

**STILWELL VALUE LLC  
STILWELL ADVISERS LLC**

**PART 2A OF FORM ADV  
THE BROCHURE**

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This brochure provides information about the qualifications and business practices of Stilwell Value LLC and Stilwell Advisers LLC. If you have any questions about the contents of this brochure, please contact the Chief Compliance Officer (“**CCO**”), Ms. Mika Jiang, at (212) 964-9300 or [mjiang@stilwellgroup.com](mailto:mjiang@stilwellgroup.com).

The information in this brochure has not been approved or verified by the United States Securities Exchange Commission (“**SEC**”) or by any state securities authority.

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

## **MATERIAL CHANGES**

Item 10: Please refer to Item 10 for a description of changes related to “Other Financial Industry Activities and Affiliates.”

In the future, this section will discuss any material changes that are made to the brochure and we will provide clients with a summary of such changes.

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**ITEM 4: ADVISORY BUSINESS**

Stilwell Value LLC (the “**Adviser**” or “**Stilwell**”) is a Delaware limited liability company and has its principal place of business in New York, New York. Joseph Stilwell is the principal owner of the Adviser. The Adviser is the general partner to pooled investment vehicles (each a “**Limited Partnership**” and, collectively, the “**Limited Partnerships**”) and provides investment advisory services to these Limited Partnerships. Mr. Stilwell has been providing advisory services to the Limited Partnerships since 1993.

Stilwell Advisers LLC (an affiliated adviser to Stilwell) is included as a “Relying Adviser” in Stilwell’s ADV filing pursuant to the SEC No-Action letter to the American Bar Association, Business Law Section, on January 18, 2012.

The Adviser has full discretionary authority with respect to investment decisions, and its advice with respect to the Limited Partnerships is tailored according to the investment objectives, guidelines, and requirements as set forth in each Limited Partnership’s respective offering memorandum.

Offerings in the Limited Partnerships are made in reliance on exemptions from registration under the U.S. Securities Act of 1933, and the Limited Partnerships are not registered under the Investment Company Act. Accordingly, the Limited Partnerships’ interests are offered to a limited number of investors meeting certain suitability standards, including, but not limited to, certain net worth or income requirements.

As of February 28, 2013, the Adviser managed \$190,560,000 on a discretionary basis.

**ITEM 5: FEES AND COMPENSATION****Management/Administration Fees**

In consideration for providing administrative, management and operational services, each limited partner of the Limited Partnerships pays the Adviser an annual management/administration fee of one percent (1%) with the exception of Stilwell Partners, LP that pays two percent (2%) of their capital account. For certain Limited Partnerships (Stilwell Value Partners I, LP; Stilwell Value Partners II, LP; Stilwell Value Partners III, LP; Stilwell Value Partners IV, LP; Stilwell Value Partners V, LP; Stilwell Value Partners VI, LP; and Stilwell Value Partners VII, LP (collectively the “**SVP Funds**”)), the management/administration fees are based upon valuations that are determined on the income tax basis of such Limited Partnership and not on market valuations. Stilwell Partners, LP, Stilwell Associates, LP and Stilwell Activist, LP are determined according to U.S. GAAP.

This fee is paid in advance at the start of business on the first day of such fiscal quarter and is automatically deducted from each limited partner’s capital account. In addition, the management fee is pro-rated for any period that is less than a full fiscal quarter and will be adjusted for any contributions made during a quarter. Currently, fees are non-negotiable, although the Adviser reserves the right to negotiate fees in the future. The Adviser also may receive performance-

based compensation from the Limited Partnerships as described below in Item 6. Finally, investments in the Limited Partnerships also incur brokerage and other transaction costs as described below under Broker Practices. Please see the offering documents for more detailed information about the fees that will be applicable to your investment in the Limited Partnership.

### **Withdrawal Requests**

Withdrawal requests are described in the offering documents for the Limited Partnerships.

### **General Partner Expenses**

As described in the offering documents for each of the Limited Partnerships, the Limited Partnerships are responsible for certain of their expenses.

## **ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

### **Performance-Based Fees**

Each Limited Partnership pays the same performance compensation, and therefore there is no incentive to favor one Limited Partnership over the other.

## **ITEM 7: TYPES OF CLIENTS**

The Adviser solely serves as an investment adviser to the Limited Partnerships, which are generally organized to invest in undervalued financial institutions or financially-related firms.

As described in the offering documents, the Limited Partnerships are offered only to investors who meet the relevant investor eligibility requirements.

## **ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

### **Investment Strategies and Methods of Analysis**

The investment strategies of each Limited Partnership are set forth in their respective offering documents. The Adviser utilizes a research process for investment funds that has been developed over the past eighteen years. In selecting investments, the Adviser relies on information contained in company filings with the SEC.

### **Risks Factors**

The purchase of interests in the Limited Partnerships involves certain risks and is suitable only for persons of substantial financial means who have no need for liquidity in their investment, and who can bear the risk of the potential loss of their entire investment. No guarantee or representation is made that the investment program of the Adviser or any Limited

Partnership will be successful, that the Limited Partnership selected by the investor will produce positive returns or that a Limited Partnership will achieve its investment objectives.

Investing in securities carries an inherent risk of loss which investors must be prepared to bear. Investors in the Limited Partnerships should refer to the applicable offering documents for further information concerning such risks.

#### **ITEM 9: DISCIPLINARY INFORMATION**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to an evaluation of the Adviser's integrity of its management. The Adviser has no information applicable to this Item.

#### **ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

Each of the entities in the Adviser are affiliates of each other. With the possible exception of certain arrangements described directly below, neither the Adviser nor its affiliates believe that any of these affiliations are, or will become, a conflict of interest. Stilwell Value Partners I, LP, and Stilwell Value Partners IV, LP, made loans to Stilwell Value Partners III, LP, in 2009. Principal balances of \$2,627,944.14 to Stilwell Value Partners I, LP, and \$500,000 to Stilwell Value Partners IV, LP, are outstanding. Both loans are at 4% per annum with interest payments due on the 2nd of November. The notes do not have set repayment schedules for the principal. All loan balances are guaranteed by Stilwell Administration LLC, Stilwell Value LLC and by Joseph Stilwell personally. The annual interest payments were not made in 2010, 2011, and 2012, leaving the loans in default. However, Stilwell Value Partners III, LP, made all required interest payments, bringing the loans up to date, in January 2013. Although this arrangement creates a potential conflict as to Stilwell's roles with respect to the lenders, borrower, and guarantors, Stilwell has disclosed the above inter-fund loans in a letter to all limited partners in the SVP Funds in January 2013. Further, the parties will abide by the terms of the notes and guaranties, referenced above.

Additionally, for certain portfolio companies, Stilwell may nominate third party nominees or Stilwell employees/managing members to hold Board of Director positions in order to advocate what the Adviser deems to be in the best interest of the shareholders. Public company directors owe a duty of loyalty to the corporation. As substantial owners in such companies, the Adviser does not foresee any conflicts of interest in connection to the nominees being appointed to such positions.

#### **ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

The Adviser has adopted a Code of Ethics for the purpose of guiding the Adviser and its employees in their ethical obligations and in their personal securities trading activities. It is designed to comply with Rule 204A-1 under the Investment Advisers Act of 1940.

The Code of Ethics is based upon the principle that the Adviser and its personnel owe a fiduciary duty to the Adviser's clients to conduct their affairs, including their personal securities

transactions, in such a manner as to avoid (i) serving their own personal interests ahead of clients, (ii) taking inappropriate advantage of their position with the firm, and (iii) any actual or potential conflicts of interest or any abuse of their position of trust and responsibility. A copy of the Adviser's Code of Ethics shall be provided to any client or prospective client upon request. The Code of Ethics in some circumstances permits employees to invest in the same securities as the Limited Partnerships. The Adviser seeks to mitigate this conflict of interest.

The Adviser may regularly examine its business activities to identify practices that may cause a conflict of interest between the Adviser and its clients, and will disclose such conflicts of interest to its clients to ensure that the Adviser always acts in the best interests of its clients.

The principal and employees may invest in one or more of the Limited Partnerships and are charged a management/administrative fee but are not charged any performance fees on their investments.

#### **ITEM 12: BROKERAGE PRACTICES**

The Adviser has full discretion to select broker-dealers or others that execute transactions on behalf of the Limited Partnerships. The commission rates paid by the Limited Partnerships may not be at all times the lowest rates the Limited Partnerships could have obtained, however the Adviser believes they will be competitive with rates paid by similar customers. The prime broker and the custodian may be changed at the Adviser's discretion.

The Adviser does not compensate or otherwise reward brokers for client referrals. The Adviser does not participate in third-party soft dollar arrangements but may receive proprietary research produced by the executing broker/dealers. The Adviser does not provide or offer direct brokerage for individual clients.

The Adviser may aggregate orders for accounts for trade execution. When trades are aggregated, generally each participating account will be allocated securities on an average price basis. When the allocation is made on another basis, the Adviser will create a written record of the considerations taken into account in making the allocation.

#### **ITEM 13: REVIEW OF ACCOUNTS**

Commonly, client accounts are reviewed on a continuous basis by Joseph Stilwell. These reviews are designed to monitor and analyze client transactions, positions and investment levels. Particular attention is given to changes in company fundamentals, industry outlook, market outlook, and price levels.

The Adviser provides limited partners within the Limited Partnerships certain reports as described in the offering documents.

#### **ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION**

The Adviser does, from time to time, engage in compensation agreements with non-supervised persons for referrals or introductions. These non-supervised persons are entitled to

compensation from both the management fee and performance-based fees as determined by the Adviser. The fees paid to referral sources do not affect the fees clients pay to the Adviser.

**ITEM 15: CUSTODY**

The Adviser is deemed to have custody because its affiliate serves as a general partner of the Limited Partnerships. The Adviser will comply with Rule 206(4)-2 pursuant to section B(4) of that Rule. The Adviser will never have actual physical custody of the Limited Partnership assets. Rather, Limited Partnership assets are in the custody of unaffiliated broker-dealers and banks. The Adviser will prepare financial statements on an income tax basis that are audited in accordance with Generally Accepted Accounting Principles. These financial statements are distributed to all limited partners (i.e. investors) within 120 days of the end of its fiscal year (December 31<sup>st</sup>).

**ITEM 16: INVESTMENT DISCRETION**

The Adviser has discretionary authority over the investments pursuant to the Limited Partnership Agreements, subject only to the restrictions (if any) described in the Offering Memorandum relating to the applicable Limited Partnership.

**ITEM 17: VOTING CLIENT SECURITIES**

The Adviser has proxy voting authority for the Limited Partnerships. The Adviser has adopted policies and procedures reasonably designed to ensure that it votes client securities in the best interest of its clients. These policies and procedures include information on how the Adviser attempts to resolve conflicts of interest with respect to the proxies. You may obtain information on how the Adviser voted proxies and a copy of its proxy voting policies and procedures upon request by contacting the CCO, Mika Jiang, at (212) 964-9300. In voting proxies, the Adviser will vote strictly in accordance with the best interest of the clients.

**ITEM 18: FINANCIAL INFORMATION**

The Adviser does not require or solicit the prepayment of more than \$1,200 in fees per client, six months or more in advance. Furthermore, the Adviser has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage client accounts.