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## **Part 2A Firm Brochure**

This brochure provides information about the qualifications and business practices of Forester Capital, L.L.C. ("Forester"). If you have any questions about the contents of this brochure, please contact us at 203-983-7380 and/or [legal@forestercapital.com](mailto:legal@forestercapital.com). This information has not been approved or verified by the United States Securities and Exchange Commission (the "SEC") or by any state securities authority.

Additional information about Forester is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Forester is registered with the SEC as an investment adviser. Forester's registration as an investment adviser does not imply any level of skill or training.

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

Forester was founded in 1999 and began investing on behalf of its clients on February 1, 2000. Forester is wholly owned by its managing member, Trent A. Carmichael, and his family. Forester primarily provides discretionary investment advisory services to the following private investment funds (the "Forester Funds"):

##### Delaware Limited Partnerships

- Forester Partners, L.P.
- Forester Partners II, L.P.
- Forester Opportunities, L.P.

##### Cayman Islands Exempted Companies

- Forester Offshore, Ltd.
- Forester Diversified, Ltd.

The Forester Funds are commonly referred to in the industry as funds of hedge funds or FoHFs. Each Forester Fund invests with a diversified group of investment managers or in private investment funds sponsored by investment managers (collectively "Fund Managers" or "Investment Funds"). The Forester Funds generally invest with underlying managers who employ a classic hedge fund approach by investing in long and short positions, typically in equity securities, and may utilize leverage to magnify the effects of stock selection. Forester Opportunities, L.P. and Forester Diversified, Ltd. also invest with absolute return oriented Fund Managers.

Forester concentrates on Fund Managers who engage in fundamental, bottom-up research and analysis. The Fund Managers are generally not limited or restricted in their investment activities and may at any time invest or trade in long or short positions in U.S. or foreign publicly traded or privately issued common stocks, preferred stocks, stock warrants and rights, corporate or sovereign debt, bonds, notes or other debentures or debt participations, partnership interests, interests in investment companies, convertible securities, swaps, options, futures contracts and other derivative instruments.

The Forester Funds may invest in cash and cash equivalents. In addition, Forester Diversified, Ltd. may invest in forward contracts and engage in spot currency transactions in an attempt to hedge currency exposure attributable to classes of shares that are not denominated the U.S. dollar.

Investors in the Forester Funds may invest in either an Annual Class or a Three-Year Class. Annual Class investors are charged a 1% management fee, a 3% incentive fee or allocation and are permitted to redeem annually upon 95 days' notice after an initial two-year lockup. Three-Year Class investors are charged a 1% management fee, no incentive fee or allocation and are permitted to redeem upon 95 days' notice after a three-year lockup.

Forester may facilitate credit arrangements with third parties on behalf of certain Forester Funds to allow the Forester Fund to borrow for short term liquidity needs, including financing of investor redemptions, portfolio reallocations and the settlement of Forester Diversified, Ltd.'s currency hedging transactions. The Forester Funds have entered into a committed line of credit to enable such borrowings on a periodic basis, although there can be no assurance that any line of credit will be continued or that amounts available thereunder will be sufficient to satisfy its intended uses.

Forester provides advice to the Forester Funds based on the specific investment objectives and strategies of such funds. Forester neither tailors its advisory services to the individual needs of investors in the Forester Funds, nor accepts investor-imposed investment restrictions.

Forester also serves as the investment manager for the following private investment funds: Forester Hedge, L.P., Forester Hedge, Ltd. and Forester Hedge Separate Account, Ltd. The Forester Funds invest in Forester Hedge, L.P. and Forester Hedge, Ltd. in order to gain access to certain Investment Funds whose returns are typically less correlated to broad market averages. Forester Hedge, L.P. and Forester Hedge, Ltd. each invest in Forester Hedge Separate Account, Ltd., which is sub-advised by an independent Fund Manager.

Forester does not participate in wrap fee programs

As of January 1, 2012, Forester had assets under management of approximately \$3,323,546,271. All assets managed by Forester are managed on a discretionary basis.

## **Item 5. Fees and Compensation**

### *Asset-Based Compensation*

Forester charges investors in the Forester Funds an asset based management fee of 1% per annum (the "Management Fee"). Principals, members and employees of Forester are generally not subject to the Management Fee.

The Management Fee is paid in arrears as of the end of each calendar quarter based on the value of the net assets of each Forester Fund as of the last day of the quarter adjusted for subscriptions and redemptions and without accrual of any performance fees (as described below), if any. Each Forester Fund will pay the Management Fee in U.S. dollars promptly after the end of each quarter. In the event that Forester is not acting as the investment manager for an entire quarter, the Management Fee payable by the Forester Fund for such quarter will be prorated to reflect the portion of such quarter during which Forester is acting as such under the relevant investment management agreement.

Forester, in its sole discretion, may, in effect, waive or reduce the Management Fee to be paid by investors that are members, principals, employees or affiliates of Forester, relatives of such persons and certain large or strategic investors.

### *Performance-Based Compensation*

Annual Class investors in the Forester Funds are charged a performance-based fee or allocation (each, performance-based compensation), which is equal to 3% of the net profits (including net unrealized gains) of each Forester Fund in which such investors are invested, subject to a loss carryforward provision. The performance-based compensation for each Forester Fund is payable at the end of each fiscal year, upon an investor's redemption of interests, or upon dissolution of the Forester Fund. Performance-based compensation may be paid to Forester or to a related person of Forester. Principals, members and employees of Forester are generally not subject to the performance-based fee or allocation.

Three-Year Class investors in the Forester Funds are not charged a performance-based compensation.

Forester, in its sole discretion, may, in effect, waive or reduce the performance-based compensation to be paid by investors that are members, principals, employees or affiliates of Forester, relatives of such persons and certain large or strategic investors.

The Forester Funds are not charged a Management Fee or performance-based fee or allocation with respect to their direct investments in Forester Hedge, L.P. and Forester Hedge, Ltd. and their indirect investment in Forester Hedge Separate Account, Ltd.

Forester deducts the Management Fee and performance-based compensation from the Forester Funds by providing instructions to each Forester Fund's custodian. Investors in the Forester Funds do not have the ability to choose to be billed directly for fees incurred.

In addition to the Management Fee and, if applicable, performance-based or other compensation, investors in the Forester Funds are indirectly subject to other expenses of the Forester Fund in which they are invested including, without limitation, legal, auditing and other professional expenses, administration fees and expenses, directors' fees, research expenses, investment expenses such as commissions, interest on margin accounts and other indebtedness, custodial fees, bank service fees, costs associated with foreign exchange transactions, organizational expenses, fees paid to Fund Managers with which the Forester Funds invest (including the sub-advisor of Forester Hedge Separate Account, Ltd.), fees paid to managers of money market funds in which the Forester Funds invest, and other reasonable expenses related to the purchase, sale or transmittal of the Forester Funds' assets and any extraordinary expenses as shall be determined by Forester in its sole discretion. In addition, each

Forester Fund, as an investor in Investment Funds (including Forester Hedge, L.P., Forester Hedge, Ltd. and Forester Hedge Separate Account, Ltd.) and money market funds, will indirectly bear its pro rata share of such funds' operating and other expenses including, in addition to those listed above: sales expenses, legal expenses; internal and external accounting, audit and tax preparation expenses; organizational expenses; and any extraordinary expenses.

## **Item 6. Performance-Based Fees and Side-by-Side Management**

As described in Item 5 above, Forester may receive performance compensation from Annual Class investors in the Forester Funds. It should be noted that the receipt of performance-based compensation creates a potential conflict of interest in that it may create an incentive for Forester to favor a Forester Fund with a high concentration of Annual Class investors over other Forester Funds.

Forester has adopted and implemented policies and procedures intended to address conflicts of interest relating to the management of multiple Forester Funds and the allocation of investment opportunities. It is Forester's basic policy that no Forester Fund shall receive preferential treatment over any other Forester Fund. In allocating securities among the Forester Funds, it is Forester's policy that all Forester Funds should be treated fairly on an overall basis. Because of the difference in investment objectives and strategies, risk tolerances, tax status, domicile and other criteria of the Forester Funds, there may, however, be differences among the Forester Funds in invested positions and securities held. Forester will take into account a number of factors in allocating securities among the Forester Funds. In the event that capacity in an investment is not adequate to fill the positions for each Forester Fund in full, Forester may allocate the investment (i) based on the initial purchase request of the Forester Funds, (ii) pro rata based on assets under management or (iii) in any manner Forester considers to be fair on an overall basis to all of the Forester Funds. In addition, the performance of similarly managed accounts is also regularly compared to determine whether there are any unexplained material discrepancies. The allocation policies and procedures and review of similarly managed Forester Funds are monitored by Forester's Chief Compliance Officer.

## **Item 7. Types of Clients**

Forester currently provides investment advisory services to the Forester Funds. Investment advice is provided directly to the Forester Funds, and not individually to investors in the Forester Funds. Forester does not have a minimum size for a Forester Fund.

Investors in Forester Funds are based in the U.S. and outside of the U.S. and consist of endowments, foundations, charitable organizations, pension and profit sharing plans, high net worth individuals, private funds, family offices, trusts, estates, corporations and other business entities.

Initial investments in Forester Funds are subject to the following investment amounts:

- Forester Partners, L.P. - \$1,000,000
- Forester Partners II, L.P. - \$1,000,000
- Forester Opportunities, L.P. - \$2,000,000
- Forester Offshore, Ltd. - \$2,000,000
- Forester Diversified, Ltd. - \$2,000,000, £2,000,000, €2,000,000 or NZ\$2,000,000

Subsequent investments in Forester Funds are subject to the following investment amounts:

- Forester Partners, L.P. - \$250,000
- Forester Partners II, L.P. - \$250,000
- Forester Opportunities, L.P. - \$250,000
- Forester Offshore, Ltd. - \$250,000
- Forester Diversified, Ltd. - \$250,000, £250,000, €250,000 or NZ\$250,000

The minimum initial and subsequent investment amounts are subject to waiver or reduction at the sole discretion of Forester.



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

As noted in Item 4 above, Forester provides discretionary investment advisory services to the Forester Funds. Each Forester Fund invests with a diversified group of Fund Managers or Investment Funds. The Forester Funds generally invest with underlying managers who employ a classic hedge fund approach by investing in long and short positions, typically in equity securities, and may utilize leverage to magnify the effects of stock selection. Forester Opportunities, L.P. and Forester Diversified, Ltd. also invest with absolute return oriented Fund Managers.

Forester's analytical process includes both quantitative and qualitative elements. In selecting Fund Managers, Forester is primarily focused on three key areas: people, security selection, and portfolio management. Forester typically conducts reference checks on investment professionals to verify their quality and skill and seeks to partner with Fund Managers who have strong investment experience and interests that are aligned with the Forester Funds. Forester looks for Fund Managers with superior security selection that includes a rigorous fundamental analysis of company accounting as well as a deep understanding of industry dynamics and the competitive landscape. Forester often reviews individual holdings with portfolio managers and analysts of Fund Managers to determine the depth and quality of their work. Forester seeks Fund Managers who display a strong ability to manage risk and adhere to appropriate exposure constraints. Forester often analyzes past performance within the context of an Investment Fund's exposures and attribution to analyze how the track record was achieved. In addition to the aforementioned areas, Forester evaluates the organizational structure, operational and back office capabilities, and the legal documentation (including advisory fees and liquidity terms) of each Fund Manager.

The method of analysis employed by Forester involves a risk of loss to the Forester Funds and investors in the Forester Funds must be prepared to bear the loss of their entire investment. Risks associated with investments in the Forester Funds include, without limitation, the following:

**Multiple Fund Managers.** Because the Forester Funds invest with Fund Managers who make their trading decisions independently, it is theoretically possible that one or more of such Fund Managers may, at any time, take positions which may be opposite of positions taken by other Fund Managers. It is also possible that the Fund Managers retained by the Forester Funds may on occasion be competing with each other for similar positions at the same time. Also, a particular Fund Manager may take positions for its other clients which may be opposite to positions taken for the Forester Funds. Although Forester seeks to obtain diversification by investing with a number of different Fund Managers with different strategies or styles, it is possible that several Fund Managers may take substantial positions in the same security or group of securities at the same time. This possible lack of diversification may subject the investments of the Forester Funds to more rapid change in value than would be the case if the assets of the Forester Funds were more widely diversified.

**Performance-Based Compensation Arrangements with Fund Managers.** Forester Funds typically enter into arrangements with certain Fund Managers which provide that such Fund Managers be compensated, in whole or in part, based on the appreciation in value (including unrealized appreciation) of the account during specific measuring periods. Such performance fee arrangements may create an incentive for such Fund Managers to make investments that are riskier or more speculative than would be the case in the absence of such performance-based compensation arrangements. A Forester Fund may be required to pay an incentive fee to the Fund Managers who make a profit for such Forester Fund in a particular fiscal year even though the Forester Fund may in the aggregate incur a net loss for such fiscal year.

**Activities of Fund Managers.** Although Forester seeks to select only Fund Managers who will invest the Forester Funds' assets with the highest level of integrity, Forester has no control over the day-to-day operations of any of its selected Fund Managers. As a result, there can be no assurance that every Fund Manager engaged by the Forester Funds will conform to his or her conduct to these standards.

**Limits on Information.** Forester selects Fund Managers based upon the factors described above. Forester will request detailed information from each Fund Manager regarding the Fund Manager's historical performance and investment strategy. However, Forester may not always be provided with detailed information regarding all the investments made by the Fund Managers because certain of this information may be considered proprietary information by Fund Managers.

**Hedging.** There can be no assurances that a particular hedge is appropriate, or that certain risk is measured properly. Further, while Forester may enter into hedging transactions to seek to reduce risk, such transactions may result in poorer overall performance and increased (rather than reduced) risk for the Forester Fund than if Forester did not engage in any such hedging transactions.

In addition, investors in the Forester Funds are subject to risks arising from the investment activities of Fund Managers including the following:

**Equity Securities.** The value of equity securities fluctuates in response to issuer, political, market, and economic developments. Fluctuations can be dramatic over the short as well as long term, and different parts of the market and different types of equity securities can react differently to these developments. For example, large cap stocks can react differently from small cap stocks, and "growth" stocks can react differently from "value" stocks. Issuer, political, or economic developments can affect a single issuer, issuers within an industry or economic sector or geographic region, or the market as a whole. Changes in the financial condition of a single issuer can impact the market as a whole. Terrorism and related geopolitical risks have led, and may in the future lead, to increased short-term market volatility and may have adverse long-term effects on world economies and markets generally.

**Short Selling Risk.** The Fund Managers' investment programs may include a significant amount of short selling. Short selling transactions expose the Fund Managers to the risk of loss in an amount greater than the initial investment, and such losses can increase rapidly and without effective limit. There is the risk that the securities borrowed by the Fund Manager in connection with a short sale would need to be returned to the securities lender on short notice. If such request for return of securities occurs at a time when other short sellers of the subject security are receiving similar requests, a "short squeeze" can occur, wherein the Fund Manager might be compelled, at the most disadvantageous time, to replace the borrowed securities previously sold short with purchases on the open market, possibly at prices significantly in excess of the proceeds received earlier.

**Leverage.** Performance may be more volatile if a Fund Manager employs leverage.

**Fixed-Income and Debt Securities.** Investment in fixed-income and debt securities such as bonds, notes and asset-backed securities, subject Fund Managers' portfolios to the risk that the value of these securities overall will decline because of rising interest rates. Similarly, portfolios that hold such securities are subject to the risk that the portfolio's income will decline because of falling interest rates. Investments in these types of securities will also be subject to the credit risk created when a debt issuer fails to pay interest and principal in a timely manner, or that negative perceptions of the issuer's ability to make such payments will cause the price of that debt to decline. Lastly, investments in debt securities will also subject the investments to the risk that the securities may fluctuate more in price, and are less liquid than higher-rated securities because issuers of such lower-rated debt securities are not as strong financially, and are more likely to encounter financial difficulties and be more vulnerable to adverse changes in the economy.

**Derivatives.** Swaps, and certain options and other custom derivative or synthetic instruments are subject to the risk of nonperformance by the counterparty to such instruments, including risks relating to the financial soundness and creditworthiness of the counterparty. In addition, investments in derivative instruments require a high degree of leverage, meaning the overall contract value (and, accordingly, the potential for profits or losses in that value) is much greater than the modest deposit used to buy the position in the derivative contract. Derivative securities can also be highly volatile. The prices of derivative instruments and the investments underlying the derivative instruments may fluctuate rapidly and over wide ranges and may reflect unforeseeable events or changes in conditions, none of which can

be controlled by the Fund Managers. Further, transactions in derivative instruments are not undertaken on recognized exchanges, and will expose the Fund Managers to greater risks than regulated exchange transactions that provide greater liquidity and more accurate valuation of securities.

Investors in the Forester Funds should be aware that the Fund Managers may invest in a wide range of securities and financial instruments, each of which may present different risks than those described in this Item 8. It is critical that investors refer to the relevant confidential private offering memorandum or confidential explanatory memorandum and other governing documents of the Forester Funds for a complete understanding of the material risks involved in relation to an investment in the Forester Funds. The information contained herein is a summary only and is qualified in its entirety by such documents.

**Item 9. Disciplinary Information**

This Item is not applicable to Forester.

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

Forester Performance, L.L.C., an affiliate of Forester, is registered as a commodity pool operator with respect to Forester Partners, L.P. Trent A. Carmichael is registered as an associated person of Forester Performance, L.L.C.

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

Forester has adopted a Code of Ethics (the “Code”) that obligates Forester and its related persons to put the interests of the Forester Funds before their own interests and to act honestly and fairly in all respects in their dealings with the Forester Funds. The Code has been designed to comply with the requirements of Rule 204A-1 of the Investment Advisers Act of 1940, as amended (the “Advisers Act”). Among other things, the Code requires all Forester personnel to (i) comply with applicable federal securities law, (ii) submit reports to Forester containing personal securities holdings and transactions in reportable securities (as further described below), (iii) preclear transactions in reportable securities (as further described below) and (iv) disclose any outside business activities. Investors and prospective investors in the Forester Funds may obtain a copy of the Code by contacting Jonas C. Katz (Chief Compliance Officer) by email at [legal@forestercapital.com](mailto:legal@forestercapital.com), or by telephone at 203-983-7380.

Forester also maintains policies and procedures to prevent insider trading that are designed to prevent the misuse of material, non-public information. Forester’s insider trading policies prohibit it and its personnel from trading for Forester Funds or themselves, or recommend trading, in securities of a company while in possession of material, nonpublic information (“Inside Information”) about the company, and from disclosing such information to any person not entitled to receive it. Among other things, the policies and procedures seek to control and monitor the flow of Inside Information to and within Forester and prevent trading based on Inside Information.

Forester and its related persons may, with the approval of the Chief Compliance Officer, invest in Fund Managers that Forester recommends to the Forester Funds. These investments, if any, may occur on or about the same time that Forester recommends the Fund Managers to the Forester Funds. Investments by Forester and its related persons in Fund Managers present a conflict of interest when a Fund Manager has limited capacity and is not willing to accept all capital that Forester Funds, Forester and its related persons wish to invest in such Fund Manager. In such case, Forester would have a financial incentive to allocate the opportunity to the greatest extent possible to Forester and its related persons and investors in Forester Funds would be adversely affected by such allocation. In addition, a conflict of interest may exist when Forester and its related persons withdraw or redeem from a Fund Manager that it recommends to the Forester Funds. Withdrawals or redemptions by Forester and its related persons from a particular Fund Manager could, in certain cases, adversely affect Forester Funds that are invested in such Fund Manager. Significant withdrawals or redemptions could cause portfolio damage, portfolio dilution, depletion of liquidity, costly portfolio rebalancing, imposition of withdrawal “gates” and under-allocation to certain positions. Forester has adopted the following procedures in an effort to minimize such conflicts: Forester requires its related persons to preclear all transactions in their personal accounts with the Chief Compliance Officer, who may deny permission to execute the transaction if such transaction will have any adverse economic impact on the Forester Funds. All of Forester’s related persons are required to disclose their securities transactions on a quarterly basis and holdings on an annual basis. All of Forester’s related persons are also required to submit a quarterly certification of all transactions in which they engage. Trading in employee accounts will be reviewed by the Chief Compliance Officer (or his designee) and compared with transactions for the Forester Funds.

Forester and its related persons may invest directly in the Forester Funds. This may create a conflict of interest as Forester and its related persons may have a financial incentive to favor Forester Funds with a higher concentration of investments by Forester and its related persons over other Forester Funds. In addition, as previously disclosed, Forester and its related persons may have a financial incentive to favor Forester Funds with a higher concentration of investors subject to performance based compensation over other Forester Funds. Forester has adopted the allocation policies and procedures discussed in Item 6 in an effort to minimize these conflicts.

## **Item 12. Brokerage Practices**

The Forester Funds primarily engage in private transactions that are not effected through brokers (i.e., Regulations S offerings and Regulation D offerings). However, as noted in Item 4, Forester Diversified, Ltd. may invest in forward contracts and engage in spot currency transactions in an attempt to hedge currency exposure attributable to classes of shares that are not denominated the U.S. dollar. When selecting brokers to execute such hedging transactions and determining the reasonableness of the broker-dealer's compensation, Forester considers a number of factors. Such factors include net price, reputation, financial strength and stability, efficiency of execution and error resolution. In selecting a broker-dealer to execute transactions (or series of transactions) and determining the reasonableness of the broker-dealer's compensation, Forester need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost. It is not Forester's practice to negotiate "execution only" commission rates, thus Forester Diversified, Ltd. may be deemed to be paying for research, brokerage or other services provided by a broker-dealer (or entities associated with a broker-dealer) which are included in the commission rate. Forester's Chief Compliance Officer periodically evaluates the broker-dealer(s) used by Forester to execute Forester Diversified, Ltd.'s trades using the foregoing factors.

Forester does not have any soft dollar or directed brokerage arrangements.

**Item 13. Review of Accounts**

Each Forester Fund is reviewed by the Managing Principal of Forester and members of the Research team on an ongoing basis to determine whether investments in Fund Managers should be maintained, increased or reduced in view of current market conditions. Matters reviewed include existing and prospective Fund Managers, adherence to investment guidelines and the performance of each Forester Fund.

Investors in the Forester Funds are provided with the following written reports: (i) monthly statements, (ii) quarterly letters from Forester, (iii) annual audited year-end financial statements prepared by the Forester Funds' independent auditors, (iv) investors in Forester Partners, L.P., Forester Partners II, L.P. and Forester Opportunities, L.P. will also be furnished with Schedule K-1s annually.



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

This Item is not applicable to Forester.

**Item 15. Custody**

This Item is not applicable to Forester.

## **Item 16. Investment Discretion**

Forester provides investment advisory services on a discretionary basis to the Forester Funds. Among other things, Forester is authorized to determine the Fund Managers in which the Forester Funds will invest (subject to restrictions set forth in the offering memorandum and/or operational documents of the applicable Forester Fund) and to determine the amount invested in such Fund Managers. As explained in Item 4, individual investors in the Forester Funds do not have the ability to impose limitations on Forester's discretionary authority.

As discussed in Item 6, Forester has adopted and implemented policies and procedures intended to address conflicts of interest relating to the management of multiple Forester Funds and the allocation of investment opportunities. It is Forester's basic policy that no Forester Fund shall receive preferential treatment over any other Forester Fund. In allocating securities among the Forester Funds, it is Forester's policy that all Forester Funds should be treated fairly on an overall basis. Because of the difference in investment objectives and strategies, risk tolerances, tax status, domicile and other criteria of the Forester Funds, there may, however, be differences among Funds in invested positions and securities held. In the event that capacity in an investment is not adequate to fill the positions for each Forester Fund in full, Forester may allocate the investment (i) based on the initial purchase request of the Forester Funds, (ii) pro rata based on assets under management or (iii) in any manner Forester considers to be fair on an overall basis to all of the Forester Funds. In addition, any profits and losses arising from a Fund Manager's investment in new issues will be allocated to investors in the Forester Funds pursuant to applicable regulations.

Forester may effect cross transactions between Forester Funds, except as otherwise noted below. Cross transactions enable Forester to transfer an investment in a Fund Manager from one Forester Fund to another Forester Fund. Cross transactions include rebalancing transactions that are undertaken so that, after withdrawals or contributions have occurred, the portfolio compositions of similarly managed Forester Funds remain substantially similar. Forester has a potentially conflicting division of loyalties and responsibilities regarding both parties to cross transactions. Forester has adopted the following procedures in an effort to minimize such conflicts: (i) cross transactions are only effected after determining that such transactions are suitable and appropriate for each participating Forester Fund, (ii) cross transactions are effected at net asset value of the Investment Fund unless an alternative valuation is approved by the Chief Compliance Officer. Cross transactions between the Forester Funds are not permitted if they would constitute principal trades or trades for which Forester or its affiliates are compensated as a broker unless the appropriate consent of investors in the applicable Forester Funds has been obtained.

If it appears that a trade error has occurred, Forester will review the relevant facts and circumstances to determine an appropriate course of action. To the extent that trade errors and breaches of investment guidelines or restrictions occur, Forester's error correction procedure is to seek to ensure that Forester Funds are treated fairly on an overall basis. Forester has discretion to resolve a particular error in any appropriate manner that is consistent with the above stated policy. Forester is not responsible for the errors of third parties unless otherwise expressly agreed to by Forester.

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

To the extent Forester has been delegated proxy voting authority on behalf of the Forester Funds, Forester complies with its proxy voting policies and procedures that are designed to ensure that such proxies are voted in the best interests of the Forester Funds. As a manager of FoHFs, Forester anticipates that it will receive proxies that deal with matters related to the operative terms and business details in Investment Funds.

The Forester Funds are not permitted to direct their votes in a particular solicitation. Forester has been delegated proxy voting authority on behalf of the Forester Funds.

If a material conflict of interest between Forester and a Forester Fund arises, Forester will determine whether voting in accordance with the guidelines set forth in the proxy voting policies and procedures is in the best interests of the Forester Fund or take some other appropriate action. In making such determination, the Chief Compliance Officer shall have the power to retain independent fiduciaries, consultants, or other professionals to assist with voting decisions and/or to delegate voting or consent powers to such fiduciaries, consultants or professionals.

Investors in the Forester Funds may obtain a copy of Forester's proxy voting policies and procedures and information about how Forester voted a Forester Fund's proxies by contacting Jonas C. Katz (Chief Compliance Officer) by email at [legal@forestercapital.com](mailto:legal@forestercapital.com) or by telephone at 203-983-7380.

**Item 18. Financial Information**

This Item is not applicable.

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

This Item is not applicable.

## **Appendix: Item 2. Material Changes**

This Item is not applicable to Forester.