

Form ADV Part 2A, Brochure
Item 1: Cover Page

Forest Capital Operating Company LLC

300 McGill Ave NW Ste. 200

Concord, NC 28027

www.forestcapital.net

Main: 704.533.9876

January 26, 2024

This brochure (“Brochure”) provides information about the qualifications and business practices of Forest Capital Operating Company LLC (“FC,” “we,” or “us”). If you have any questions about the content of this Brochure, please contact us at 704.533.9876.

This Brochure has not been approved by the United States Securities Exchange Commission (the “SEC”), or by any state securities authority. FC is an SEC-registered investment adviser. Registration with the SEC or any state securities authority does not imply a certain level of skill or training.

Additional information about FC is available on the SEC’s website, www.advisorinfo.sec.gov.

Item 2: Material Changes

This Brochure is a document which FC provides to its clients as required by the SEC's rules.

Since our initial ADV Brochure in February 2023 we have no material changes to report, however, we have updated our assets under management in Item 4.

In the future, in this Item 2, FC will reference the date of the last annual update of its Brochure and will provide clients with a summary of any material changes made. FC will further provide clients with a new Brochure as necessary based on changes, new information, or at a client's request, at any time, without charge.

Item 3: Table of Contents

Item 1: Cover Page.....	1
Item 2: Material Changes.....	1
Item 3: Table of Contents	2
Item 4: Advisory Business	3
Item 5: Fees and Compensation.....	5
Item 6: Performance-Based Fees and Side-By-Side Management.....	7
Item 7: Types of Clients.....	7
Item 8: Methods of Analysis, Investment Strategies and Risk of Loss	7
Item 9: Disciplinary Information.....	11
Item 10: Other Financial Industry Activities and Affiliations	11
Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	11
Item 12: Brokerage Practices.....	12
Item 13: Review of Accounts	14
Item 14: Client Referrals and Other Compensation	14
Item 15: Custody	14
Item 16: Investment Discretion.....	15
Item 17: Voting Client Securities.....	15
Item 18: Financial Information	15
Privacy Notice.....	15

Item 4: Advisory Business

General Information

FC is an investment adviser located in Concord, North Carolina that was formed in February 2023 as a North Carolina limited liability company. Julien Booth is the sole owner of Forest Capital Operating Company LLC.

FC provides investment advisory services to individuals, pension and profit-sharing plans, trusts, estates, charitable organizations, and small businesses. Investment advisory services are provided through consultation with the client and include determination of financial objectives, understanding of risk, identification of any financial problems, portfolio analysis, and cash flow management.

FC is strictly a “fee-only” investment advisory firm. FC does not sell annuities, insurance, stocks, bonds, mutual funds, limited partnerships, or other products for a commission.

Investment Advisory Services

FC begins its investment advisory process by discussing each client’s financial goals, investment objectives and personal risk tolerance before any investment advice is given. Specifics for each client are documented in our client relationship management system if the advisory services deviate from our core competencies.

Recognizing the uniqueness of each client, client portfolios vary in structure based on needs, size, and economic and market trends at the time, but generally include equities (e.g., common stocks, preferred stocks, exchange traded funds and mutual funds), fixed income (e.g., corporate, municipal, U.S. Treasury, and other government and agency), cash and cash equivalents (e.g., money market and U.S. Treasury bills). Clients can request reasonable restrictions on investments in certain securities or types of securities. Notice of requested restrictions is required to be given to FC in writing.

After discussions with each client, a review of their goals and any restrictions placed by the client we will select, with the client, one of the following strategies:

- Balanced Strategy
- Equity Strategy
- Fixed Income Bond Account

FC offers to manage client assets on either a discretionary or non-discretionary basis.

Discretionary Basis

As a discretionary investment adviser, FC will have the authority to supervise and direct the portfolio without prior consultation with the client.

Non-Discretionary Basis

Clients who choose a non-discretionary arrangement must be contacted prior to the execution of any trade in the account(s) under management. In a non-discretionary arrangement, the client retains the responsibility for the final decision on all actions taken with respect to the portfolio. For non-discretionary accounts, the client has the option to also execute a limited power of attorney, which allows FC to carry out trade recommendations and approved actions in the portfolio. However, in accordance with FC's non-discretionary investment advisory agreement with the client, FC does not implement trading recommendations or other actions in the account unless and until the client has approved the recommendation or action.

The use of non-discretionary accounts could potentially result in a delay in executing recommended trades, which could adversely affect the performance of the portfolio. This delay also normally means the affected account(s) will not be able to participate in block trades, a practice designed to enhance the execution quality, timing and/or cost for all accounts included in the block.

Financial Planning Services

FC generally provides financial planning services to those clients in need of such services in conjunction with investment advisory services. FC's financial planning services normally address areas such as tax planning, insurance review, education funding, retirement planning, and estate planning. The goal of these services is to assess the financial circumstances of the client to more effectively develop the client's investment plan. Financial planning services are generally not offered as a stand-alone service or for a separate fee but are typically provided to clients in conjunction with the management of the portfolio.

ERISA and Individual Retirement Accounts Disclosure

When we provide investment advice to you regarding your retirement plan account or individual retirement account, we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way we make money creates some conflicts with your interests, so we operate under a special rule that requires us to act in your best interest and not put our interests ahead of yours.

Under this special rule's provisions, we must:

- Meet a professional standard of care when making investment recommendations (give prudent advice);
- Never put our financial interests ahead of yours when making recommendations (give loyal advice);
- Avoid misleading statements about conflicts of interest, fees, and investments;
- Follow policies and procedures designed to ensure that we give advice that is in your best interest;
- Charge no more than is reasonable for our services; and
- Give you basic information about conflicts of interest.

Type and Value of Assets Currently Managed

As of December 31, 2023, FC manages \$159,342,167 in discretionary assets under management.

Item 5: Fees and Compensation

FC bases its fees on a percentage of assets under management, fixed advisory fees, or an hourly rate. New investment advisory agreement fees are calculated on a work-scope basis and adjusted for complexity of individual situations. Advisory consulting agreements and investment advisory agreements will be priced on the complexity of work, especially when investment management is not the most significant part of the relationship.

FC, in its sole discretion, can waive its minimum fee and/or charge a lesser investment advisory fee based upon a number of criteria (e.g., historical relationship, type of assets, anticipated future earning capacity, anticipated future additional assets, dollar amounts of assets to be managed, related accounts, account composition, negotiations with clients, etc.). All fees are subject to negotiation.

Investment Advisory Services Fee

Most clients choose to have FC manage their assets to obtain ongoing investment advisory services. FC reviews all aspects of the client's financial affairs, including those of their children. Realistic and measurable goals are set and objectives to reach those goals are defined. As goals and objectives change over time, suggestions are made and implemented on an ongoing basis.

The scope of work and fee for an investment advisory agreement is provided to the client in writing prior to the start of the relationship. An investment advisory agreement includes investment advisory services and periodic performance reporting.

As part of FC's investment advisory agreement, an individual account is generally subject to a minimum annual fee of \$800.00. This fee applies to both equity, fixed income, and mixed equity and fixed income accounts.

Fees are based on a percentage of assets under management and are charged at the end of the billing period. The end of the billing period is typically the end of each calendar quarter. Fees will depend on the type and size of the account and the specific investment strategy employed. Fees are assessed in arrears. If an account is closed or transferred, FC has the right to prorate fees for the period the assets are under management.

While fees are individually negotiated, clients will generally pay fees based on a percentage of assets under management in accordance with one of the following standard schedules:

Fixed Income Bond Account	Annual Fee
Up to and including \$1,000,000	0.60%
Greater than \$1,000,000	0.40%
Balanced & Equity Strategies	Annual Fee
Up to and including \$1,000,000	0.80%
Greater than \$1,000,000	0.60%

Advisory Consulting Agreement

In some circumstances, an advisory consulting agreement is executed in lieu of an investment advisory agreement when it is more appropriate to work on a fixed-fee or hourly basis. The annual fee or hourly rate for such an agreement is entirely negotiable based upon the scope of the advisory work involved.

Additional Fees

From time to time, to the extent consistent with the client's investment objectives and strategies, FC will invest client assets in unaffiliated investment vehicles, such as mutual funds and/or exchange traded funds. In addition, clients can choose to participate in a custodian's sweep program, which will offer commingled investment vehicles such as money market mutual funds. All such funds typically incur fees for investment advisory, administrative and distribution services. Client accounts invested in such funds that are unaffiliated with us will pay two levels of advisory fees - one through the unaffiliated fund to its investment adviser and one to FC.

A client will, when applicable, incur transaction charges and/or brokerage fees when securities are purchased or sold for the client's account. These charges and/or fees are typically imposed by the broker-dealer or custodian through which the transactions are executed. For additional information with respect to FC's brokerage practices, see Item 12 below.

Custodians of client assets, especially in cases of accounts designated as a retirement account (i.e., IRA, Roth IRA, 401k, etc.), can charge a fee to cover the cost associated with the additional tax reporting these accounts require. This fee is charged and collected by the custodian.

Other fees will also be charged by the custodian in special situations, such as for legal transfers, wire requests, check re-orders, insufficient funds, and other service-related fees. These fees are charged and collected by the custodian and are in addition to the fees charged by FC.

The fees charged by such funds or managers are disclosed in each fund's prospectus or Manager's Form ADV Part 2A. The management fee also does not cover fees and charges in connection with debit balances, margin interest, odd-lot differentials, IRA fees, transfer taxes, exchange fees, wire transfers, extensions, non-sufficient funds, mailgrams, legal transfers, bank wires, postage, costs associated with exchanging foreign currencies, and SEC fees or other fees or taxes required by law.

Regulatory agencies or other governing bodies may also assess fees.

Payment

Generally, fees are debited directly from specified client accounts unless other arrangements are made and mutually agreed to. Clients must consent in advance in writing to direct debiting of their investment accounts. FC will provide clients with a detailed invoice including the time period covered, fee amount, assets on which the fee was calculated, and the formula used to calculate the fee.

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

FC does not have any performance-based fee arrangements. “Side-by-Side Management” refers to a situation in which the same firm manages accounts that are billed based on a percentage of assets under management and at the same time manages other accounts for which fees are assessed on a performance fee basis. Because FC has no performance-based fee accounts, it has no side-by-side management.

Item 7: Types of Clients

FC provides investment advice to individuals, investment companies, pension and profit-sharing plans, trusts, estates, or charitable organizations, and corporations or business entities. Client relationships vary in scope and length of service.

The minimum account size is \$250,000 of assets under management. FC has the discretion to waive the account minimum.

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

The investment strategy for a specific client is based upon the objectives stated by the client during consultations and may include a combination of the below listed methods of analysis and investment strategies.

Methods of Analysis

FC maintains proprietary credit and equity analysis models for analyzing and evaluating potential securities investments and will include, without limitation, fundamental valuation analysis, technical analysis, and cyclical/secular trading analysis. Each of the credit and equity analysis models is summarized below:

- Credit Analysis Model. This model ranks companies on a series of liquidity parameters, fundamental ratios, enterprise valuation metrics and indicators of financial stability/bankruptcy indicators (i.e., Altman Z scores).
- Equity Analysis Model. This model is an extension of the credit model and is predicated upon traditional valuation metrics (e.g., price/earnings ratio) and enterprise value (“EV”) to earnings before interest, taxes, deductions, and amortizations (“EBITDA”) (i.e., EV/EBITDA) metrics.

Additional idea sources include financial subscriptions and paid research, inspections of corporate activities, event-driven market action, research materials prepared by third parties, corporate rating

services, quarterly and annual reports, prospectuses, filings with the SEC, and company press releases.

FC will also use any additional information that FC believes is relevant in determining the advice that it will render and or manage including Morningstar mutual fund and stock information; and investment services, research offerings, and other paid or complementary research ideas provided by Charles Schwab & Company, TD Ameritrade or other services.

Investment Strategies

FC focuses FC's investment advisory services on a series of investment strategies, including, without limitation:

Balanced Strategy – A portion of the portfolio will be invested in high grade securities, below investment grade securities, stock, preferred stock, warrants, master limited partnerships, REITS and other securities with the objective of achieving a total return including income and capital appreciation.

Equity Strategy - A portion of the portfolio will be invested in equities and equity-like securities with the objective of achieving broad stock market returns with slightly below broad market volatility.

Fixed Income Bond Account - –the portfolio will be invested in high grade and below investment grade securities designed to provide income and capital appreciation.

FC employs additional strategies for client accounts, including long-term and/or short-term stock and bond purchases, event-driven trading opportunities, short sales, hedging transactions, margin transactions, and option writing (including covered and uncovered options and spreading strategies). FC will tailor strategies to specific clients based on the clients' investment objectives.

Risk of Loss

All investments are subject to various types of risks. Accordingly, there can be no assurance that client portfolios will be able to meet their investment objectives and goals or that investments will not lose money. Below is a description of the principal risks that client portfolios face:

- *Advisory Risk* - There is no guarantee that FC's judgment or investment decisions about securities or asset classes will necessarily produce the intended results. In addition, FC's methods of analysis may produce sub-optimal results if other methods of analysis (e.g., technical, and quantitative) are favored by other investors.
- *Business Risks* - There are risks associated with industries or companies within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- *Credit Risks* - Financial intermediaries or security issuers may experience adverse economic consequences that may include impaired credit ratings, default, bankruptcy, or insolvency, any of which may affect portfolio values or management.

- *Currency Risks* - Investing in companies domiciled outside of the United States, or U.S. companies with overseas units, involves fluctuations in the value of the dollar against the currency of the foreign country, also referred to as exchange rate risk. Such fluctuations can affect client purchasing power.
- *Equity Market Risks* - FC will generally invest portions of client assets directly into equity investments, primarily stocks, or into pooled investment funds that invest in the stock market. As noted below, while pooled investment funds have diversified portfolios that may make them less risky than investments in individual securities, funds that invest in stocks and other equity securities are nevertheless subject to the risks of the stock market. These risks include, without limitation, the risks that stock values will decline due to daily fluctuations in the markets, and that stock values will decline over longer periods (e.g., bear markets) due to general market declines in the stock prices for all companies, regardless of any individual security's prospects.
- *Financial Risk* - Excessive borrowing to finance a business' operations increases the risk of profitability because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.
- *Fixed Income Risks* - FC may invest portions of client assets directly into fixed income instruments, such as bonds and notes, or may invest in pooled investment funds that invest in bonds and notes. While investing in fixed income instruments, either directly or through pooled investment funds, is generally less volatile than investing in stock (equity) markets, fixed income investments nevertheless are subject to risks. These risks include, without limitation, interest rate risks (risks that changes in interest rates will devalue the investments), credit risks (risks of default by borrowers), or maturity risk (risks that bonds or notes will change value from the time of issuance to maturity).
- *Foreign Investing and Emerging Markets Risk* - Foreign investing involves risks not typically associated with U.S. investments, and the risks may be exacerbated further in emerging market countries. These risks may include, among others, adverse fluctuations in foreign currency values, as well as adverse political, social and economic developments affecting one or more foreign countries.
- *Inflation Risk* - When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- *Information Risk* - Investment professionals rely on research to make conclusions about investment options and select investments. This research is generally a mix of both internal (proprietary) and external (provided by third parties) data and analyses. Third-party data, or outside research, is utilized, in part, because of its perceived reliability, but there is no guarantee that the data or research will be completely accurate and FC will not seek to independently verify its accuracy. Failure in data accuracy or research may cause FC to select investments that perform poorly and fail to help clients meet investment objectives and goals.

- *Interest-rate Risk* - Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- *Legislative and Tax Risk* - Performance may directly or indirectly be affected by government legislation or regulation, which may include, but is not limited to changes in investment adviser or securities trading regulation; change in the U.S. government's guarantee of ultimate payment of principal and interest on certain government securities; and changes in the tax code that could affect interest income, income characterization and/or tax reporting obligations.
- *Liquidity Risk* - Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while directly held real estate properties are not. There is a risk that an investment in an illiquid product may make it harder to liquidate or require liquidating at a lower price due to the lack of readily available buyers.
- *Market Risk* - The price of any security, bond, mutual fund, ETF, or the value of an entire asset class can decline for a variety of reasons outside of FC's control, including, but not limited to, changes in the macroeconomic environment, unpredictable market sentiment, forecasted or unforeseen economic developments, interest rates, regulatory changes, and domestic or foreign political demographic, or social events.
- *Political Risks* - Changes in the political arena, both domestically and internationally, can affect various investments and markets. Changes to fiscal and monetary policies, especially the tax code, can have far reaching effects on individual companies, industry sectors or the whole market.
- *Reinvestment Risks* – There is a risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e., interest rate). This primarily relates to fixed income securities.
- *Restrictions Risks* - As stated above, clients may place restrictions on the management of their accounts. However, these restrictions may make managing the accounts more difficult, thus lowering the potential for returns.
- *Risks of Investments in Mutual Funds, ETFs, and Other Investment Pools* - FC may invest client portfolios in mutual funds, ETFs and other investment pools ("pooled investment funds"). Investments in pooled investment funds are generally less risky than investing in individual securities because of their diversified portfolios; however, these investments are still subject to risks associated with the markets in which they invest. In addition, pooled investment funds' success will be related to the skills of their managers and their performance in managing their funds. Pooled investment funds are also subject to risks due to regulatory restrictions applicable to registered investment companies under the Investment Company Act of 1940, as amended.
- *Software Risks* - FC delivers services through software. It is possible that such software

may not always perform exactly as intended or disclosed, especially in certain combinations of unusual circumstances, and any software imperfections, malfunctions or “glitches” could result in client losses. FC continuously strives to monitor, detect, and correct any software that does not perform as expected or disclosed, and FC preserves contractual rights to direct any software vendors to address and/or troubleshoot technical issues that may from time to time arise.

- *Transition Risks* - As assets are transitioned from a client’s prior adviser to FC, there may be securities and other investments that do not fit within the asset allocation strategy selected for the client. Accordingly, these investments may need to be sold to reposition the portfolio into the asset allocation strategy selected by FC. However, this transition process may take some time to accomplish. Some investments may not be unwound for a lengthy period for a variety of reasons that may include low share prices FC deems to be unwarranted, restrictions on trading, contractual restrictions on liquidity, market-related liquidity, or legacy stock concerns. In some cases, there may be securities or investments that are never able to be sold. The inability to transition a client’s holdings into recommendations of FC may adversely affect the client’s account values.

Past performance is no guarantee of future results, and any historical returns, expected returns, or probability projections do not reflect actual future performance.

While creating and managing a client’s investment portfolio, FC believes it is important for FC’s clients to understand and evaluate these risks, as part of their overall approach to setting realistic investment objectives.

Item 9: Disciplinary Information

As a registered investment adviser, FC is required to disclose all material facts regarding any legal or disciplinary events that would be material to a client’s evaluation of FC or the integrity of FC’s management. FC has no disciplinary events to report.

Item 10: Other Financial Industry Activities and Affiliations

FC has no other financial industry activities or affiliations.

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

FC has adopted and will maintain and enforce a Code of Ethics (the “Code”), which sets forth the standards of conduct expected of access persons. The Code requires compliance with applicable federal securities laws and fiduciary duties. The Code also addresses the personal securities trading activities of access persons to detect and prevent illegal or improper personal securities transactions. The Code requires initial and annual holdings reports and quarterly personal securities transaction reports be provided by access persons to FC’s Chief Compliance Officer. A copy of the Code is available upon request by writing us at the address, or calling us on the phone number, located on the cover page.

FC strongly believes in the concept of having its own personal capital at-risk alongside clients. Accordingly, FC and its employees will buy and sell securities that are also held by clients.

Item 12: Brokerage Practices

General Trading Practices

FC recommends that clients use the brokerage and custodial services of Charles Schwab Institutional, or TD Ameritrade Institutional, a division of TD Ameritrade, Inc., member FINRA/SIPC. FC is an advisor on each of these platforms.

Best Execution

As a fiduciary, FC has an obligation to seek to obtain best execution of client transactions under the circumstances of the particular transaction. With respect to a specific order, FC determines brokerage based on, without limitation, the particular characteristics of a security to be traded, including relevant market factors, and considers other factors, such as: ability to minimize trading costs, level of trading expertise, trading desk/system infrastructure, ability to provide information related to the trade, financial condition, confidentiality provided by the broker-dealer, competitiveness of commission rates, evaluations of execution quality, promptness of execution, past history, ability to prospect for and find liquidity, difficulty of trade and the security's trading characteristics, size of order, liquidity of market, block trading capabilities, quality of settlements, specialized expertise offered and overall responsiveness.

FC reviews the execution of trades at each custodian monthly. Trading fees charged by the custodians are also reviewed on a quarterly basis. FC does not receive any portion of the trading fees.

Directed Brokerage

Although FC recommends that clients establish brokerage accounts with Charles Schwab Institutional, or TD Ameritrade Institutional, clients can, with FC's approval, direct FC in writing to use a particular broker-dealer for custodial or transaction services on behalf of the client's portfolio. In directed brokerage arrangements, the client is responsible for negotiating the commission rates and other fees to be paid to the broker; FC will not negotiate commissions for directed brokerage. Accordingly, a client who directs brokerage should consider whether such designation may result in certain costs or disadvantages to the client, either because the client may pay higher commissions or obtain less favorable execution, or the designation limits the investment options available to the client.

By directing FC to use a specific broker-dealer, clients who are subject to ERISA confirm and agree with FC that: (i) they have the authority to make the direction; (ii) there are no provisions in any client or plan document which are inconsistent with the direction; (iii) the brokerage and other goods and services provided by the broker-dealer through the brokerage transactions are provided solely to and for the benefit of the client's plan, plan participants and their beneficiaries; (iv) the amount paid for the brokerage and other services have been determined by the client and the plan to be reasonable, that any expenses paid by the broker-dealer on behalf of the plan are expenses that the plan would otherwise be obligated to pay; and (v) the specific broker-dealer is not a party in interest of the client or the plan as defined under applicable ERISA regulations.

Research and Other Soft Dollar Benefits

FC does not currently receive soft dollar benefits for client trades.

Brokerage for Client Referrals

Neither FC nor any related person of FC receives client referrals from a broker-dealer or other third party.

Aggregation

FC provides investment management services to different types of clients. Certain investment management decisions affect more than one account. For example, FC may aggregate transaction orders when FC takes an investment action with respect to multiple accounts with similar investment objectives. This includes aggregating orders involving both client and proprietary accounts. Such aggregation may be able to reduce trading costs or market impact on a per-share or per-dollar basis. When FC aggregates trades, each participating account will receive the average share price and will share pro rata in the transaction costs, subject to minimum charges per account imposed by the broker-dealer effecting the transaction or the client's custodian. FC also may determine an order will not be aggregated with other orders for a number of reasons which may include, without limitation: (i) the account's governing documents do not permit aggregation; (ii) a client directs that trades be executed through a specific broker-dealer; (iii) aggregation is impractical because of specific trade directions received from the portfolio manager (e.g., a limit order); (iv) the order involves a different trading strategy; or (v) if FC otherwise determines that aggregation is not consistent with seeking best execution.

From time to time an aggregated order involving multiple equity accounts does not receive sufficient securities to fill all accounts. For such a partial fill, the executed portion of the order is allocated to the participating accounts pro rata based on order size; provided, that proprietary accounts will be the last to receive an allocation.

In allocating orders to fixed income clients, FC first determines that the securities are consistent with guidelines and a particular style of account. FC then addresses specific account needs, which generally include, among other factors, a review of portfolio duration, sector allocation, security characteristics, cash positions and typical size of positions within the account. FC then determines whether it is practical to allocate the proposed bond purchase across eligible accounts, as available block sizes for small issues may be too small for aggregation. In these cases, the portfolio manager has discretion to determine allocations based on the "best fit and need" for applicable accounts. Factors considered in such prioritization include, without limitation: specific needs, amount of cash available, amount of portfolio in similar types of credits, current maturity structure of portfolio, and whether the account was allocated bonds in recent purchases. As a result of this approach, not all eligible accounts will participate in every available bond opportunity. However, FC seeks to allocate bond purchases in a manner that is fair to clients over time.

Over the Counter (OTC)

FC primarily places fixed income over the counter ("OTC") transactions through broker-dealers, market makers and the client's custodian's trading desk. When possible, FC accesses multiple

sources to determine if the competitive levels are favorable under the circumstances. At times, multiple offerings or bids for a security may be unavailable and an order may need to be worked at a certain level with a specific broker-dealer.

Cross Transactions

There may be times when FC feels it is in the best interest of clients to perform internal cross transactions (i.e., where FC arranges for the sale of a security from one advisory account to another advisory account but does not receive any type of commission or other fee, other than its regular management fee). FC's practice is to engage in these types of transactions in very limited circumstances and will adhere to all applicable regulations, including disclosures to clients and receipt of client consent.

Internal cross transactions will only be considered when the need to liquidate a security for one client results in the availability of a security that is in the best interests of and deemed appropriate for another client. FC prohibits the need to purchase a security as the sole reason for identifying sale candidates. It also prohibits the need to sell a security as the sole reason for purchase of such security by another client. When effecting an internal cross transaction, FC will not act either as principal or as agent through a broker/dealer or otherwise receive commissions or any type of compensation, other than its management fee, for effecting internal cross transactions. FC's sole intent for doing an internal cross transaction is to act in the best interest of each client in accordance with their respective investment objectives. Prior to or immediately following each cross trade, all involved parties will be notified as to the details of the trade. All internal cross transactions will be affected at the independent current market price of the security.

Item 13: Review of Accounts

Account reviews are performed at least quarterly by FC but may occur more frequently in response to market-driven events, client life events, change in the tax laws, new investment information, client deposits or withdrawals, or client transactions that FC deems material. In addition, unless the client requests more frequent meetings, FC will generally offer an annual, in person review with each client to discuss goals, objectives, holdings and portfolio performance to ascertain the continued appropriateness of the client's investment strategy.

Investment advisory agreement clients and advisory consulting agreement clients may receive written quarterly updates from FC.

Item 14: Client Referrals and Other Compensation

FC does not currently receive economic benefits from third parties for providing investment advice or other advisory services to clients.

FC does not currently, directly, or indirectly, compensate any person that is not a FC supervised person for referring clients to FC.

Item 15: Custody

All assets are held at qualified custodians. However, FC may be deemed to have "soft" custody of

its client accounts because FC's advisory fees are typically debited directly from client account(s) as detailed in the client's investment advisory agreement, unless other arrangements are made.

Custodians provide account statements, at least quarterly, directly to clients at their address of record or email address if a client elects. Clients are urged to compare the account statements received directly from their custodians to the periodic performance report statements provided by FC. FC prepares performance reporting information directly from custodial data and account statements.

Clients are sometimes provided net worth statements by FC. Net worth statements contain approximations of bank account balances, real estate values, and other assets provided by the client, as well as the value of price assets. Net worth statements are used primarily for long-term planning.

Item 16: Investment Discretion

With respect to discretionary investment advisory services, the client grants FC the authority through an executed investment advisory agreement to carry out various activities in the account, generally including the selection and amount of securities to be purchased or sold in a portfolio without obtaining additional consent from the client. FC then directs investment of the client's portfolio using its discretionary authority. The client can limit the discretion of FC in writing as described in Item 4 above.

Item 17: Voting Client Securities

Unless the client designates otherwise, FC votes proxies for securities over which it maintains discretionary authority consistent with its proxy voting policy. In accordance with FC's proxy voting policy, FC votes proxies in a manner consistent with the client's best interest. A copy of FC's proxy voting policy is available upon request.

Item 18: Financial Information

FC is not required to disclose any financial information pursuant to this Item due to the following:

- FC does not require nor solicit prepayment of more than \$1,200 in fees per client, six months or more in advance;
- FC does not have a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients; and
- FC has not been the subject of a bankruptcy petition at any time during the past ten years.

Privacy Notice

Forest Capital Operating Company LLC is committed to maintaining the confidentiality, integrity and security of the personal information that is entrusted to us.

The categories of nonpublic information that we collect from you may include information about your personal finances, information about your health to the extent that it is needed for the financial planning process, information about transactions between you and third parties, and information

from consumer reporting agencies, e.g., credit reports. We use this information to help you meet your personal financial goals.

With your permission, we disclose limited information to attorneys, accountants, and mortgage lenders with whom you have established a relationship. You may opt out from our sharing information with these nonaffiliated third parties by notifying us at any time by telephone @ 704.533.9876, email @ dcoulter@forestcapital.net, or in person. With your permission, we share a limited amount of information about you with your brokerage firm to execute securities transactions on your behalf.

We maintain a secure office to ensure that your information is not placed at unreasonable risk. We employ a firewall barrier, secure data encryption techniques and authentication procedures in our computer environment.

We do not provide your personal information to mailing list vendors or solicitors. We require strict confidentiality in our agreements with unaffiliated third parties that require access to your personal information, including financial service companies, consultants, and auditors. Federal and state securities regulators may review our Company records and your personal records as permitted by law.

Personally identifiable information about you will be maintained while you are a client, and for the required period thereafter that records are required to be maintained by federal and state securities laws. After that time, information may be destroyed.

We will notify you in advance if our privacy policy is expected to change. We are required by law to deliver this Privacy Notice to you annually, in writing.