

MidSouth Investment Management LLC

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FORM ADV PART 2A BROCHURE

This brochure provides information about the qualifications and business practices of MidSouth Investment Management LLC. If you have any questions about the contents of this brochure, please contact us at 615-254-0992. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about MidSouth Investment Management LLC is also available on the SEC's website at www.adviserinfo.sec.gov. The searchable IARD/CRD number for MidSouth Investment Management LLC is 143342.

MidSouth Investment Management LLC is a registered investment adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

Item 2 Material Changes

Form ADV Part 2 requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes.

Generally, MidSouth Investment Management LLC will notify clients of material changes on an annual basis. However, where we determine that an interim notification is either meaningful or required, we will notify our clients promptly. In either case, we will notify our clients in a separate document.

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Item 4 Advisory Business

Description of Services and Fees

MidSouth Investment Management LLC is a registered investment adviser based in Nashville, Tennessee. We serve as the investment adviser to MidSouth Investor Fund, L.P. (the "Fund"), a pooled investment vehicle, which is offered for sale to a limited number of qualified investors. We are organized as a limited liability company under the laws of the State of Tennessee. We have been providing investment advisory services since 2007. Lyman Heidtke is our firm's principal owner.

The following paragraphs describe our services and fees. As used in this brochure, the words "we", "our" and "us" refer to MidSouth Investment Management LLC and the words "you", "your" and "client" refer to you as an investor or prospective investor in the Fund. Also, you may see the term Associated Person throughout this brochure. As used in this brochure, our Associated Persons are our firm's officers, employees, and all individuals providing investment advice on behalf of our firm.

We have the authority and responsibility to formulate investment strategies for the Fund, including deciding which securities to buy and sell, when to buy and sell and in what amounts, in accordance with the investment program and investment restrictions set forth from time to time in the confidential offering memoranda of the Fund, as amended or supplemented from time to time. In addition, we have the authority and responsibility to perform various other functions, including selecting brokers and dealers and executing securities transactions.

Investments in the Fund are offered only to accredited investors within the meaning of SEC Rule 501 of Regulation D of the Securities Act of 1933. In addition, Investors in the Fund must be (i) "accredited investors," as defined in Rule 501 under the Securities Act of 1933, as amended (the "1933 Act"), and (ii) "qualified clients," as defined in Rule 205-3 under the Advisers Act.

Investments in the Fund are offered by private offering memorandum which provides investors with full disclosure regarding the objectives of the Fund and the risks involved with the offering. Investors that purchase interests in the Fund will be admitted to the Fund as Limited Partners. The minimum initial capital contribution required to become a Limited Partner of the Fund is \$1,000,000. In our sole discretion, we may, raise or lower this minimum.

As the investment adviser to the Fund, we will receive a quarterly management fee, payable in arrears, and in advance of the Fund's annual audit. The fee is equal to 0.25% (1% annualized) of the balances in the capital accounts of all Partners. Management fees are calculated as of the last day of each calendar. Any amounts contributed to a Partner's capital account during a calendar quarter are assessed the management fee pro rata with respect to that portion of the calendar quarter after the contribution date.

We also receive an annual profit allocation in an amount equal to 25% of the excess, if any, of each Limited Partner's share of cumulative net profits during any year over an annualized return of 6.0% for that Limited Partner which is allocated to the capital accounts of our firm from the capital accounts of the Limited Partners.

Investors in the Fund may make a partial or complete withdrawal from the Fund by delivering prior written notice to us at least forty five (45) days prior to the quarter ending. Notwithstanding, investors are not permitted to make a withdrawal from the Fund during the first two years after the date of the Investor's initial contribution.

You should refer to the Fund's offering documents for complete disclosure of the risks, investment objectives, restrictions associated with the offering, and for detailed redemption/withdrawal conditions and requirements.

Types of Investments

The Fund will invest predominantly in publicly-traded common stocks, open and closed-end mutual funds and other equity securities of U.S. companies. A substantial portion of the Fund's assets is generally invested in "microcap" companies with market capitalization of less than \$250 million. A significant portion of the Fund's assets may also be invested in companies that are members of the S&P 500, the S&P 400 mid cap, and the S&P 600 small cap indices. You should refer to the Fund's offering documents for detailed disclosure on the types of investments which may be purchased by the Fund. We reserve the right to purchase any other type of investment deemed appropriate based on the Fund's stated goals and objectives. We also invest in the foreign market as well as in PIPE (Private Investment in Public Equity) transactions.

Assets Under Management

As of December 31, 2011, we manage \$50,000,000 in client assets on a discretionary basis.

Item 5 Fees and Compensation

Please refer to the *Advisory Business* section in this brochure for information on our advisory fees, fee deduction arrangements, and refund policy according to each service we offer.

Additional Fees and Expenses

As part of our investment advisory services to you, we may invest, or recommend that you invest, in mutual funds and exchange traded funds. The fees that you pay to our firm for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds or exchange traded funds (described in each fund's prospectus) to their shareholders. These fees will generally include a management fee and other fund expenses. You will also incur transaction charges and/or brokerage fees when purchasing or selling securities. These charges and fees are typically imposed by the broker-dealer or custodian through whom your account transactions are executed. We do not share in any portion of the brokerage fees/transaction charges imposed by the broker-dealer or custodian. To fully understand the total cost you will incur, you should review all the fees charged by mutual funds, exchange traded funds, our firm, and others. For information on our brokerage practices, please refer to the *Brokerage Practices* section of this brochure.

Compensation for the Sale of Securities

Persons providing investment advice on behalf of our firm are registered representatives with Prospera Financial Services, Inc., ("Prospera"), a securities broker-dealer, and a member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation. In their capacity as registered representatives, these persons will receive commission-based compensation in connection with the purchase and sale of securities, including 12b-1 fees for the sale of investment company products. Compensation earned by these persons in their capacities as registered representatives are separate and in addition to our advisory fees. It is expected that we will execute substantially all of the Fund's portfolio transactions through Prospera. Additionally, Mr. Heidtke is a Limited Partner in the Fund. As a result of such affiliations, conflicts of interests exist. You should refer to the offering documents for a description of any conflicts of interests prior to investing.

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

We are entitled to receive performance based fees for managing the Fund. Please refer to *Advisory Business* section in this Brochure for information on our performance based fees. Investors and prospective investors in the Funds should refer to the private placement memorandum for the Funds for detailed information on fees associated with investing in the Fund.

We will not manage accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees ("side-by-side management"). Performance-based fees may create conflicts of interest, which we have identified and described in the following paragraphs.

Performance-based fees may create an incentive for our firm to make investments that are riskier or more speculative than would be the case absent a performance fee arrangement. In order to address this potential conflict of interest, a senior officer of our firm periodically reviews client accounts to ensure that investments are suitable and that the account is being managed according to the client's investment objectives and risk tolerance.

Performance based fees may also create an incentive for our firm to overvalue investments which lack a market quotation. In order to address such conflict, we have adopted policies and procedures that require our firm to "fairly value" any investments, which do not have a readily ascertainable value.

Item 7 Types of Clients

We serve as the investment adviser to MidSouth Investor Fund, L.P., a pooled investment vehicle.

Investors in the Fund will be required to make a minimum initial investment of \$1,000,000 upon subscription. Investors in the Fund must be accredited investors as defined in Rule 501 promulgated under the Securities Act of 1933 and qualified clients within the meaning of Rule 205-3 of the Investment Advisers Act of 1940.

Investors in the Fund must be (i) "accredited investors," as defined in Rule 501 under the Securities Act of 1933, as amended (the "1933 Act"), and (ii) "qualified clients," as defined in Rule 205-3 under the Advisers Act.

Investors and prospective investors should refer to the Fund's offering documents for further information on minimum investment and investor qualification requirements.

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

Our Methods of Analysis and Investment Strategies

The investment objective of the Fund is to generate above average capital appreciation while preserving capital during periods of stock market weakness. There can be no assurance that the Fund will achieve its investment objective. The Fund will seek to achieve its investment objective by investing predominantly in publicly-traded common stocks, open and closed-end mutual funds, and other equity securities of U.S. and foreign companies. Investments in foreign companies may lead to greater volatility in returns and increased risk. In recent years, The Fund has dedicated a greater percentage of assets to investments in foreign companies, particularly those operating in China. In pursuing the Fund's investment objective, we may utilize a number of investment techniques including, but not limited to, selling short, borrowing money for the purchase of portfolio securities, purchasing and selling put and call options (or combinations thereof), and investment in cash, deposit accounts and cash equivalents. The Fund may also invest in PIPE (Private Investment in Public Equity) transactions and receive illiquid securities not registered with the SEC (registration generally soon follows the transaction). The Fund may also invest in registered direct offerings when a company goes public. On occasion, The Fund may also invest in real estate related assets which have little or no readily available trading market.

You should refer to the Fund's offering documents for complete disclosure of the risks, investment objectives, restrictions associated with the offering.

Our strategies and investments may have unique and significant tax implications. However, unless we specifically agree otherwise, and in writing, tax efficiency is not our primary consideration in the management of your assets. Regardless of your account size or any other factors, we strongly recommend that you continuously consult with a tax professional prior to and throughout the investing of your assets.

Moreover, as a result of revised IRS regulations, custodians and broker-dealers will begin reporting the cost basis of equities acquired in client accounts on or after January 1, 2011. Your custodian will default to the FIFO (First-In First-Out) accounting method for calculating the cost basis of your investments. You are responsible for contacting your tax advisor to determine if this accounting method is the right choice for you. If your tax advisor believes another accounting method is more advantageous, please provide written notice to our firm immediately and we will alert your account custodian of your individually selected accounting method. Please note that decisions about cost basis accounting methods will need to be made before trades settle, as the cost basis method cannot be changed after settlement.

Risk of Loss

Investing in securities involves risk of loss that you should be prepared to bear. We do not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. We cannot offer any guarantees or promises that your financial goals and objectives will be met. Past performance is in no way an indication of future performance.

Recommendation of Particular Types of Securities

As disclosed under the "Advisory Business" section in this brochure, the Fund invests predominantly in equity securities including foreign issues and warrants, corporate debt, mutual funds, government securities, options and PIPEs; however, we may recommend other types of investments as appropriate. Each type of security has its own unique set of risks associated with it and it would not be possible to list here all of the specific risks of every type of investment. Even within the same type of investment, risks can vary widely. However, in very general terms, the higher the anticipated return of an investment, the higher the risk of loss associated with it.

Item 9 Disciplinary Information

Neither our firm nor any of our Associated Persons has any reportable disciplinary information.

Item 10 Other Financial Industry Activities and Affiliations

Registrations with Broker-Dealer

Persons providing investment advice on behalf of our firm are registered representatives with Prospera, a securities broker-dealer, and a member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation.

Arrangements with Affiliated Entities

We serve as the investment adviser to MidSouth Investor Fund LP (the "Fund"), a private pooled investment vehicle in which you may be solicited to invest. Lyman Heidtke, Manager and Chief Compliance Officer of our firm, is the General Partner to the Fund. The Fund is offered to certain sophisticated investors, who meet certain requirements under applicable state and/or federal securities laws. Investors to whom the Fund is offered will receive a private placement memorandum and other offering documents. The fees charged by the Fund are separate and apart from our advisory fees. You should refer to the offering documents for a complete description of the fees, investment objectives, risks and other relevant information associated with investing in the Fund. Persons affiliated with our firm may have made an investment in the Fund and may have an incentive to recommend the Fund over other investments.

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

Description of Our Code of Ethics

We strive to comply with applicable laws and regulations governing our practices. Therefore, our Code of Ethics includes guidelines for professional standards of conduct for our Associated Persons. Our goal is to protect your interests at all times and to demonstrate our commitment to our fiduciary duties of honesty, good faith, and fair dealing with you. All of our Associated Persons are expected to adhere strictly to these guidelines. Our Code of Ethics also requires that certain persons associated with our firm submit reports of their personal account holdings and transactions to a qualified representative of our firm who will review these reports on a periodic basis. Persons associated with our firm are also required to report any violations of our Code of Ethics. Additionally, we maintain and enforce written policies reasonably designed to prevent the misuse or dissemination of material, non-public information about you or your account holdings by persons associated with our firm.

Clients or prospective clients may obtain a copy of our Code of Ethics by contacting us at the telephone number on the cover page of this brochure.

Participation or Interest in Client Transactions

We serve as the investment adviser to MidSouth Investor Fund LP (the "Fund"), a private pooled investment vehicle in which you may be solicited to invest. Lyman Heidtke, Manager and Chief Compliance Officer of our firm, is the General Partner to the Fund. Mr. Heidtke and other persons associated with our firm may have significant investments in the Fund. If you are an investor in the Fund, please refer to the Fund's offering documents for detailed disclosures regarding the Fund. Additionally, individuals associated with our firm may buy or sell - for their personal account(s) - investment products identical to those purchased by the Fund. This practice may create a conflict of interest because we have the ability to trade ahead of the Fund and potentially receive more favorable prices than the Fund will receive. To eliminate this conflict of interest, it is our policy that neither our Associated Persons nor we shall have priority over the Fund in the purchase or sale of securities.

Agency Cross Transactions /Cross Transactions

We may, when we consider the transaction to be in your best interest, instruct brokers to execute transactions where the broker acts as agent for both seller and buyer. In circumstances where the broker executes an agency cross, we undertake to confirm that the buyer and seller are not related parties and that the broker will execute the transactions at market price. Both the buyer and seller are charged an agency commission for such transaction. We will review all trades executed as an agency cross for compliance with our best execution policy. We do not directly or indirectly receive commissions or transaction-based compensation from cross trades. We will not execute a cross transaction between a client and a proprietary account, or an account that we have direct control over without pre-clearance from each participating client.

We may, when in the best interests of our clients, arrange cross transactions between clients where one client may buy or sell a security directly to or from another client. In cross transactions, we undertake to confirm that the buyer and seller are not related parties and that the broker has executed the transaction at market price. Both the buyer and seller are charged an agency commission by the broker-dealer executing the transaction ; however, we do not receive any direct or indirect compensation resulting from cross trades.

Principal Transactions

When acting for our own account, we may buy a security from, or sell a security to, your account when we consider the transaction to be in your best interest. We will obtain your consent prior to completing the transaction. We do not directly or indirectly receive commissions or transaction-based compensation from principal trades.

Personal Trading Practices

Our firm or persons associated with our firm may buy or sell the same securities that we recommend to you or securities in which you are already invested. A conflict of interest exists in such cases because we have the ability to trade ahead of you and potentially receive more favorable prices than you will receive. To eliminate this conflict of interest, it is our policy that neither our Associated Persons nor we shall have priority over your account in the purchase or sale of securities.

Item 12 Brokerage Practices

We will require that the Fund utilize Prospera, among others for brokerage and/or custodial services. It may be the case that Prospera charges a higher fee than another broker charges for a particular type of service, such as commission rates. If Prospera is used, the Fund is charged a 75% discount on commissions and transactions traded away from Prospera are executed at a maximum rate of 0.05¢ per share.

In selecting Prospera to effect transactions for the Fund, we consider such factors as execution capabilities, facilities, clearance, settlement, reliability, error resolution, financial responsibility and the provision or payment of the costs of brokerage or research products or services. We need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost. Accordingly, if we determine in good faith that the commissions charged by Prospera are reasonable in relation to the value of the brokerage and research products or services provided, the Fund may pay commissions to Prospera in an amount greater than the amount another broker might charge.

Research and Other Soft Dollar Benefits

We do not have any soft dollar arrangements.

Brokerage for Client Referrals

We do not receive client referrals from broker-dealers in exchange for cash or other compensation, such as brokerage services or research.

Block Trades

We do not combine multiple orders for shares of the same securities purchased for advisory accounts we manage (the practice of combining multiple orders for shares of the same securities is commonly referred to as "block trading"). Accordingly, the Fund may pay different prices for the same securities transactions than others pay. Furthermore, we may not be able to buy and sell the same quantities of securities for the Fund and the Fund may pay higher commissions, fees, and/or transaction costs than others.

Item 13 Review of Accounts

Investments in the Funds are monitored on an ongoing basis by Lyman O. Heidtke, our firm's Manager and Chief Compliance Officer. We provide investors in the Fund with audited yearly financial statements.

Item 14 Client Referrals and Other Compensation

We do not compensate any individual or firm for client referrals.

As disclosed under the "Fees and Compensation" section in this brochure, persons providing investment advice on behalf of our firm are registered representatives with Prospera, a securities broker-dealer, and a member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation. For information on the conflicts of interest this presents, and how we address these conflicts, please refer to the "Fees and Compensation" section.

Item 15 Custody

Lyman Heidtke, Manager and Chief Compliance Officer of our firm, is the General Partner to MidSouth Investor Fund, LP, a pooled investment vehicle to which our firm serves as investment adviser. In Mr. Heidtke's capacity as General Partner of MidSouth Investor Fund, LP, he will have access to MidSouth Investor Fund, LP's funds and securities, and therefore have custody over such funds and securities. We provide each investor in MidSouth Investor Fund, LP with audited annual financial statements. If you are a Fund investor and have questions regarding the financial statements or if you did not receive a copy, please contact us directly at the telephone number on the cover page of this brochure.

Item 16 Investment Discretion

We have complete discretion over the selection and amount of securities to be bought or sold, the broker or dealer to be used and the commission rates to be paid regarding investments in the Fund without obtaining any investor's prior consent or approval.

Item 17 Voting Client Securities

We will determine how to vote proxies based on its reasonable judgment that the vote will produce favorable financial results for the Fund. Proxy votes generally will be cast in favor of proposals that maintain or strengthen the shared interests of shareholders and management, increase shareholder value, maintain or increase shareholder influence over the issuer's board of directors and management, and maintain or increase the rights of shareholders; proxy votes generally will be cast against proposals having the opposite effect. However, we will consider both sides of each proxy issue. Consistent with our paramount commitment to the financial investment goals of the Fund, social considerations will not be considered absent contrary instructions by the Fund.

Conflicts of interest between our firm or a principal of our firm and our investors with respect of a proxy issue conceivably may arise, for example, from personal or professional relationships with a company or with the directors, candidates for director, or senior executives of a company that is the issuer of investor securities.

If the Compliance Officer determines that a material conflict of interest exists, the following procedures shall be followed:

1. We may disclose the existence and nature of the conflict to the investor(s) owning the client securities, and seek directions on how to vote the proxies;
2. We may abstain from voting, particularly if there are conflicting investor interests (for example, where investor accounts hold different investor securities in a competitive merger situation); or
3. We may follow the recommendations of an independent proxy voting service in voting the proxies.

We keep certain records required by applicable law in connection with its proxy voting activities the Fund and shall provide proxy-voting information to investors upon their written or oral request. A copy of our proxy-voting policies is available to investors upon request.

Item 18 Financial Information

We are not required to provide financial information to our clients because we do not:

- require the prepayment of more than \$1,200 in fees and six or more months in advance, or
- take custody of client funds or securities, or

- have a financial condition that is reasonably likely to impair our ability to meet our commitments to you.

Item 20 Additional Information

Your Privacy

We view protecting your private information as a top priority. Pursuant to applicable privacy requirements, we have instituted policies and procedures to ensure that we keep your personal information private and secure.

We do not disclose any nonpublic personal information about you to any nonaffiliated third parties, except as permitted by law. In the course of servicing your account, we may share some information with our service providers, such as transfer agents, custodians, broker-dealers, accountants, consultants, and attorneys.

We restrict internal access to nonpublic personal information about you to employees, who need that information in order to provide products or services to you. We maintain physical and procedural safeguards that comply with regulatory standards to guard your nonpublic personal information and to ensure our integrity and confidentiality. We will not sell information about you or your accounts to anyone. We do not share your information unless it is required to process a transaction, at your request, or required by law.

You will receive a copy of our privacy notice prior to or at the time you sign an advisory agreement with our firm. Thereafter, we will deliver a copy of the current privacy policy notice to you on an annual basis. Please contact our main office at the telephone number on the cover page of this brochure if you have any questions regarding this policy.

Trade Errors

In the event a trading error occurs in your account, our policy is to restore your account to the position it should have been in had the trading error not occurred. Depending on the circumstances, corrective actions may include canceling the trade, adjusting an allocation, and/or reimbursing the account. If a trade error results in a profit, you will keep the profit.

Class Action Lawsuits

From time to time, securities held in the investor accounts will be the subject of class action lawsuits. We have no obligation to determine if securities held by the investor are subject to a pending or resolved class action lawsuit. It also has no duty to evaluate an investor's eligibility or to submit a claim to participate in the proceeds of a securities class action settlement or verdict. Furthermore, we have no obligation or responsibility to initiate litigation to recover damages on behalf of investors who may have been injured as a result of actions, misconduct or negligence by corporate management of issuers whose securities are held by investors.

Where we receive written or electronic notice of a class action lawsuit, settlement or verdict affecting securities owned by an investor, we will forward all notices, proof of claim forms and other materials, to the investor. Electronic mail is acceptable where appropriate, and the investor has authorized contact in this manner.

Valuation of Certain Securities

The Fund applies discounts to shares that have restrictions in regards to the Fund's ability to sell the shares. Restricted securities on publicly traded securities will typically be given a haircut or discount to their publicly traded price. Haircuts can often range as high as 20% or more and are gradually reduced as the security gets closer to becoming freely tradable. A greater discount is applicable based on whether the company is public or private (private ones are valued at cost), whether the shares are restricted for sale, how much trading volume the stock has, how many restricted shares are outstanding relative to the total shares outstanding, initial purchase discount, and the Fund's level of ownership in the company. These factors were derived from traditional

valuation analysis methods and by analyzing the past history of similar companies under similar conditions. Restricted warrants may also be given haircuts and will not be appraised above their intrinsic value (common stock value less the exercise price of the warrant). Additionally, the Fund has adopted the provisions of Financial Accounting Standards Board Accounting Standards Codification 820, "Fair Value Measurements," ASC 820. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1: Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that a Fund has the ability to access. Valuation adjustments and block discounts are not applied to Level 1 securities. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these securities does not entail a significant degree of judgment.

Level 2 - Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.