



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

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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, at the address above, or via email at cmorphy@poplarforestllc.com. 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.

Item 2 – Material Changes

This paragraph discusses material changes since the last update of Poplar Forest's Brochure. The date of the last update was May 5, 2011. Since the last update:

- In January 2012 Ryan Newman was named Chief Compliance Officer. Mrs. Newman has been with Poplar Forest Capital LLC since 2008. Peter McAniff, the prior Chief Compliance Officer, continues in his role as a research analyst, a position he has held since he joined Poplar Forest Capital in 2007. Please see the Poplar Forest Capital website at www.poplarforestllc.com for Mrs. Newman's complete biography.
- Brinda Budhraj, a research analyst, resigned to pursue opportunities in the not-for-profit sector. Two research analysts, Steve Burlingame and Derek Derman, recently joined Poplar Forest Capital LLC. Please see the Poplar Forest Capital website at www.poplarforestllc.com for their complete biographies.
- In the aggregate, as of December 31, 2011, Poplar Forest Capital managed client assets totaling approximately \$355 million.

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Item 4 – Advisory Business

Poplar Forest Capital, LLC (“Poplar Forest Capital” or “Poplar Forest”) is an 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 Capital provides investment management services to individuals, institutions, a mutual fund, and a pooled investment vehicle. The principal owner of Poplar Forest Capital is J. Dale Harvey, CEO and Chief Investment Officer.

Poplar Forest’s mission is to achieve superior, risk-adjusted returns, net of fees and taxes, over full market cycles by investing in under-appreciated companies and industries.

Poplar Forest currently offers a Core Equity strategy across a number of products including a mutual fund (the “Mutual Fund”), a commingled investment partnership (the “Limited Partnership”), institutional separate accounts (the “Institutional Separate Accounts”), and a wrap account advisory program sponsored by an unaffiliated broker-dealer (each a “Fund” and, collectively, the “Core Equity Strategy” funds or the “Funds”). The products in the Core Equity Strategy are managed using the same investment program, with differences in portfolio holdings primarily being driven by cash inflows/outflows, tax considerations and/or client restrictions. In addition to its Core Equity Strategy, Poplar Forest offers traditional investment management services to a variety of clients including endowment, foundation, personal, and family accounts (collectively the “Separately Managed Accounts” or “SMAs”).

Core Equity Strategy

In the Funds, Poplar Forest Capital invests primarily in the common stocks of under-appreciated companies and industries. Poplar Forest Capital will generally focus on 25 to 35 companies (i) with an investment grade debt rating, (ii) with a history of paying common stock dividends, and (iii) with a market capitalization among the top 1,000 companies in the United States. Poplar Forest does not short stocks or use leverage.

The Funds are managed using a long-term approach to security selection. Investments will generally be made with the intention of holding the investment for three years, although individual investments may be held for shorter or longer time periods.

Some of the Core Equity Strategy Funds have the flexibility to invest in foreign equity securities, government and corporate debt securities, convertible securities, options, warrants, rights and other investment companies. Poplar Forest also may hold long positions in cash, cash equivalents, and high-quality, short-term debt securities and money market instruments for temporary defensive purposes.

Separately Managed Advisory Business

In addition to the Core Equity Strategy, Poplar Forest offers traditional investment advisory services to individuals, trusts, foundations, and endowments. Through its investment counseling, Poplar Forest tries to align portfolio holdings with the goals and objectives of each individual client using individual securities, bonds, exchange-traded funds (ETFs) and mutual funds. Most of the SMA clients have an interest in one or more of the Funds.

In the SMA business, Poplar Forest offers investment advice to clients who have a narrow range of investment objectives and bases its advice on the specific needs of the individual client. The client can restrict the investment choices but, as of December 31, 2011, no clients had placed any restrictions on Poplar Forest Capital.

Wrap Fee Program

Poplar Forest Capital provides portfolio management services to a Wrap fee program sponsored by a large broker-dealer. Poplar Forest Capital uses the same investment strategy for the Wrap fee program as it does for its Core Equity Strategy funds. Poplar Forest makes no determination as to the suitability of the sponsor's Wrap program for the Wrap sponsor's clients.

Poplar Forest provides a UMA sponsor with a model portfolio. Poplar Forest's role in relation to the UMA program is to provide the sponsor with an "up-to-date" model portfolio for the Core Equity Strategy.

Assets Under Management

Poplar Forest manages client assets on both a discretionary and non-discretionary basis. As of December 31, 2011, Poplar Forest managed approximately \$330 million on a discretionary basis and approximately \$25 million on a non-discretionary basis for total assets under management of approximately \$355 million.

Item 5 – Fees and Compensation**Fees for Advisory Services**

Poplar Forest's standard fee schedule is 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 Capital 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 Fund and/or any client with a separately managed account in order to ensure its offerings are competitive.

Institutional Separate Accounts

1.00% on the first \$100 million
0.60% thereafter

Limited Partnerships

Clients for whom a pooled investment vehicle is an appropriate investment and who choose to invest in Poplar Forest Fund L.P. should review the Limited Partnership Agreement carefully for information on the fund's investment objectives, management fees, expenses, and investment risks.

Mutual Funds

Clients for whom a mutual fund is an appropriate investment and who choose to invest in Poplar Forest Partners Fund should review the Prospectus and Summary Prospectus carefully for information on the fund's investment objectives, management fees, expenses, and investment risks.

Separately Managed Accounts

SMA management fees are 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 separately managed account client to invest in one of the Funds, the account is not assessed a management fee based on those assets. An investment in one of the Funds will, however, incur management and other fees imposed by the particular Fund which may be more than the SMA management fee.

Wrap Accounts

Poplar Forest does not determine the fee which investors pay to the Wrap program sponsor. Poplar Forest negotiates a fee with the Wrap program sponsor for its services and generally receives a portion of the fees charged by the program sponsor.

Payment of Fees

Depending on the specific terms of a client's written agreement with Poplar Forest, fees for advisory services are based on assets under management on either the last day of the month or on average outstandings during the month; fees are paid either monthly in arrears or in advance; and fees are paid either directly from a client's account or are billed separately. Different Poplar Forest client accounts reflect these different 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 terminated before completion, those unearned fees would be refunded on a pro rata basis.

Other Fees and Expenses

The fees outlined above do not include brokerage commissions, transaction costs, and custodial fees. Please see Brokerage Practices - Item 12 for additional information.

Compensation for the Sale of Investment Products

Poplar Forest has an arrangement with Chris Morphy, its President, to identify and obtain new business for the firm. He may receive compensation for securing new investment advisory and mutual fund clients for Poplar Forest. Poplar Forest will pay Mr. Morphy a percentage of its advisory fee to compensate him for such new business and will not charge its clients any additional charges as a result of this compensation arrangement.

Poplar Forest's arrangement with Mr. Morphy may present a conflict for its individual SMA clients since it may provide an incentive for him to recommend one of Poplar Forest's Funds based on prospective compensation.

Third Party Payments

Poplar Forest Capital 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 Capital does not charge performance-based fees.

Item 7 – Types of Clients

Poplar Forest offers investment management services to:

- individuals
- institutions
- mutual funds
- pooled investment vehicles
- broker-dealer sponsored wrap program whose clients may include, among others, individuals, corporations, retirement plans, and foundations.

The minimum initial account size is negotiable but generally will not be less than \$25,000,000 for new separately managed institutional accounts. To focus on providing investment management services to existing clients, Poplar Forest may from time to time decline to accept new clients.

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, presentations, conference calls, and third-party equity research followed by an assessment of the prospective investment. We pay 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 Strategy

The Funds seek to deliver superior, risk-adjusted returns 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”). The Funds will generally focus on 25 to 35 companies with (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.

The Funds are managed using a long-term approach to security selection. 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.

The decision to sell securities is driven by Poplar Forest’s evaluation of prospective total returns relative to the perceived risk of the security in question. A security may be sold when its estimated future return is low in an absolute sense or in order to fund the purchase of a new investment that appears to offer a better risk/reward profile. A security may also be sold for tax considerations.

Risk of Loss

Losing all or a portion of an investment is a risk of investing in the Funds. The following additional risks could affect the value of an investment:

- **Management Risk** – If the Adviser’s investment strategies do not produce the expected results, the value of the Funds 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 Funds.
- **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.
- **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.
- **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 may also be less liquid than U.S. securities, which could affect the Funds’ investments.
- **Lack of Liquidity** - For investors in the Limited Partnership, funds are not immediately available. Liquidations are restricted to month-end.
- **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.

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

Poplar Forest is the investment adviser to the mutual fund Poplar Forest Partners Fund, which is distributed through Quasar Distributors, LLC, a subsidiary of U.S. Bancorp. Currently, one of Poplar Forest’s employees is also a registered representative of Quasar.

Poplar Forest does not recommend or select other investment advisers for its clients in exchange for compensation from the other adviser.

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. All employees must review, and acknowledge the terms of the Code by signing an attestation form upon joining the firm and annually thereafter. 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

Personal securities trading by employees is subject to the limitations outlined in the Code and has been designed to limit conflicts with the interests of Poplar Forest’s clients. Employees may own securities that are also owned by one of Poplar Forest’s clients. However, generally, no employee may engage in a personal securities transaction within five (5) business days of Poplar Forest buying or selling the security for a client account. Furthermore, the Code requires that employees seek pre-approval before they engage in personal securities transactions, with certain limited exceptions. In order to monitor compliance with the Code, the CCO regularly reviews employees’ account statements as well as reports of personal securities transactions.

Interest in Client Transactions

Poplar Forest Capital is the general partner of the Limited Partnership, Poplar Forest Fund, L.P. Poplar Forest is the investment adviser to the Mutual Fund, Poplar Forest Partners Fund. Poplar Forest has not actively solicited clients for the Limited Partnership since it launched the Mutual Fund in December, 2009, which it recommends to clients. Poplar Forest receives no direct compensation for selling either Poplar Forest Fund or Poplar Forest Partners Fund to its clients; it does, however, receive compensation in the form of investment advisory fees when its clients choose one of the Funds.

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 Soft Dollar Benefits

Poplar Forest has arrangements with a number of broker-dealers who provide value-added research services to Poplar Forest in exchange for brokerage commissions (“soft dollar arrangements”). Poplar Forest’s relationships with broker-dealers are for both proprietary research (created or developed by the broker-dealer) as well as third-party research. Poplar Forest considers such research additive to its investment analysis for the benefit of all clients but of indeterminable value. As a result, the Funds may pay a higher commission or 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. These soft dollar arrangements apply to all clients as these products are used in analyses for all clients’ accounts. It is possible that Poplar Forest may not use all of the products and/or services that clients paid for.

Poplar Forest uses soft dollars to purchase research services that qualify under the Section 28(e) safe harbor of the Securities Exchange Act of 1934 and which services benefit all clients. These research services (1) fall within the category of research; (2) help in making investment decisions; and (3) are reasonable in terms of cost in relation to the value Poplar Forest receives. Poplar Forest does not use soft dollars to pay for mixed-use products.

Poplar Forest does not have any formal commitment to allocate brokerage transactions in return for research services. Quarterly, Poplar Forest's Best Execution Committee reviews brokerage activity as well as the value of any research provided by such brokers, and updates the list of approved brokers as necessary.

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 accept client instructions for directing the client's brokerage transactions to a particular broker-dealer.

Aggregation of Securities Transactions

It is possible that at times Poplar Forest will want to buy or sell identical securities for the various Funds at the same time. In this instance, orders for the Funds, excluding the Wrap Fee Program, are typically aggregated ("blocked") 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. 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 Funds to participate in volume transactions may produce better executions for the clients.

Trade Rotation

With regards to strategic portfolio changes, the Funds (excluding the Wrap Fee Program) and the Wrap Fee Program (both SMA and UMA) alternate who submits their aggregated order first. Poplar Forest utilizes this rotation system to mitigate the risk that one client is favored over another.

Item 13 – Review of Accounts**Core Equity Funds**

Poplar Forest personnel, including J. Dale Harvey, review the Funds' performance on a regular basis. Client accounts are reviewed when there are changes made to the account (i.e. cash movement in or out of the account, changes to a portfolio position etc.). Additionally, each account is reviewed periodically to ensure that trades have been allocated appropriately and portfolio holdings are in accordance with investment guidelines.

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

Quarterly, J. Dale Harvey writes a letter in which he reviews the previous quarter's performance as well as overall market conditions. The letter is posted on the Mutual Fund's website and is mailed to each client as well as the investors in the Limited Partnership.

Separately Managed Accounts

The SMAs are reviewed by Chris Morphy on a regular basis and more frequently if clients' situations dictate or individual investor requirements necessitate review.

Monthly, Poplar Forest sends out a bill for its investment advisory services. No less frequently than quarterly, Charles Schwab sends out custodial statements. In addition, quarterly, Poplar Forest sends out J. Dale Harvey's letter as well as a portfolio appraisal.

Wrap Fee Program

With respect to the wrap accounts, the sponsor provides all reports to the wrap clients.

Item 14 – Client Referrals and Other Compensation

Poplar Forest does not compensate any third party for providing client referrals.

Poplar Forest may enter into agreements with persons which provide, in most instances, for Poplar Forest to pay a percentage of management fees received by Poplar Forest from clients solicited by such persons and, in some instances, for Poplar Forest to pay a flat fee for solicitation services ("solicitation agreements"). Any such payment will be borne by Poplar Forest and there will not be additional charges to clients. Each client for whom Poplar Forest is required to pay fees pursuant to a solicitation agreement will receive written disclosure of the amount of such payment, as well as other information required to be disclosed pursuant to Rule 206(4)-3(b) under the Investment Advisers Act of 1940.

Item 15 – Custody

Poplar Forest is not a qualified custodian. All securities are held in custody by unaffiliated broker-dealers or banks.

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

Limited Partnership

As general partner of Poplar Forest Fund L.P., Poplar Forest is deemed to have custody of the Fund's assets although all assets in the Fund are held in custody at J.P. Morgan. Investors will not receive statements from the custodian; investors will receive quarterly statements from the Fund Administrator. Additionally, the Fund 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 each of the Fund's investors.

Item 16 – Investment Discretion**Core Equity Strategy**

Poplar Forest does accept discretionary authority to manage securities on behalf of clients. Poplar Forest exercises discretion in the context of a client's specific investment guidelines and restrictions.

Separately Managed Accounts (SMAs)

Poplar Forest does accept discretionary authority to manage securities on behalf of clients. As of December 31, 2011, none of the SMA clients who have discretionary accounts has placed any limitations on this authority.

Clients participating in the broker-dealer sponsored wrap account program may place restrictions on their accounts.

Item 17 – Voting Client Securities

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, and disclose any potential conflicts of interest as well as making information available to clients about the voting of proxies for their portfolio securities and maintaining relevant and required records.

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. In the absence of specific voting guidelines from a client, Poplar Forest's policy is to vote all proxies from a specific issuer the same way for all clients. In the event that an SMA client offers suggestions or opinions on how Poplar Forest should vote their shares, Poplar Forest is receptive to client input and, in the event of a conflict, Poplar Forest will defer to the client.

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.

Poplar Forest has authority to vote all of its client securities with the exception of a few of its SMA clients. 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 Chris Morphy at Poplar Forest. Mr. Morphy can be reached at (626) 304-6000.

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.

Item 19 – Requirements for State-Registered Advisers

This item is not applicable for Poplar Forest, which is registered with the United States Securities and Exchange Commission.