rate in transactions executed by full service brokers. On occasion, a discount broker may be selected to execute relatively simple trades.

The value of products, research and services given to Blackhill Capital will be one of many factors in determining the broker or dealer to be used. Pershing is currently Blackhill Capital's sole custodian and furnishes products, research and statistical services to Blackhill Capital (referred to as "Soft Dollar" arrangements). These products and services, including quotation, research (both proprietary and third-party) and report services, follow SEC guidelines under Section 28(e) of the Securities Exchange Act of 1934 which pertain to the "brokerage and research services" safe harbor rule. It is possible that clients may pay commissions higher than those obtainable from other brokers who do not furnish such products and services. The products and services made available to Blackhill Capital through such methods are used to service all of Blackhill Capital's accounts equally, and Blackhill Capital earns soft dollar credits by directing client transactions and a limited number of IPOs to these brokers. These brokers, in turn, have paid for Blackhill Capital's brokerage and research services as defined under Section 28(e) of the Securities Exchange Act of 1934.

Where there is a soft-dollar arrangement, the broker pays 100% of the cost of Blackhill Capital's products and services as allowed under Section 28(e) of the Securities Exchange Act of 1934. Where there is a mixed use product obtained through the Soft Dollar arrangement, a reasonable allocation of the cost of the product shall be allocated to soft dollars and hard dollars. Specifically, the allocation of the soft dollar cost will be based on the percentage of the service or specific component that provides assistance to Blackhill Capital in the investment decision-making process and not for those services that provide administrative or other non-research services.

Within the last fiscal (calendar) year, all trading activity was done with our present custodian, and as a result, Blackhill Capital has acquired research, quotation services and report services with soft dollar credits.

Prices of multiple trades of the same security executed in a day are averaged and the average price is allocated to all clients. On occasion Blackhill Capital will aggregate or "bunch" trades in order to obtain better execution for clients. Transaction prices for "bunched" trades are averaged and the trades are then allocated among all clients on a pro-rata basis.

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## **BROKERAGE FOR CLIENT REFERRALS**

This item is not applicable.

## **DIRECTED BROKERAGE**

This item is not applicable.

## **REVIEW OF ACCOUNTS**

Cary M. Schwartz, President of Blackhill Capital, endeavors to personally review the portfolios of each client on a daily basis. Gail P. McIntyre, Chief Operating Officer, Chief Compliance Officer, undertakes such daily reviews when Mr. Schwartz is unable to review the portfolio. Mr. Schwartz reviews current holdings and cash balances, considering specific market opportunities coupled with the broad trends of economic and monetary policy in conjunction with each client's investment objectives and specific needs. Intra-day reviews are triggered by unusual price fluctuations and significant news events that may affect the value of client portfolio holdings.

Mr. Schwartz is the primary reviewer of accounts, and will provide instruction to Ms. McIntyre for performing review based on parameters established by individual client needs.

In addition to periodic personal meetings and/or phone conversations, each client receives a written monthly report of their investment portfolio with assets valued at cost and market, and a schedule of dividend and interest income.

## **CLIENT REFERRALS AND OTHER COMPENSATION**

This item is not applicable.

## **CUSTODY**

Blackhill Capital does not have custody of any client securities or funds; all assets are with an independent custodian who sends monthly statements directly to clients of Blackhill Capital. Clients also receive monthly statements from Blackhill Capital stating that clients should review the statement and compare it with their monthly custodial account statement.

Clients of Blackhill Capital are instructed to send any securities or checks directly to the custodian for deposit into their account and not to Blackhill Capital.

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## **INVESTMENT DISCRETION**

All clients of Blackhill Capital who open discretionary accounts will be required to sign account documents authorizing Blackhill Capital to issue instructions directly to the client's broker to buy and sell securities without specific client consent. There is no limitation on the authority of Blackhill Capital with respect to discretionary accounts, unless explicitly imposed by the client.

## **VOTING CLIENT SECURITIES**

Unless contrary express instruction is received from the beneficial shareholders, Blackhill Capital, after receipt of the proxy material, will vote in accordance with management's proposals and suggestions – i.e., for management's nominees as directors, for management's nominee for auditor, for management's recommendations relating to corporate by-laws, share distributions, and shareholder rights.

In the event there is a material conflict of interest with a client(s), the conflict will be disclosed to the client and the client's consent on how to vote will be obtained.

Blackhill Capital, for its own holdings, will vote for and with management. Our specific company share ownership in itself is a demonstration of support for corporate management.

Upon written request, clients can receive a copy of Blackhill Capital's proxy voting policies and procedures as well as a copy of the Record of Voting Instructions submitted by Blackhill Capital on behalf of the client.

## **FINANCIAL INFORMATION**

This item is not applicable.

## **REQUIREMENTS FOR STATE-REGISTERED ADVISERS**

This item is not applicable.

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## **BROCHURE SUPPLEMENT**

This brochure supplement provides information about Cary M. Schwartz that supplements the Blackhill Capital, Inc. brochure. You should have received a copy of that brochure. Please contact Gail McIntyre (973-984-7014) if you did not receive Blackhill Capital's brochure or if you have any questions about the contents of this supplement.

### **EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE:**

Name: Cary Michael Schwartz

Year of Birth: 1944

Education: University of Pennsylvania, Wharton School, B.S., Finance, 1966  
University of Pennsylvania Law School, J.D., 1969

#### Business Background:

Cary Schwartz, Owner, President and Chief Investment Officer, formed Blackhill Capital in February 1988. He was continuously employed in several capacities by Goldman Sachs from 1969-1988. In his last position as Vice President of Equity Capital Markets, Mr. Schwartz was in charge of the distribution of equity related products which included initial public offerings, primary, secondary, and convertible securities, master limited partnerships, oil and gas issues, and exchange offers. Simultaneously, while at Goldman, he was an active investor, overseeing his own portfolio and providing investment counseling services to high net worth individuals.

#### **Disciplinary Information:**

Cary Schwartz has no reportable disciplinary events to disclose.

#### **Other Business Activities:**

This item is not applicable.

#### **Additional Compensation:**

This item is not applicable.

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**Supervision:**

This item is not applicable.

**Requirements for State-Registered Advisers:**

This item is not applicable.