



FOREST HILL STRATEGIC VALUE ADVISERS, LLC

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This brochure provides information about the qualifications and business practices of Forest Hill Strategic Value Advisers, LLC (“FHSVA,” “we” or “us”), an affiliate of Forest Hill Capital, LLC (“Forest Hill”). If you have any questions about the contents of this brochure, please contact us at (501) 663-4491. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

A copy of this brochure and additional information about Forest Hill are also available on the SEC’s website www.adviserinfo.sec.gov. FHSVA has prepared this brochure in connection with its approved registration with the SEC as an investment adviser received on May 6, 2022. Our registration does not imply a certain level of skill or training.

Item 2 – Material Changes

Forest Hill Strategic Value Advisers, LLC is required to make clients aware of information that has changed since the initial filing to the Firm Brochure (“Brochure”) and that may be important to them. Clients can then determine whether to review the brochure in its entirety or to contact us with questions about the changes. Our initial filing of Form ADV Part 2A was May 6, 2022. We have updated this brochure to update the Firm’s regulatory assets under management and other updates that we do not consider material; however, we encourage everyone to read this Form ADV Part 2A in its entirety.

We urge you to carefully review any notice of material amendments to this Disclosure Brochure in the future as it will contain important information that may pertain to, among other things, changes to our advisory services, fee structures, business practices, conflicts of interest, or disciplinary history.

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Item 4 – Advisory Business

Forest Hill Strategic Value Advisers, LLC (“FHSVA”) provides sub-advisory services solely to its registered investment adviser affiliate, Forest Hill Capital, LLC (“Forest Hill”), and two private funds: Forest Hill Strategic Value Fund, L.P. (the “Master Fund”) and Forest Hill Strategic Value Offshore, Ltd. (the “Feeder Fund” and together with the Master Fund, the “Adviser Funds”). While FHSVA has full discretionary authority in managing the Adviser Funds’ investment portfolios, Forest Hill retains trade execution authority for the Adviser Funds. FHSVA does not have a sub-advisory relationship with any other clients, whether a Forest Hill client account or another private fund or managed account.

Founded in January 2022, FHSVA provides investment advice to the Adviser Funds limited in respect to investments in bank stocks by providing portfolio management and research services. FHSVA may tailor its investment advice at the request of Forest Hill. Mark A. Lee is the principal owner and manager of Forest Hill, which is the manager of FHSVA. Accordingly, FHSVA is controlled by Mark A. Lee, along with FHSVA’s ultimate beneficial owners and managing directors Christopher T. Kelley and Benjamin J. Granger.

FHSVA’s regulatory assets under management are approximately \$155,951,769, measured as of January 31, 2023, all of which are attributable to the Adviser Funds and are managed by FHSVA on a discretionary basis.

Forest Hill Strategic Value Strategy. The Master Fund and the Offshore Fund operate in a mini-master fund structure and pursue the Forest Hill Strategic Value Strategy (“FHSV”), established in February 2009 via a separately managed account to recapture value in healthy community and regional business-focused banks that were negatively impacted during the industry’s devaluation resulting from the global financial crisis of 2008. FHSV pursues a directionally long investment strategy dedicated to deploying capital in the common equity of publicly traded community and regional banks located primarily in the United States that possess strong capital ratios, trade at discount valuations relative to historical averages and have the ability to enhance shareholder value through execution of offensive consolidation strategies. FHSV seeks investments in attractively positioned business-focused banks located in viable markets that are expected to benefit from diminished competition and a more favorable pricing environment. Investment returns are dependent upon individual stock selection, portfolio construction and tactical management.

We do not participate in wrap fee programs.

This Brochure is not an offer to invest in our clients.

Item 5 – Fees and Compensation

FHSVA is compensated under a revenue share sub-advisory agreement with Forest Hill in its management of the Adviser Funds. FHSVA’s share of revenue is in the range of 35-45% of Forest Hill’s net revenue from management fees and performance-based allocations from the Adviser Funds.

Forest Hill is compensated as general partner (the “General Partner”) or investment manager of the Adviser Funds, as applicable, generally based on a percentage of assets under management and performance-based fees. The Adviser Funds’ fee schedules are as follows:

Forest Hill Strategic Value Fund, L.P.: Forest Hill charges and deducts a monthly management fee, payable in advance, at the annual rate of 1.0% of the value of the capital account of each limited partner on the first day of the month with respect to each Series A limited partner interest and at an annual rate of 1.25% of the value of the account on the first day of the month with respect to each Series B limited partner interest.

Forest Hill takes from each capital account (and reallocates to its own account as general partner) an annual performance-based profit allocation in an amount equal to 20% of an account's net annual return for its fiscal year, subject to a high-water mark provision and a non-cumulative 5% annual hurdle rate. Fees are generally non-negotiable.

Forest Hill Strategic Value Offshore, Ltd.: Forest Hill charges and deducts a monthly management fee, payable in advance, at the annual rate of 1.0% of the value of the each sub-account at the Master Fund level corresponding to each shareholder's sub-series of shares on the first day of the month with respect to each Series A Share and at an annual rate of 1.25% of the value of each sub-account at the Master Fund level corresponding to each shareholder's sub-series of shares on the first day of the month with respect to each Series B Share. Forest Hill takes from each sub-account at the Master Fund level corresponding to each shareholder's sub-series of shares (and reallocates to its own account as general partner) an annual performance-based profit allocation in an amount equal to 20% of each sub-account at the Master Fund level corresponding to each shareholder's sub-series of shares net annual return for its fiscal year, subject to a high-water mark provision and a non-cumulative 5% annual hurdle rate. Fees are generally non-negotiable.

The Adviser Funds bear all of their own expenses. Such expenses include, if applicable, but are not limited to: fund administration including accounting, audit, and legal expenses, filing fees, brokerage commissions, custody fees, taxes, proxies and interest charges on debit balances. For more information on brokerage transactions and costs, please see Item 12: Brokerage Practices.

Although fees are generally non-negotiable, Forest Hill has entered into side letter arrangements with certain investors in the Adviser Funds, in which it has granted such investors, among other things, preferential terms related to asset-based management fees or performance-based compensation.

Each Adviser Fund's private placement memorandum contains further details on fees and expenses charged to the fund and the capital accounts of the limited partners or shares of investors.

Neither of the Adviser Funds pay performance-based compensation in advance. Neither our firm nor our principals or employees receive any transaction-based compensation for the sale of securities or other investment products.

Item 6 – Performance Based Fees and Side-by-Side Management

FHSVA is compensated under a revenue share sub-advisory agreement with Forest Hill in its management of the Adviser Funds. FHSVA's share of revenue is in the range of 35-45% of Forest Hill's net revenue from management fees and performance-based allocations from the Adviser Funds.

Forest Hill charges a performance-based fee in the form of a profit allocation from the Adviser Funds that is non-negotiable and detailed further in Item 5 above and in each Adviser Fund's private placement memorandum.

All performance-based fee arrangements are intended to comply with SEC Rule 205-3 under the Investment Advisers Act of 1940, as amended (the "Act"). The performance fees are generally charged annually, but only to the extent that such profits for each limited partner exceeds any loss carried forward from prior years. As FHSVA is compensated indirectly on the trading profits through its revenue sharing agreement with Forest Hill, this fact may create an incentive for us to make investments on behalf of the Adviser Funds that are riskier or more speculative than would be the case without a performance-based fee arrangement.

We do not believe that investors are subject to a risk that we favor the Adviser Funds on the basis of

performance fee sharing arrangements with Forest Hill, as the Adviser Funds are our sole clients and both pay performance-based compensation on the same terms.

Item 7 – Types of Clients

FHSVA provides its services to Forest Hill and the Adviser Funds as described above in Item 4.

Interests in the Adviser Funds, which are collective investment vehicles sponsored by Forest Hill, are not registered under the Securities Exchange Act of 1933, as amended, and the Adviser Funds are not registered as “investment companies” under the Investment Company Act of 1940, as amended. Accordingly, interests in the Adviser Funds are privately offered and sold exclusively to investors satisfying the applicable eligibility and suitability requirements, and for minimum investment amounts, as set forth in the applicable private placement memorandum.

Generally, the minimum investment is \$1,000,000 for the Adviser Funds. Forest Hill has the discretion to, and on occasion does, accept investments for a lesser amount.

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

FHSVA provides portfolio management and stock research analysis to the Adviser Funds as detailed below.

Forest Hill Strategic Value Strategy (FHSV)

FHSV executes through the Adviser Funds sponsored by Forest Hill and is a public equity strategy driven by a comprehensive due diligence process that seeks to invest in healthy community and regional banks that, despite growing market share, are trading at deep discounts compared to their historical averages of price-to-tangible book value. The strategy’s cornerstone investment theme is centered upon mean regression of value for community/regional banks in the industry which FHSVA believes are the healthiest and most dominant. FHSV primarily invests in banks that possess experienced, high quality management teams, strong capital ratios, and offensive consolidation strategies. Emphasis is placed upon investing in banks that serve local and regional business customers, possess low-cost deposits and hold loans with short term maturities or variable rate credits. As FHSV is predominately a dedicated long investment strategy, FHSVA will employ short selling tactics in an effort to enhance investment returns.

The research process for FHSV involves the following:

- Observe Micro/Macro Trends, Perform Proprietary Screening, Leverage Industry Contacts Generate Ideas

- Information Due Diligence : Management, Analysts, Shareholders, Competitors, Customers Perform In-Depth Credit Analysis, Financial Modeling, and Valuation Analysis

- Visit Management Refine Thesis/Evaluation

- Set Concentration Objective: Confidence in Thesis, Risk Profile, Volatility, Liquidity, Industry Exposure

Mark A. Lee and Christopher T. Kelley, Managing Directors and portfolio managers of FHSVA, oversee the day-to-day investment management of the Adviser Funds. They have joint final authority over all portfolio decisions, including investment selection, sizing of investments, sector allocations, and portfolio gross and net exposures. Mr. Lee, in his capacity as Chief Investment Officer of Forest Hill, maintains trade execution authority for the Adviser Funds with Mr. Kelley having limited trade execution authority.

The Master Fund constructs and manages an investment portfolio of publicly-traded securities of banks that possess attractive risk/reward characteristics. FHSVA has implemented daily risk controls that include the analysis of liquidity, valuations, exposures, and overall portfolio construction. Despite these extensive measures to minimize investment risk, the strategy does carry the possibility of loss, which an investor must be willing to bear.

For a discussion of material risks associated with the Adviser Funds' investment strategies, see "Risk Factors" below. For a discussion of additional risks facing the Adviser Funds, see each Adviser Fund's private placement memorandum, which contains more discussion regarding methods of analysis and risks of loss.

Risk Factors

Investing in any securities involves a risk of loss that our Adviser Funds and investors therein must be prepared to bear. Please see below for an explanation of the investment strategies we employ and some of the significant risks associated with them. The governing documents of each of the Adviser Funds discuss these risks in further detail.

Certain risks associated with an investment in any client we advise include:

- *Investment Judgment and Market Risk:* The success of our investment programs depends, in large part, on correctly evaluating future price movements of potential investments. We cannot guarantee that we will be able to accurately predict these price movements and that our investment programs will be successful.
- *Investment and Trading Risk:* Investments in securities and other financial instruments involve a degree of risk that the entire investment may be lost. The use of short sales and option trading can, in certain circumstances, substantially exacerbate the impact of unfavorable price movements on our clients' investments. Also, changes in the general level of interest rates may negatively affect our clients' results.
- *Financial Markets and Regulatory Change:* The instability pervading global financial markets has heightened the risks associated with the investment activities and operations of investment management organizations, including those resulting from a reduction in the availability of credit and the increased cost of short-term credit, a decrease in market liquidity and an increased risk of bankruptcy of third parties with which we work. Market disruptions over the recent years and the increase in capital being allocated to hedge funds and other alternative investment vehicles have led to increased scrutiny and regulation over the private investment fund and asset management industry. In addition, the laws and regulations affecting business continue to evolve unpredictably. Laws and regulations applicable to our clients, especially those involving taxation, investment and trade, can change quickly and unpredictably in a manner adverse to our clients' interests.
- *Lack of Diversification:* Since the Master Fund primarily invests in securities of banks, each client's portfolio will not necessarily be widely diversified, the investment portfolio of the client may be subject to more rapid changes in value than would be the case if the client were required to maintain a wide diversification among companies, securities and types of securities.
- *Equity Securities:* We buy equity securities on behalf of our clients, seeking to profit from

both security selection and thematic sector or market timing decisions. The value of these investments will generally vary with their issuer's performance and movements in the equity markets. Consequently, our clients may suffer losses if we invest in equity instruments of issuers whose performance diverges from our expectations or if equity markets generally move in a single direction and we have not hedged against a move in that direction (see below for an explanation of hedging).

- *Short Selling:* A short sale involves the sale of a security that the client does not own in the expectation of purchasing the same security (or a security exchangeable therefor) at a later date at a lower price. To make delivery to the buyer, the client must borrow the security, and the client is obligated to return the security to the lender, which is accomplished by a later purchase of the security by the client. When the client makes a short sale in the United States, it must leave the proceeds thereof with the broker and must deposit with the broker an amount of cash or U.S. government or other securities sufficient under current margin regulations to collateralize its obligation to replace the borrowed securities that have been sold. If short sales are affected on a non-U.S. exchange, such transactions will be governed by local law. A short sale involves the risk of a theoretically unlimited increase in the market price of the security. In addition, a short sale involves the risk that borrowed securities will have to be returned to the lender at a time when such securities cannot be borrowed from other sources, potentially requiring the client to close a short sale transaction at an inopportune time or under disadvantageous circumstances. The client has no policy limiting the amount of its capital it may deposit to collateralize its obligation to replace borrowed securities sold short.
- *Options:* We sometimes invest in options on behalf of our clients. There are risks associated with the sale and purchase of options. Call options are the right to buy a security at a certain price within a defined time period. Put options are the right to sell a security at a certain price within a defined time period. A buyer of either type of option assumes the risk of losing its entire investment in the option. A buyer of a call option risks losing its investment if the particular security never reaches the designated price within the set time period. A buyer of a put option risks losing its investment if the particular security does not decline enough to reach the designated price within the set time period.

An option's value may decline because of passage of time, the value of its underlying asset changing, changes in the market's perception as to the underlying asset's future price behavior or any combination of these factors.

At times, we may invest in over-the-counter options. Over-the-counter options are two-party contracts under which the buyer and seller negotiate the price and other terms. The risk of nonperformance by the opposing party on over-the-counter options is typically greater than the risk of nonperformance on exchange-traded options. In addition, the market for over-the-counter options is relatively illiquid, particularly for small transactions, which may impair our ability to sell our clients' options at profitable prices.

- *Hedging Transactions:* At times, we may engage in hedging transactions on behalf of our clients. Employing hedging techniques reduces a portfolio's vulnerability to various risks. Hedging entails determining certain risks in one's portfolio and making trades to offset those risks. For instance, if an investor buys stock in a company, it may also short the stock of a competitor company. Hedging against a decline in the value of a portfolio position does not

eliminate fluctuations in the values of portfolio positions or prevent losses if the values of these positions decline, but rather it establishes other positions designed to gain from those same developments, thus moderating the decline in the portfolio positions' value. On the other hand, hedging transactions also limit the opportunity for gain if the value of the portfolio position should increase.

The success of a client's hedging strategy is subject to our ability to correctly assess the degree of correlation between the performance of the instruments used in the hedging strategy and the performance of the investments in the portfolio being hedged. There is a risk that we may not always choose the right variable to hedge against. For example, a client may own stock in an oil and gas company and bet that the price of oil will fall as a hedge, only to find out that the company's main asset is gas. Also, it is important to note that we may not always choose to hedge against, or might not anticipate, certain risks and our clients' portfolios will always be exposed to certain risks that cannot be hedged.

Loss of the ability to hedge, from either a change in the law or an inability to borrow a security when necessary, may result in losses to our clients from the resulting unhedged exposure or depreciation in the retained instrument's value.

Many other investment strategies we employ can be used as hedging techniques, such as options, futures contracts and short selling.

- *Short-term Trading:* In furtherance of our clients' investment strategies, we may sometimes engage in short-term trading on our clients' behalf. Short-term trading involves a certain degree of risk. Short-term trading denies a client the strategy of minimizing risk by holding a position over a longer time period. In addition, frequent trading results in high turnover and brokerage commission expenses which can adversely affect a client's performance if its trading is not sufficiently profitable.
- *Undervalued Assets:* We typically invest in assets on behalf of our clients that we believe are undervalued. However, identifying investment opportunities in undervalued assets is difficult and we cannot assure any clients that we will be able to recognize or acquire undervalued assets. While investments in undervalued assets offer our clients the opportunity for above-average capital appreciation, they also involve a high degree of financial risk and can result in substantial losses.

In addition, we may need to sell assets that do not end up being undervalued at a substantial loss. We may also need to sell assets before they reach their anticipated values in order to fulfill withdrawal requests or pay certain fees or taxes. Often times, we will be required to hold undervalued assets for a substantial period of time before realizing their anticipated value. During this period, a portion of a client's capital is committed to the undervalued assets it has purchased, possibly preventing it from investing in other opportunities. Further, at times, we will finance the purchase of undervalued assets with borrowed funds and thus the client pays interest on the borrowed funds while waiting for the assets to reach their anticipated value.

- *Investment in the Banking Industry:* The results of operations of banking institutions are affected by credit policies of monetary authorities, particularly the Federal Reserve. The instruments of monetary policy employed by the Federal Reserve include open-market

operations in U.S. government securities, changes in the discount rate or the federal funds rate on bank borrowings and changes in reserve requirements against bank deposits. In view of changing conditions in the national economy and in the money markets, a client cannot predict possible future changes in interest rates, deposit levels, and loan demand on banking institutions' businesses and earnings.

Banking institutions could be affected by the actions and commercial soundness of other financial services institutions. Financial services institutions that deal with each other are interrelated as a result of counterparty or other relationships. Although banking institutions may have credit exposure to many different industries and counterparties, they routinely execute a high volume of transactions with counterparties in the financial services industry, including brokers and dealers, commercial banks, investment banks, mutual and hedge funds and other institutional clients, resulting in a significant credit concentration with respect to the financial services industry overall. As a result, a default by, or even concerns about, one or more financial services institutions could lead to significant market-wide liquidity problems, or losses or defaults by other institutions.

The U.S. banking industry is highly regulated under federal and state law. Insured banking institutions are subject to the regulation and supervision of one or more of the Office of the Comptroller of the Currency, the Federal Reserve, the Federal Deposit Insurance Corporation (the "FDIC"), and state banking authorities. This regulation will affect the operations of a client. Investors in our clients should understand that the primary goal of the U.S. banking regulatory regime is the protection of depositors, the public, and the FDIC insurance fund, not the protection of shareholders of and investors in banks, such as a client. Federal, state, and local legislators and regulators regularly introduce measures that would modify the regulatory requirements applicable to Depository Institutions, their holding companies, and other financial institutions. Given the current disruption in the financial markets and regulatory initiatives that may be proposed by the U.S. administration and Congress, new regulations and statutes that may affect banking institutions are increasingly likely, including additional compensation restrictions and possibly significant changes to the structure of financial industry regulation.

Finally, the profitability and stability of a bank are also affected by the location of the bank and the re-investment of reserve capital. Regional banks are more likely to be directly and indirectly tied to the prominent industries in an area, such as through the extension of credit to businesses in the area or from deposits received from employees of such businesses. If those industries contract, a regional bank may be disproportionately affected. Also, if a bank fails to re-invest its reserve capital judiciously or over-concentrates its reserve capital in investments that could experience volatility, the bank's capital requirements and viability may be affected, which could result in the withdrawal of deposits or FDIC receivership.

- *ETFs:* Shares of exchange traded funds ("ETFs") and other similar instruments may be purchased or sold short by the Adviser Funds. An ETF is an investment company that is registered under the Investment Company Act of 1940, as amended (the "Company Act"), that holds a portfolio of common stocks designed to track the performance of a particular index. ETFs sell and redeem their shares at net asset value in large blocks (typically 50,000 of its shares) called "creation units." Shares representing fractional interests in these creation units are listed for trading on national securities exchanges and can be purchased and sold

in the secondary market in lots of any size at any time during the trading day.

Investments in ETFs and other instruments involve certain inherent risks generally associated with investments in a broadly-based portfolio of stocks including the risk that the general level of stock prices may decline, thereby adversely affecting the value of each unit of the ETF or other instrument. In addition, an ETF may not fully replicate the performance of its benchmark index because of the temporary unavailability of certain index securities in the secondary market or discrepancies between the ETF and the index with respect to the weighting of securities or number of stocks held. Because ETFs and pools that issue similar instruments bear various fees and expenses, the Fund's investment in these instruments will involve certain indirect costs, as well as transaction costs, such as brokerage commissions. The General Partner considers the expenses associated with an investment in determining whether to invest in an ETF or other instrument.

Investment managers of mutual funds and ETFs selected by the General Partner will generally be entitled to a fee based on net assets under management. Any such fees charged by an investment manager of a mutual fund or ETF in which the Fund invests are in addition to the Management Fee and the Performance Allocation of the General Partner and will reduce the Fund's assets accordingly.

- *Foreign Securities:* Investing in foreign securities involves certain risk factors not typically associated with investing in U.S. securities, such as fluctuations between exchange rates and the costs of converting from one currency to another. In addition, there may not be much information available regarding foreign securities because foreign companies and governments may not be subject to accounting, auditing and financial reporting standards and requirements comparable to those of the U.S. There also might be a greater risk of political, social or economic instability and the possibility that foreign taxes may be imposed on our clients' income. Additionally, when investing in foreign bonds, there is always a risk that their issuer will default and be unable to pay the interest and/or principal payments due on the bonds, as the financial stability of foreign issuers may be more precarious than that of U.S. issuers.

Finally, non-U.S. markets have different clearance and settlement procedures which, in some markets, have difficulty keeping pace with large volumes of transactions. This can lead to substantial delays and settlement failures that could adversely affect our clients' performance.

- *Trade Errors:* Unless we determine, in our sole discretion, that a trade error was the result of our willful misconduct, gross negligence or bad faith, any losses associated with a trade error that are not recovered from a third party will be borne by our clients. Any gains associated with a trade error will remain with our clients.
- *Cybersecurity Risk.* The information and technology systems of not only our firm but also our clients' portfolio companies or third-party service providers may be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. Although we have implemented,

and portfolio companies and service providers have likely implemented, various measures to manage risks relating to these types of events, if these systems are compromised, become inoperable for extended periods of time or cease to function properly, our firm, our clients, portfolio companies and/or service providers, as applicable, may have to make a significant investment to fix or replace them. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in our firm's, our clients', portfolio companies' and/or service providers' operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to investors in our clients (and, to the extent applicable, the beneficial owners of investors). These failures could harm our firm's, our clients', a portfolio company's and/or a service provider's reputation, subject any of these entities and their respective affiliates to legal claims and otherwise affect their business and financial performance.

Item 9 – Disciplinary Information

Neither FHSVA nor any of our officers or principals have been involved in any criminal or civil actions in a domestic, foreign or military court.

Neither we nor any of our officers or principals have been involved in any administrative proceedings before the SEC, any other federal regulatory agency, any state regulatory agency or any foreign financial regulatory authority.

Neither we nor any of our officers or principals have been involved in any self-regulatory organization proceedings.

Item 10 – Other Financial Industry Activities and Affiliations

Neither FHSVA nor any of our management or related persons are registered or have an application pending to register as a broker dealer, registered representative of a broker dealer, a futures commission merchant, a commodity pool operator, a commodity trading advisor or an associated person of the foregoing.

FHSVA is controlled by Forest Hill, a registered investment adviser that has engaged FHSVA as a sub-adviser to the Adviser Funds. Forest Hill is also the general partner and sponsor of the Master Fund. Other than with respect to Forest Hill, neither FHSVA nor any of our directors or officers have any material relationship with any of the following:

- broker dealer, municipal securities dealer, or government securities dealer or broker;
- other investment adviser (outside of Forest Hill) or financial planner;
- futures commission merchant, commodity pool operator or commodity trading advisor;
- banking or thrift institution;
- accountant or accounting firm;
- lawyer or law firm;
- insurance company or agency;

- pension consultant;
- real estate broker or dealer; or
- sponsor or syndicator of limited partnerships.

We do not recommend or select other investment advisers for our clients.

While our position as sub-adviser to the Adviser Funds gives us heightened control and discretion over those clients, we manage any potential conflicts of interest by strictly adhering to the investment strategy and investment allocation policy discussed in the governing documents of the Adviser Funds.

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

FHSVA is committed to high standards of ethical behavior and has adopted a Code of Business Conduct and Ethics (the “Code”) that is substantially similar to the code of business conduct and ethics maintained by Forest Hill. The Code details the principles that guide our business and the conduct of our employees. We have adopted our Code pursuant to SEC Rule 204A-1. The Code is designed to ensure compliance with laws, avoid conflicts of interest and ensure each employee understands the duty of loyalty to investors as well as protection of investor or client information.

Neither FHSVA nor our principals or employees are prohibited from buying and selling securities for their own account and are allowed to take positions different than those of advised client accounts. Principals are prohibited from owning securities also owned by the Adviser Funds to avoid potential conflicts of interest. FHSVA maintains compliance policies and procedures, including personal trading policies, which are designed to reduce potential conflicts of interest. We maintain certain policies and procedures designed to prevent the principals or employees from misusing material non-public information or trading the same security ahead of the client accounts.

FHSVA maintains a Compliance Manual (the “Manual”) that is substantially similar to the compliance manual maintained by Forest Hill which supplements the Code and is distributed to each employee upon hire date. The combined Code and Manual is updated on an annual basis and executed by each principal and employee acknowledging that they will abide by the Code and Manual at all times. The Code details how principals and employees are required to have duplicate copies of their personal trading accounts and trade confirmations sent to Forest Hill for review by the Chief Compliance Officer (“CCO”) and principals of the firm at a minimum of a calendar quarter basis. New employees must submit a list of their personal security holdings and a copy of their statement at hire date. Principals and employees are required to notify the CCO immediately once they are in receipt of material non-public information for review and monitoring. We do not use such information for the benefit of any client account or principal or employee. Personal trades by the principals and employees must obtain pre-clearance approval from the CCO before they can be executed in a personal account.

A written copy of our Code can be obtained by contacting us at 100 River Bluff Drive, Suite 430, Little Rock, Arkansas 72202; tcoon@foresthillcap.com.

Item 12 – Brokerage Practices

FHSVA does not have trade execution authority with respect to any of the Adviser Funds and therefore Forest Hill’s brokerage practices apply to all trades executed on behalf of the Adviser Funds.

Item 13 – Review of Accounts

The accounts of the Adviser Funds are reviewed on a continual basis by FHSVA along with Forest Hill and at a minimum on a monthly basis. Various levels of review are performed based on factors such as position size and exposures, short and long term rates of return, investment diversification and risk allocation and statistics, as well as the overall outlook for securities markets. The portfolio managers and chief compliance officer of FHSVA along with Forest Hill perform all account reviews.

Each investor in the Adviser Funds receives monthly statements and quarterly commentaries with detailed performance returns. Investors in the Adviser Funds receive an annual audited financial statement for the fund(s) in which they invest, along with information necessary to complete their annual federal income tax return, if applicable. Additionally, investors can contact FHSVA and Forest Hill for additional information requests.

Item 14 – Client Referrals and Other Compensation

FHSVA acts as a sub-adviser solely with regards to the Adviser Funds and therefore does not receive any client referrals or other compensation.

Item 15 – Custody

FHSVA acts solely as a sub-adviser to Forest Hill and therefore does not maintain custody in regards to the assets of the Adviser Funds.

Item 16 – Investment Discretion

Pursuant to a sub-advisory agreement with Forest Hill, FHSVA has full discretionary authority in managing the Adviser Funds' investment portfolios. No restrictions are placed on our discretionary authority, other than we are committed to adhering to the investment strategy and program set forth in each of the Adviser Fund's offering documents.

Item 17 – Voting Client Securities

While FHSVA does not have authority as sub-adviser to vote proxies on behalf of its clients, it advises Forest Hill with respect to its proxy policy in regards to the Adviser Fund holdings and, the overall policy with respect to the Adviser Funds is to vote for the recommendation of management unless Forest Hill or FHSVA becomes aware of circumstances that indicate it would be in the best interests of the Adviser Funds to vote otherwise.

Item 18 – Financial Information

FHSVA is not aware of any financial conditions affecting its ability to manage client accounts.

FHSVA has never been the subject of a bankruptcy petition.

FHSVA does not require, nor does it solicit, prepayment of more than \$1,200 in fees per client, six months or more in advance.