



**Brochure for Poplar Forest Capital LLC**  
(Part 2A of Form ADV)

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**March 28, 2024**

This brochure provides information about the qualifications and business practices of Poplar Forest Capital LLC. If you have any questions about the contents of this brochure, please contact us at (626) 304-6000 or at the address above. 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.

Poplar Forest Capital LLC is a registered investment adviser with the U.S. Securities and Exchange Commission. Registration of an investment adviser does not imply a certain level of skill or training.

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

## **Item 2 – Material Changes**

The purpose of this page is to inform you, when amending this brochure for the annual update, of material changes since the previous annual update of Poplar Forest’s brochure. If you are receiving this brochure for the first time, this section may not be relevant to you.

Poplar Forest reviews and updates its brochure at least annually to confirm that it remains current. We have made no material changes since the last annual update dated March 21, 2023.

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**Item 4 – Advisory Business**

Poplar Forest Capital LLC (“Poplar Forest”) is an independent SEC-registered investment adviser formed in September 2007 with the goal of providing a select group of clients with superior investment results using a value-oriented, long-term approach to investing. Poplar Forest provides investment management services to individuals, institutions (including as a subadviser to other advisers), mutual funds, and pooled investment vehicles. The company is principally owned by J. Dale Harvey, the firm’s founder and current CEO and Chief Investment Officer; however, equity in the firm is also held by investment team members and other key personnel.

Poplar Forest’s mission is to generate market beating investment results, over full market cycles, by investing in under-appreciated companies and industries.

Poplar Forest accounts are primarily segmented into the following groups: Contrarian Value Equity and Contrarian Value Balanced. Contrarian Value Equity is provided through mutual funds, a private limited partnership, separate accounts, and wrap programs and model portfolio programs managed by unaffiliated investment advisers. Contrarian Value Balanced is provided through a mutual fund and is offered through separate accounts.

Poplar Forest also offers traditional investment management services to a variety of clients, including individuals, trusts and foundations (collectively the “Private Wealth Management Accounts”).

**Assets Under Management**

Poplar Forest manages client assets on both a discretionary and non-discretionary basis. Model portfolio programs advised by Poplar Forest are included as non-discretionary assets. As of December 31, 2023, total assets under management were:

Discretionary Assets	\$728,472,435
Non-Discretionary Assets	\$485,901,460
Total Assets	\$1,214,373,895

**Contrarian Value Equity Accounts**

Poplar Forest employs a value approach to investing. Based on bottom up, fundamental analysis, we seek to identify the common stocks of underappreciated companies that we believe offer market beating long term return prospects.

Contrarian Value Equity accounts may have the flexibility to invest in foreign equity securities, government and corporate debt securities, convertible securities, options, warrants, rights and other investment companies. These accounts also may hold long positions in cash, cash equivalents, and high-quality, short-term debt securities and money market instruments for temporary defensive purposes.

Contrarian Value Equity accounts are segmented into two sub-strategies: the Partners Strategy and the Fusion Strategy. Both sub-strategies take a value approach to investing. Differences between the sub-strategies are highlighted below:

*Partners Strategy*

- The Partners Strategy is benchmarked to the S&P 500 Index and opportunistically allocates capital across large, mid and small cap companies, with generally no more than 15% of an account's value comprised of companies with a market capitalization below \$2.5 billion.
- Cash and equivalents will generally comprise no more than 25% of an account's value.
- The portfolio will generally hold 25-35 companies with one or more of the following characteristics: (i) an investment grade debt rating, (ii) a history of paying common stock dividends, and (iii) a market capitalization among the top 1,000 companies in the United States. Some accounts may invest a limited amount of capital in stocks that have market capitalizations that are less than the 1,000<sup>th</sup> largest company.
- Accounts are managed in a tax sensitive manner.
- J. Dale Harvey is the lead portfolio manager; Derek S. Derman, CFA, serves as co-portfolio manager

*Fusion Strategy*

- The Fusion Strategy is benchmarked to the Russell 1000® Value Index (the "Index"). It leverages the fundamental research process of the Partners Strategy and adds a quantitative optimization process, relative to the Index, to guide both (i) which Poplar Forest researched and approved equity securities to hold in the portfolio and (ii) the position sizes, or weights, for each equity security in the portfolio.
- This optimization methodology attempts to create an investment efficient frontier for the portfolio's holdings in order to maximize returns without increasing risk. As it requires the holdings and weightings to be optimized at least monthly, it should be expected that the portfolio will have a higher turnover than the Partners Strategy. The strategy's optimization process is focused on risk and returns, not tax efficiency.
- Cash and equivalents will generally comprise less than 1% but no more than 5% of an account's value.
- The portfolio will generally hold 25-40 companies with one or more of the following characteristics: (i) an investment grade debt rating, (ii) a history of paying common stock dividends, and (iii) a market capitalization among the top 1,000 companies in the United States.
- Derek S. Derman, CFA, serves as portfolio manager; J. Dale Harvey serves as co-portfolio manager.

**Contrarian Value Balanced Accounts**

Contrarian Value Balanced accounts hold a balanced portfolio of equity and debt securities and are managed using a long-term approach to security selection. Investments are generally made with an intended investment horizon of three years, although individual investments may be held for shorter or longer time periods. Weightings between equity and fixed income securities are tactically allocated based on prospective return potential and risk factors, although equity exposure will not generally exceed 80% of net assets.

*Balanced Strategy*

- The Balanced Strategy seeks to achieve current income and long-term growth of capital.
- Equity securities include common stocks (including shares of medium-sized companies), foreign equity securities, convertible securities, options, and shares of other investment companies, including mutual funds and exchange traded funds ("ETFs").

- Equity securities will generally be selected based on qualitative analysis, with individual positions no larger than 4% of the portfolio at time of purchase.
- Dividend paying companies with investment grade credit ratings are the primary focus of the equity investments.
- Fixed income securities include government and agency debt, inflation-protected securities, asset-backed securities, shares of other investment companies, including mutual funds and ETFs, exchange-traded notes, convertible securities, floating rate securities, mortgage-backed securities, municipal debt, and the debt of companies across a wide range of industries. These securities may be of any maturity and duration, including securities rated below investment grade (i.e., “junk bonds”).
- J. Dale Harvey is the lead portfolio manager; Derek S. Derman, CFA, serves as co-portfolio manager.

### **Private Wealth Management (“PWM”) Accounts**

Through its PWM Accounts, Poplar Forest offers discretionary and, in very limited instances, non-discretionary investment advisory services to individuals, trusts and foundations. Typically, these investment advisory services include advice on structuring clients’ portfolios based on their unique objectives (such as return requirements and risk tolerance) and circumstances (such as time horizon, liquidity/income needs, and tax and legal considerations). We generally work with our clients to establish broad investment policy guidelines for investments suitable for their portfolios, based upon their investment objectives and unique circumstances. These client objectives, circumstances, and investment policy guidelines are documented and reviewed with clients at the beginning of, and periodically throughout, the client relationship.

Poplar Forest strives to align portfolio holdings with the goals and objectives of each individual client using individual securities, bonds, ETFs and mutual funds. While Poplar Forest analyzes and develops new investment recommendations using strategies generally employed across its other portfolios (see *Investment Strategies* in Item 8 below), PWM clients typically have discrete investment objectives, and Poplar Forest bases its advice on the specific needs of the individual client. The client can restrict the investment choices.

Poplar Forest typically recommends that PWM Accounts invest in one or more mutual funds managed by Poplar Forest in accordance with one of the strategies described above. Poplar Forest will exclude the values of such investments when calculating the fees to be charged to the PWM Account. Furthermore, Poplar Forest addresses the inherent conflict of interest by making such recommendations based solely on the best interests of the PWM Account, after analyzing the appropriateness and suitability of the proposed fund investment.

J. Dale Harvey and Christopher E. Morphy are the supervising portfolio managers and wealth counselors for the PWM Accounts. Each PWM Account is managed by a wealth counselor.

### **Wrap Programs**

Poplar Forest manages accounts in wrap fee programs sponsored by other financial services firms. As part of these programs, the client generally pays a single bundled fee to the company offering the wrap fee program, instead of paying separately for Poplar Forest’s advisory services, commissions on transactions, custodian fees, and other transaction-related fees. The company sponsoring the program then pays Poplar Forest a portion of the wrap fee for Poplar Forest’s investment management services.

While Poplar Forest chooses the investments and manages the accounts of clients in the wrap fee programs the same way it manages other client accounts, the program sponsor is responsible for confirming each wrap client's investment objectives and determining the investment strategy best suited for the wrap client. Communication with the wrap client is generally limited to the program sponsor, unless the wrap client requests otherwise. Because wrap program sponsors are usually offered by or connected with a broker-dealer, Poplar Forest will use that broker-dealer when placing trades for those accounts so as not to incur additional trading costs. Poplar Forest's trading practices, described below under Brokerage Practices -- Item 12, may also affect wrap fee clients.

## **Item 5 – Fees and Compensation**

### **Fees for Advisory Services**

Poplar Forest's fee schedules are outlined below. The fee schedule will vary depending on the type of client, investment strategy, and the amount of assets to be managed. Poplar Forest reserves the right to negotiate fees. Poplar Forest believes the total cost of ownership is an important consideration for clients. As a result, Poplar Forest may choose, in its sole discretion, at any time and from time to time, to waive, reduce or defer all or any portion of its investment advisory fee with respect to a Contrarian Value Equity account, Contrarian Value Balanced account, and/or any Private Wealth Management account.

### **Mutual Funds**

Clients for whom a mutual fund is an appropriate investment, and who choose to invest in one or more of the Poplar Forest mutual funds, should review the Prospectus and Summary Prospectus carefully for information on the investment objectives, management fees, expenses, and investment risks.

### **Limited Partnership**

Clients for whom a pooled investment vehicle is an appropriate investment, and who choose to invest in the Poplar Forest Fund L.P. ("PFF"), should review the limited partnership agreement carefully for information on the partnership's investment objectives, management fees, expenses, and investment risks.

### **Separate Accounts**

#### **Partners Strategy**

- 0.80% on the first \$25 million
- 0.70% on the next \$75 million
- 0.60% thereafter

#### **Fusion Strategy**

- 0.70% on the first \$25 million
- 0.60% on the next \$75 million
- 0.50% thereafter

#### **Contrarian Value Balanced Strategy**

- 0.70% on the first \$25 million

0.60% on the next \$75 million  
0.50% thereafter

### Subadvisory Relationships

From time to time, Poplar Forest is engaged as a subadviser by advisers serving institutional investors. In addition, Poplar Forest serves as a subadviser to certain mutual funds or other collective investment vehicles. Fees for these services are negotiated separately with each adviser.

### Private Wealth Management (“PWM”) Accounts

1.00% on the first \$3 million  
0.90% on the next \$1 million  
0.80% on the next \$1 million  
0.75% thereafter

The minimum PWM fee is \$10,000 per year (which may be modified based on individual client circumstances). PWM fees may also be negotiated separately with each client based on the size of the account as well as other factors. To the extent Poplar Forest determines that it is appropriate for a PWM Account to invest in any of the Poplar Forest mutual funds or PFF, the PWM Account is not assessed a separate PWM management fee based on those assets. An investment in one of the Poplar Forest mutual funds or PFF will, however, incur management and other fees imposed by the particular fund, which may be more than the PWM management fee.

### Model Portfolios

Poplar Forest does not determine the fee which investors pay to the UMA and wrap program sponsors. Rather, Poplar Forest negotiates a fee with each UMA or wrap sponsor for its services and generally receives a portion of the fees charged by the program sponsor. Fees for model portfolio relationships also vary depending on several factors including, but not limited to, size and nature of the account/relationship, the strategy utilized and the operational/client service requirements.

### **Payment of Fees**

Depending on the specific terms of a client’s written agreement with Poplar Forest, fees for advisory services are generally based on assets under management on the last day of the quarter; fees are usually paid quarterly in arrears; and fees are generally withdrawn directly from a client’s account. Poplar Forest client accounts may reflect different or alternative arrangements.

Contracts for advisory services are terminable, after appropriate notice, as outlined in the agreement between Poplar Forest and its client. Fees will be pro-rated accordingly. In those instances where fees were charged in advance and services were not rendered or were terminated before completion, those unearned fees would be refunded on a pro rata basis.

### **Other Fees and Expenses**

None of the fees outlined above, other than for accounts which are part of a wrap program, include brokerage commissions, transaction costs, and custodial fees. Please see Brokerage Practices - Item 12 for additional information.



**Third Party Payments**

Poplar Forest does not accept any compensation from third parties for the sale of securities or other investment products.

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

Poplar Forest does not charge any performance-based fees.

**Item 7 – Types of Clients**

Poplar Forest offers investment management services to:

- individuals
- institutions, including pension and profit-sharing plans
- insurance companies
- state or local government entities
- mutual funds
- pooled investment vehicles
- other investment advisers
- model portfolio program sponsors
- wrap program sponsors.

The minimum initial account size is negotiable but generally will not be less than \$25 million per relationship for new separately managed accounts in the Contrarian Value Equity or Contrarian Value Balanced Strategies, or \$1 million per relationship for PWM. To focus on providing investment management services to existing clients, Poplar Forest may from time to time decline to accept new clients.

Accounts obtained through wrap programs are subject to the minimums of the particular program.

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

Poplar Forest evaluates investment opportunities using bottom-up, fundamental analysis. This type of analysis often includes review of company filings, financial statements, presentations, conference calls, third-party equity research and fixed income debt ratings, followed by an assessment of the prospective investment. Poplar Forest pays particular attention to the following factors:

1. Expected future profits;
2. Expected sustainable revenue and/or asset growth;
3. Expected cash investment needed to support expected growth;
4. Normalized free cash flow after considering Items 1 through 3 above; and
5. Valuation relative to normalized earnings and free cash flow after giving consideration to growth potential and financial strength.

**Investment Strategies**

*Contrarian Value Equity* – Strategies that are part of Poplar Forest’s Contrarian Value Equity approach seek to deliver superior returns relative to their benchmarks over full market cycles by investing primarily in the common stocks of under-appreciated companies and industries. A full market cycle is deemed to be a multi-year period including a period of material increase in the U.S.

stock market (a “bull market”) and a period of material decline in the U.S. stock market (a “bear market”).

Partners Strategy and Fusion Strategy accounts will generally invest in companies with one or more of the following characteristics: (i) an investment grade debt rating, (ii) a history of paying common stock dividends, and (iii) a market capitalization among the largest 1,000 companies in the United States. Some accounts, however, may invest a limited amount of capital in stocks that have market capitalizations less than the 1,000<sup>th</sup> largest company.

All Contrarian Value Equity accounts are managed using a long-term approach to security selection. Fusion Strategy holdings and weightings are also optimized at least monthly. Investments will generally be made with an intended investment horizon of three years, although individual investments may be held for shorter or longer time periods.

*Contrarian Value Balanced* – This strategy seeks to deliver superior, risk-adjusted returns over full market cycles by building a balanced portfolio of debt and equity securities. Weightings between equity and fixed income securities are tactically allocated based on prospective return potential and risk factors, although equity exposure will not generally exceed 80% of net assets. Investments are generally made with an intended investment horizon of three years, although individual investments may be held for shorter or longer time periods.

Equity securities in which the accounts may invest include, but are not limited to, common stocks (including shares of medium-sized companies), foreign equity securities, convertible securities, options, and the shares of other investment companies, including mutual funds and ETFs. Individual positions in equity securities are generally no larger than 4% at time of purchase. Dividend paying companies with investment grade credit ratings are the primary focus of the equity investments.

Investments in fixed income securities may include government and agency debt, inflation-protected securities, asset-backed securities, shares of other investment companies, including mutual funds and ETFs, exchange-traded notes, convertible securities, floating rate securities, mortgage-backed securities, municipal debt, and the debt of companies across a wide range of industries. Fixed income investments may be of any maturity and duration, including securities rated below investment grade (i.e., “junk bonds”). The strategy is managed using a long-term approach to security selection.

*Private Wealth Management* – For Private Wealth Management clients, Poplar Forest identifies securities for investment, which may include mutual funds and ETFs. Because Private Wealth Management clients typically have discrete investment objectives, however, wealth counselors have discretion in recommending securities when designing portfolios. For this reason, as well as variable timing in portfolio construction, Private Wealth Management accounts will usually differ from each other in composition.

### **Risk of Loss**

Losing all or a portion of an investment is a risk of investing. The following additional risks could affect the value of an investment in any of Poplar Forest’s strategies:

- **Portfolio Management Risk** – If the investment strategies do not produce the expected results, the value of the accounts could decrease.
- **Market Risk** – If the stock market as a whole, or the value of an individual company, goes down, the result could be a decrease in the value of the accounts.
- **Value-Style Investing Risk** – Value stocks can perform differently from the market as a

whole and from other types of stocks. Value stocks may be purchased based upon the belief that a given security may be out of favor; that belief may be misplaced, or the security may stay out of favor for an extended period of time.

- **Portfolio Concentration Risk** – Poplar Forest invests primarily in a reasonably concentrated portfolio of common stocks. There may be greater risk of principal loss investing in a concentrated portfolio of common stock holdings relative to the risk in a more diverse portfolio or a portfolio consisting of bonds and/or cash.
- **Debt Securities Risk** – Debt securities, such as notes and bonds, are subject to credit risk and interest rate risk. Credit risk is the possibility that an issuer of an instrument will be unable to make interest payments or repay principal when due. Changes in the financial strength of an issuer or changes in the credit rating of a security may affect its value. Interest rate risk is the risk that interest rates may increase, which tends to reduce the resale value of certain debt securities, including U.S. Government obligations.
- **Medium-Sized Companies Risk** – Investing in securities of medium-sized companies may involve greater risk than investing in larger, more established companies because they can be subject to greater share price volatility than larger, more established companies.
- **Small-Sized Companies Risk** – Investing in securities of small-sized companies may involve even greater risk than investing in medium-sized companies. It is often more difficult to value or dispose of small company stocks and to obtain information about smaller companies, and the prices of small company stocks may be more volatile than stocks of larger, more established companies.
- **Foreign Securities Risk** – Foreign securities can be more volatile than domestic (U.S.) securities. Securities markets of other countries are generally smaller than U.S. securities markets. Many foreign securities also may be less liquid than U.S. securities, which could affect the investments.
- **Options, Warrants and Rights** – Options may involve certain costs and risks such as liquidity, interest rate, market, credit, and the risk that a position may not be closed when most favorable or may expire worthless. Warrants and other rights, which are often issued together with bonds or preferred stocks, carry similar risks as options.
- **Fusion Risk** – For the Fusion Strategy, Poplar Forest subscribes to external data sources that serve as inputs to the optimization methodology. There can be no guarantee that the data received from these sources is accurate. The design of the optimization methodology itself may also be flawed or incomplete, and the resulting investment advice may perform differently than as predicted by historical models or as anticipated by the methodology. There is no guarantee that the optimization methodology will result in effective investment advice.

**Private Fund Risk** – A private fund is an investment vehicle that pools capital from a number of investors and invests in securities and other instruments. In almost all cases, a private fund is a private investment vehicle that is typically not registered under federal or state securities laws. So that private funds do not have to register under these laws, issuers make the funds available only to certain sophisticated or accredited investors and do not offer or sell them to the general public. Private funds are generally smaller than mutual funds because they are often limited to a small number of investors and have a more limited number of eligible investors. The primary risks of private funds include the following: (1) private funds do not trade publicly and are therefore illiquid; (2) an investor may not be able to exit a private fund or sell its interests in the fund at any time other than month end; and (3) private funds are subject to various other risks, including risks associated with the types of securities that the private fund invests in.

Such risk factors are not meant to be an exhaustive list of all potential risks.

**Investing in securities involves risk. Principal loss is possible. Clients should be prepared to bear the risk of loss that accompanies investing in securities.**

## **Item 9 – Disciplinary Information**

Neither Poplar Forest nor any of Poplar Forest’s management persons has had any legal or disciplinary events that would be material to a client’s evaluation of Poplar Forest or the integrity of Poplar Forest’s management.

## **Item 10 – Other Financial Industry Activities and Affiliations**

### **Mutual Funds**

Poplar Forest is the investment adviser to two mutual funds (the “Mutual Funds”), which are distributed through Quasar Distributors, LLC. (the “Distributor”). From time to time, Poplar Forest may hire employees who are also registered representatives of the Distributor; in that capacity, such employees may receive commissions or other transaction-based compensation from the Distributor in connection with recommending the Mutual Funds.

Poplar Forest also expects from time to time to hire employees to market the Mutual Funds to unaffiliated broker-dealers and other financial intermediaries. While such employees will receive part of their compensation based on the overall growth of the Mutual Funds, they will not receive commissions or other transaction-based compensation in connection with recommending either the investment advisory services of Poplar Forest or investment in the Mutual Funds or PFF (as defined below) to individual investors.

Poplar Forest is also the subadviser to other mutual funds, which are advised by unaffiliated investment advisers.

### **Proprietary Private Fund**

Poplar Forest is the investment adviser to, and general partner of, Poplar Forest Fund L.P. (“PFF”), which is a private investment fund.

PFF is neither publicly offered nor traded, and is available only to “Accredited Investors,” as the term is defined by Rule 501 of the Securities Act. The limited partnership agreement (the “LPA”) for PFF provides additional information on the requirements for investing in the limited partnership. Prospective investors in PFF sign the LPA. This Form ADV Part 2A Brochure is not an offer to sell, or a solicitation of an offer to purchase, interests in PFF. Such an offer can only occur when the prospective investor reviews and signs the LPA. See also *Interest in Client Transactions* in Item 11 below.

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

Pursuant to Rule 204A-1 of the Investment Advisers Act of 1940 and Rule 17j-1 of the Investment Company Act of 1940, Poplar Forest has adopted a code of ethics (the “Code”) which details Poplar Forest’s fiduciary duty to its clients and sets standards of conduct for employees. All employees of Poplar Forest are subject to the Code. Proscriptions against over-reaching, self-dealing, insider

trading and the appearance of conflicts of interest are set forth in the Code. Among other matters, the Code establishes procedures designed to prevent the misuse of non-public information and confidential client information. Furthermore, the Code limits the acceptance of gifts and business entertainment as well as outside business activities that may create a conflict of interest. Although Poplar Forest believes its Code is appropriate to prevent potential conflicts of interest among Poplar Forest, its related persons, and its clients, clients should be aware that no set of rules could possibly anticipate or relieve all potential conflicts.

**Personal Trading**

A potential conflict of interest exists whenever investment advisers or their related persons trade in the same securities that they are purchasing and selling for clients. The advisers and related persons may have an incentive to take investment opportunities from clients for their own benefit, favor their personal trades over client transactions when allocating trades, or use the information about the transactions they intend to make for clients to their personal benefit by trading ahead of clients. In order to address this potential conflict of interest, personal securities trading by employees (whether for their own account or for any proprietary account managed on behalf of Poplar Forest) is subject to the limitations outlined in the Code and has been designed to limit conflicts between the interests of Poplar Forest's clients, on the one hand, and Poplar Forest and its employees, on the other hand. Poplar Forest and its employees may own securities that are also owned by one or more of Poplar Forest's clients. However, the Code requires that employees seek pre-approval before they engage in personal securities transactions (whether for their own account or for any proprietary account managed on behalf of Poplar Forest), with certain limited exceptions. In order to monitor compliance with the Code, the CCO or designee regularly reviews employees' account statements as well as reports of personal securities transactions.

**Interest in Client Transactions**

Poplar Forest is the general partner of PFF. Poplar Forest is the investment adviser to PFF and the Mutual Funds. Poplar Forest has not actively solicited clients for PFF since it launched the first of the Mutual Funds in December 2009. Poplar Forest typically recommends one or both of the Mutual Funds to its PWM clients, and it may recommend such funds to its other clients as well. Poplar Forest receives no direct compensation for selling PFF or the Mutual Funds to its clients; it does, however, receive compensation in the form of investment advisory fees (which may be higher than the separate account fees otherwise charged to the client) when its clients choose one of these funds. A conflict may, therefore, be deemed to exist because Poplar Forest and its personnel stand to benefit from additional investment in these funds.

In order to address this conflict, Poplar Forest will only recommend interests in PFF to clients who meet the requisite income and/or net worth requirements and where Poplar Forest believes the investment is appropriate for the client based on the client's ability to accept the risk. Clients will receive the applicable prospectus or offering memorandum, and full disclosure of known risks, before investing in PFF or the Mutual Funds.

**Passive Ownership Interest**

A non-controlling, passive owner of Poplar Forest may be affiliated with a client of Poplar Forest. In the performance of its investment advisory and management services, however, Poplar Forest makes no distinction between clients who may be affiliated with holders of ownership interests in Poplar Forest and any other clients. Poplar Forest's client relationships and services are at all times managed in accordance with the Code for the benefit of all clients.

**Internal Cross Transactions**

At times, a client may need to sell a security that Poplar Forest believes is a good fit for another client's account. In this case, Poplar Forest may internally cross the security from the account of the selling client to the buying client's account. This will only be done when the proposed transaction is in the best interest of both clients.

**General**

Poplar Forest will provide a copy of its Code of Ethics to any client or prospective client upon request. Such a request may be made by submitting a written request to Poplar Forest at the address on the cover page of this brochure.

**Item 12 – Brokerage Practices****General Considerations in Brokerage Selection**

In placing portfolio transactions, Poplar Forest seeks "best execution." Best execution is generally understood to mean that Poplar Forest will seek to achieve the most favorable execution at an appropriate cost for its clients. Poplar Forest's objective is not to pay the lowest commission rate on every transaction, since best execution entails a balance of considerations. The range and quality of services available will be considered in making these determinations, including execution capability, commission rates, the value of any research services provided or expected to be provided, financial responsibility, responsiveness, the size of the order, the difficulty of execution, the operational facilities of the firm involved, the firm's risk in positioning a block of securities, and other factors.

**Research and Other Benefits**

Poplar Forest receives both proprietary research (created or developed by a broker-dealer) as well as third-party research from broker-dealers used by Poplar Forest to execute client transactions. Poplar Forest considers such research additive to its investment analysis for the benefit of its clients, but of indeterminable value. Poplar Forest believes all of its clients benefit from such research. While Poplar Forest has no formal arrangement with such broker-dealers to direct a specified level of commissions to them or otherwise employ "soft dollars," it may have an incentive to select or recommend a broker-dealer based on its interest in receiving the research or brokerage products or other services, rather than on its clients' interest in receiving the lowest cost execution. As a result, client accounts may pay a higher commission or bid/ask spread than would be the case if no weight were given to the provision of these products and/or services, provided that the amount of such commission has been determined in good faith to be reasonable in relation to the value of the brokerage and/or research services provided by such broker-dealer.

Poplar Forest also may receive from particular broker-dealer/custodians, without cost (or at a discount), support services and/or products that benefit Poplar Forest but may not directly benefit client accounts. Schwab Advisor Services™, a division of Charles Schwab & Co., Inc., registered broker-dealer, Member SIPC ("Schwab"), makes available products and services that may be used to service all or some substantial number of the Private Wealth Management Accounts, including accounts not maintained with Schwab. Schwab makes these products and services available to Poplar Forest on an unsolicited basis, at no charge so long as Poplar Forest maintains a minimum amount of assets in accounts at Schwab. Schwab makes available products and services that assist Poplar Forest in managing and administering clients' accounts, including software and other technology that:

1. provide access to client account data (such as duplicate trade confirmations and account statements);

2. facilitate trade execution and allocate aggregated trade orders for multiple client accounts;
3. provide pricing and other market data;
4. facilitate payment of Poplar Forest's fees from client accounts; and
5. assist with back-office functions, recordkeeping, and client reporting.

Schwab also offers other services intended to help Poplar Forest manage and further develop its business enterprise. These services may include:

1. educational conferences and events;
2. consulting on technology, compliance, legal and business needs;
3. publications and conferences on practice management and business succession; and
4. access to employee benefits providers, human capital consultants, and insurance providers.

Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to Poplar Forest. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third-party's fees. Schwab may also provide other benefits such as educational events or occasional business entertainment of Poplar Forest personnel.

As part of our fiduciary duty to clients, Poplar Forest endeavors at all times to put the interests of clients first. Clients should be aware, however, that the receipt of economic benefits by Poplar Forest or our personnel in and of itself creates a potential conflict of interest and may indirectly influence Poplar Forest's recommendation of Schwab for custody and brokerage services.

### **Directed Brokerage**

Portfolio transactions may be placed with broker-dealers who sell shares of the Mutual Fund subject to rules adopted by the Financial Industry Regulatory Authority, Inc. ("FINRA") and the SEC. Poplar Forest does not generally accept client instructions for directing the client's brokerage transactions to a particular broker-dealer; however, certain clients may be permitted to do so. Clients who direct Poplar Forest to use a particular broker-dealer for trading may pay higher commission charges. Under these circumstances, Poplar Forest may not have authority to negotiate commissions or obtain volume discounts, and best execution may not be achieved. Clients should further understand that when they direct Poplar Forest to use a specific broker, disparity in transaction charges might exist between the transaction costs charged to other clients. Poplar Forest may not be able to aggregate orders to reduce transaction costs, and clients who direct Poplar Forest to use a particular broker-dealer may receive less favorable prices.

### **Aggregation of Securities Transactions**

From time to time, Poplar Forest will want to buy or sell identical securities for its accounts within a particular strategy, or across multiple strategies, at approximately the same time. In such a case orders, excluding any directed brokerage, will be aggregated ("blocked"), where possible, and executed in a single transaction or a series of transactions such that all clients participating in the block receive the same average price and share pro rata in the transaction costs. If there are insufficient securities to "fill" the order, Poplar Forest will allocate the securities in a manner it deems equitable, generally pro rata. It is recognized that in some cases this system of aggregating trades could have a detrimental effect on the price or value of the security insofar as one of the clients is concerned. In other cases, however, it is believed that the ability of the client accounts to participate in volume transactions may produce better executions for those clients.

For trades that are executed at approximately the same time but are not aggregated, Poplar Forest maintains a trade rotation methodology that it believes, in its estimation, treats all accounts

equitably over time. In certain cases, where trade restrictions or unique account level details impact the treatment of all accounts, the traders have the ability to use their discretion to deviate from the rotation order. Poplar Forest also reserves the right at any time to modify the trade rotation methodology in its sole discretion.

Because Private Wealth Management Accounts and directed brokerage accounts do not participate in aggregated transactions, these accounts may have higher transaction costs and receive less favorable prices than accounts whose trading is directed by Poplar Forest.

## **Item 13 – Review of Accounts**

### **Contrarian Value Equity and Contrarian Value Balanced Accounts**

Portfolio managers review performance on a regular basis. Client accounts are reviewed when there are changes made to the account (e.g., cash movement in or out of the account, changes to a portfolio position, etc.). Additionally, each account is subject to regular review in order to confirm that trades have been allocated appropriately and portfolio holdings are in accordance with investment guidelines.

In general, clients receive statements from the custodian at least quarterly (See Section 15 – Custody below). Poplar Forest also provides reports in accordance with the specific client agreement.

### **Private Wealth Management (“PWM”) Accounts**

Each PWM Account is reviewed by the counselor for the account, as well as by the PWM Oversight Committee, on a regular basis and more frequently if clients’ situations dictate or individual investor requirements necessitate review. Poplar Forest sends out a quarterly bill for its investment advisory services, and Schwab sends out custodial statements no less frequently than quarterly.

## **Item 14 – Client Referrals and Other Compensation**

Poplar Forest employs an unaffiliated solicitor to introduce clients to Poplar Forest. For referred clients, Poplar Forest pays the solicitor a referral fee in accordance with the requirements of Rule 206(4)-1 under the Investment Advisers Act of 1940 and any corresponding and applicable state securities law requirements. Poplar Forest pays the referral fee to the solicitor solely from the investment advisory fee charged to the client, and the investment advisory fee is not increased as a result of the referral arrangement.

## **Item 15 – Custody**

Poplar Forest is not a qualified custodian. Poplar Forest has limited custody of some of our clients’ funds or securities when the clients authorize us to deduct our management fees directly from the client’s account. A qualified custodian (generally a broker-dealer, bank, trust company, or other financial institution) holds clients’ funds and securities. Clients will receive statements directly from their qualified custodian at least quarterly. The statements will reflect the client’s funds and securities held with the qualified custodian as well as any transactions that occurred in the account, including the deduction of Poplar Forest’s fee.

Poplar Forest is also deemed to have custody of a client’s funds or securities when the client has a standing written authorization with its custodian to move money from the client’s account to



designated third parties (“SLOA”), and under that SLOA authorizes Poplar Forest to designate the amount or timing of transfers to those third parties with the custodian. The SEC staff has published a set of standards intended to protect client assets in such situations, which Poplar Forest follows.

Clients should carefully review any account statements they receive from the qualified custodian. When clients receive statements from Poplar Forest as well as from the qualified custodian, they should compare these two reports carefully. Clients with any questions about their statements should contact us at the address or phone number on the cover of this brochure. Clients who do not receive a statement from their qualified custodian at least quarterly should also notify us.

Private Wealth Management clients are urged to carefully compare the account statements received from Poplar Forest with the statements received from the qualified custodian. Poplar Forest provides quarterly reports, which may vary from custodial statements based on accounting procedures, reporting dates, or differences between pricing services.

### **Limited Partnership**

Because Poplar Forest is the general partner of PFF (the “Limited Partnership”), Poplar Forest is deemed to have custody of the Limited Partnership’s assets although all assets in the Limited Partnership are held in custody by qualified custodians. Investors will not receive statements from the custodian; investors will receive quarterly statements from the Limited Partnership, subsequent to the preparation of such statements by the Limited Partnership’s administrator. Additionally, the Limited Partnership is subject to an annual audit by an independent public accountant, and audited financial statements, prepared in accordance with U.S. generally accepted accounting principles, are distributed to the investors in the Limited Partnership.

### **Item 16 – Investment Discretion**

Clients generally grant Poplar Forest discretionary authority in the investment advisory contracts they sign. Poplar Forest exercises this discretion in the context of a client’s specific investment guidelines and restrictions. Clients also give Poplar Forest trading authority over their accounts when they sign the custodian paperwork.

Investors in the Limited Partnership should review the governing fund documents, which outlines Poplar Forest’s discretionary authority.

### **Item 17 – Voting Client Securities**

Poplar Forest is generally responsible for voting the proxies on securities held in client accounts. Exceptions include certain institutional clients and any of its PWM clients which have retained such responsibility. Poplar Forest maintains written policies and procedures regarding proxy voting and makes appropriate disclosures about the firm’s proxy policy and practice. The policy and practice include the responsibility to monitor corporate actions, receive and vote client proxies, disclose any potential conflicts of interest, make information available to clients about the voting of proxies for their portfolio securities, maintain relevant and required records, and resolve any conflicts of interest (including, if necessary, using an independent third party’s recommendation on how to vote a proxy).

Poplar Forest will vote proxies in its view of the long-term best interests of the company's shareholders, which, in Poplar Forest's view, is in the best interest of its clients. Poplar Forest's policy is to vote all proxies from a specific issuer the same way for all clients.

Poplar Forest is required to file Form N-PX, its complete mutual fund proxy voting record for the 12 months ended June 30, no later than August 31 of each year. Poplar Forest's mutual fund proxy voting record is available upon request by calling its offices at (626) 304-6000 and also on the SEC's website at [www.sec.gov](http://www.sec.gov).

Poplar Forest votes the proxies it receives and, to the extent any client has a question regarding a specific proxy or the proxy policy in general, he or she should contact the Proxy Administrator at Poplar Forest, who can be reached at (626) 304-6000.

### **Class Actions**

Poplar Forest generally does not instruct or give advice to clients on whether or not to participate as a member of class action lawsuits and will not automatically file claims on the client's behalf. If a client notifies Poplar Forest in writing that they wish to participate in a class action, Poplar Forest will provide the client with any transaction information pertaining to the client's account needed for the client to file a proof of claim in a class action. For the Limited Partnership, Poplar Forest will make the determination whether the Limited Partnership will participate as a member of a class action and, if so, will file any claim on the Limited Partnership's behalf.

### **Item 18 – Financial Information**

Poplar Forest has the financial capability to meet its contractual and fiduciary commitment to provide advisory services to its clients.

Poplar Forest has never been the subject of a bankruptcy petition.