

# LongView Asset Management LLC

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This brochure provides information about the qualifications and business practices of LongView Asset Management LLC. If you have any questions about the contents of this brochure, please contact us at the telephone number and/or e-mail address above. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or any state securities authority.

LongView Asset Management LLC is a registered investment advisor. Registration of an investment advisor does not imply any level of skill or training. The verbal and written communications of an investment adviser provide you with information you need to determine whether to hire or retain the advisor.

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

## ITEM 2: MATERIAL CHANGES

This Part 2 represents our initial filing of this disclosure brochure.

Please contact us if you would like a copy of our updated Part 2.

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## **ITEM 4: ADVISORY BUSINESS**

### Who we are

LongView Asset Management LLC (referred to as “we,” “our,” “us,” or “LongView”), has been registered as an investment advisor since 2002. Our firm ultimately owned and operated by L. Elizabeth Roy, Director and David A. Cantor, Director and Chief Compliance Officer. Ms. Roy’s ownership is held through Mindful Investment Management Company, while Mr. Cantor’s ownership is held through Raven’sWing Asset Management, Inc.

### **LONGVIEW’S INVESTMENT PHILOSOPHY: STEWARDSHIP, SERVICE AND EXECUTION**

We see ourselves as stewards of your investment portfolio with responsibility for implementing an investment approach that is coherent, prudent and opportunistic. Understanding our client is the first step in our process and before beginning to invest we make sure we have grasped your goals, your key concerns and your financial situation. Client service is at the top of our agenda, with clear communication and frequent interaction high priorities. In depth reporting is an essential aspect of our service. Finally, execution of our active investment philosophy is the heart of our effort. Our goal is to generate strong long-term returns while paying close attention to risk.

Our success in this endeavor and our principal strengths as advisors reside in two main areas. The first is thorough analysis of macro-economic and market trends and the careful positioning of portfolios to reflect these realities. The second is the process by which we select the mutual funds (and fund managers) that make up our portfolios. Our selection process in our opinion is diligent and exhaustive and the fund managers represented in our client portfolios are the finest in the investment business.

### **ACTIVE PORTFOLIO MANAGEMENT**

LongView acts as a fully discretionary manager of client portfolios. Our style of ‘active management’ involves identifying long-term economic and market trends and then positioning our portfolios to benefit from them. We will make deliberate shifts in asset and sector weightings as changing fundamentals reveal opportunity or dictate different investment tactics. We pay close attention to portfolio turnover with a view to keeping transaction costs to a necessary minimum.

We make it a priority to understand each client as an individual and to clearly define their investment goals as well as a client's tolerance for risk. This may involve discussions surrounding a person’s estate planning, philanthropic and retirement objectives or a nonprofit’s investment policy, strategic plan and funding assumptions. An investment portfolio is then tailored to reflect the client’s unique circumstances. Client’s may place restrictions on investments in specific securities or categories of securities.

### Assets under management

As of December 31, 2010, our assets under management were \$85,122,300 on a discretionary basis. We do not manage assets on a non-discretionary basis.

## **ITEM 5: FEES AND COMPENSATION**

### Advisory Fees & Billing Practices

Fees range from 0.75% to 1.25% per year of the assets under management. Our fees are based on the scope and complexity of the services to be provided and the account value. Fees are billed at the end of each quarter, based on the assets under management as of the last day of the calendar quarter. New Mexico Gross Receipts tax is calculated and assessed for New Mexico Residents.

We require that you provide authorization for us to deduct our fees directly from your investment account. Important information about the deduction of management fees:

- You must provide authorization for us to pull fees by initialing the appropriate section of our contract.
- You will receive a detailed invoice each quarter which outlines our fees and how they are calculated at the same time we request payment from the custodian.
- You will receive a statement from your custodian which shows your holdings.
- You are responsible for reviewing the accuracy of the fees being billed, as the custodian will not do so.

If you would like to end our advisory relationship, you may do so by providing 5 days written notice. We will prorate the advisory fees earned through the termination date and send you an invoice for the advisory fees due.

### Other Costs Involved

In addition to our advisory fee shown above, you are responsible for paying fees associated with investing for your account. These fees include:

- management fees for ETFs and mutual funds. These are fees charged by the managers of the ETF or mutual fund and are a portion of the expenses of the ETF or mutual fund: they are reflected in the fund's share price (net asset value).
- brokerage costs and transaction fees for any securities or fixed income trades. These are generally charged by your custodian and/or executing broker.

Additional information about brokerage costs and services is provided in "Item 12: Brokerage Practices."

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

We do not receive performance fees for managing accounts.

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

LongView Asset Management LLC serves affluent individuals, families and nonprofit organizations in Santa Fe and around the country. Our business is founded on strong client relationships and a long-term, opportunistic style of portfolio management.

Generally we require that you maintain \$500,000 under management with us. However, we may waive that minimum at our sole discretion.

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

LongView's investment process is top down in nature and begins with an analysis of where we are in the current economic and market cycle. From this analysis we derive the asset class and sector weightings in our model portfolios. While the broad asset allocation plan for each client portfolio is unique, the sector weightings within a specific asset class (e.g. Large, Mid and Small Cap and International Equities) are kept in line with its relevant model through periodic rebalancing.

The goal of our investment process is to outperform the market over the long-term while maintaining a high level of diversification and superior risk-adjusted returns. Our approach to the different asset classes in which we invest is outlined below.

### **Equity Mutual Funds**

LongView follows a conservative, highly diversified investment discipline. We buy mutual funds rather than individual stocks because of the greater diversification that funds offer and the resulting mitigation of company and sector specific risk. Using mutual funds gives us access to the highest level of professional investment talent and also exploits the built-in advantages which institutional money managers enjoy over individual investors or investment advisors including superior access to information, deep analytical resources, specialized sector expertise, professional trading and low transaction costs.

Our fund selection process is manager driven and adheres to strict qualitative and quantitative criteria. We use quantitative screens to sift through the thousands of funds available for candidates that meet our stringent selection criteria. We then follow up with detailed fundamental research on each fund that makes it through the screens. We seek out experienced managers who have delivered outstanding long-term returns through changing market cycles. To make the final cut a manager must have a clear and consistent investment style and a contrarian approach that does not blindly follow the pack. We favor funds that are tax efficient (i.e. that employ a low turn-over, buy-and-hold approach) and managers whose personal assets are invested in their funds alongside shareholders. All of our managers must have a proven track record of effective risk management and superior risk-adjusted returns. We avoid funds with extreme variations in year-to-year results as well as managers who have suffered major losses in any one year. We also pay close attention to expenses, eliminating funds with sales loads or unreasonable expense ratios. From the small group that meet our investment criteria, we then put together a core portfolio of 25-30 elite funds providing exposure to a variety of investment styles and to every market sector.

## **Fixed Income**

Duration, sector exposure and average credit quality of our bond holdings are determined by our economic and interest rate outlook and, as in equities, are kept in alignment with our model portfolio through periodic rebalancing. The fixed income allocation of a specific portfolio will depend on the client's individual risk profile and income requirements. We tend to favor laddered portfolios of highly liquid treasuries, government agencies, municipals and corporate bonds with varying maturities. Around the core portfolio of investment grade securities we will buy selected bond funds. These funds can serve to access the talent of top bond managers to achieve greater diversification in a portfolio, or to take advantage of opportunities in sectors such as high yield, emerging market, mortgage backed and international debt where specialized manager expertise is essential. When choosing bond funds the same rigorous selection process is used as with equity funds. And as with equities, our guiding principles in structuring bond portfolios are diversification, opportunism and management excellence.

## **Alternative Strategies**

LongView makes use of specialized mutual funds to gain access to asset classes that fall outside of the traditional arena of bonds and stocks. Alternative strategies (merger arbitrage, fixed income arbitrage, convertibles, long/short, global macro and managed futures). Our funds in this group share an absolute return approach, seeking to use short term price movements or valuation disparities among securities and asset classes to generate attractive inflation-adjusted returns with limited risk. We use a similar research process in selecting fund managers for our alternative strategies as in our core portfolios, focusing on managers with deep experience, established track records, superior performance and clearly defined investment philosophies. In this sleeve of our investments we are looking for diversification away from traditional markets, for sources of steady return with low correlation to stocks and bonds and for investments that will help reduce overall risk in a portfolio.

## **Tactical Allocation**

Our tactical allocation model, unlike the traditional portfolio (core equity and core fixed income) is based on purely quantitative inputs and uses buy or sell signals triggered by price trends. We use Exchange Traded Funds (ETFs) in five asset classes: domestic equity, international equity, fixed income, real estate and commodities, to achieve diversification. The goal of the tactical portion of our portfolios is to generate returns that can compete with a "buy and hold" approach, but with lower volatility and downside risk.

All of our investments are subject to broad market risk. Our investments in specific mutual funds may also be negatively impacted by a fund manager's security selection. Our holdings in individual fixed income securities (bonds) may involve the risk of a bond issuer defaulting. In addition, our assessment of economic or market trends and our consequent asset allocation may prove incorrect.

You should be aware of your risk tolerance level and financial situation at all times. We cannot guarantee the successful performance of an investment and we are expressly prohibited from guaranteeing accounts against losses arising from market conditions.

## **ITEM 9: DISCIPLINARY INFORMATION**

Registered investment advisors are required to disclose any material facts regarding any legal or disciplinary actions that would be material to your evaluation of the investment advisor and each

investment advisor representative providing investment advice to you. We have no information of this type to report.

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

Neither Longview nor our principals has any financial industry affiliations or activities to report.

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

### Code of Ethics

We have adopted a set of enforceable guidelines (Code of Ethics), which describes unacceptable conduct by LongView and our associated persons. Summarized, this Code of Ethics prohibits us from:

- placing our interests before yours,
- using non public information gathered when providing services to you for our own gains, or
- engaging in any act, practice or course of business that is, or might be considered, fraudulent, deceptive, manipulative, or in violation of any applicable law, rule or regulation of a governmental agency.

Please contact us if you would like to receive a full copy of this Code of Ethics.

### Personal Trading for Associated Persons

We may buy or sell some of the same securities for you that we already hold in our personal account. We may also buy for our personal account some of the same securities that you already hold in your account. It is our policy not to permit our associated persons (or their immediate relatives) to trade in a way that takes advantage of price movements caused by your transactions.

We may restrict trading for a particular security for our accounts or those of our associated person if there is a pending trade in that security in a client account. Trades for our accounts (and those of our associated persons) will be placed after client trades have been completed. We may receive a better or worse price than that received by the client.

LongView and its associated persons may purchase or sell specific securities for their own account based on personal investment considerations without regard to whether the purchase or sale of such security is appropriate for clients.

All persons associated with us are required to report all personal securities transactions to us quarterly.



## ITEM 12: BROKERAGE PRACTICES

### The Custodian and Brokers We Use

We do not maintain custody of your assets that we manage, although we may be deemed to have custody of your assets if you give us authority to withdraw assets from your account (see “Item 15: Custody”). Your assets must be maintained in an account at a “qualified custodian,” generally a broker/dealer or bank. We recommend that our clients use Charles Schwab & Co., Inc. (“Schwab”), a registered broker/dealer, member SIPC, as the qualified custodian. We are independently owned and operated and are not affiliated with Schwab. Schwab will hold your assets in a brokerage account and buy and sell securities when we instruct them to. While we recommend that you use Schwab as custodian/broker, you will decide whether to do so and will open your account with Schwab by entering into an account agreement directly with them. Your account is opened at Schwab with our assistance.

Not all advisors require their clients to use a particular broker-dealer or other custodian selected by the advisor. Even though your account is maintained at Schwab, we can still use other brokers to execute trades for your account as described below (see “Your Brokerage and Custody Costs”).

### How We Select Brokers/Custodians

We seek to use a custodian/broker who will hold your assets and execute transactions on terms that are, overall, most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, among others:

- Combination of transaction execution services and asset custody services (generally without a separate fee for custody)
- Capability to execute, clear, and settle trades (buy and sell securities for your account)
- Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- Breadth of available investment products (stocks, bonds, mutual funds, exchange-traded funds (ETFs), etc.)
- Availability of investment research and tools that assist us in making investment decisions
- Quality of services
- Competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate the prices
- Reputation, financial strength, and stability
- Prior service to us and our other clients
- Availability of other products and services that benefit us, as discussed below (see “*Products and Services Available to Us From Schwab*”)

### Your Brokerage and Custody Costs

For our clients’ accounts that Schwab maintains, Schwab generally does not charge you separately for custody services but is compensated by charging you commissions or other fees on trades that it executes

or that settle into your Schwab account. Schwab charges you a flat dollar amount as a “prime broker” or “trade away” fee for each trade that we have executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into your Schwab account. These fees are in addition to the commissions or other compensation you pay the executing broker-dealer. Because of this, in order to minimize your trading costs, we have Schwab execute most trades for your account. We have determined that having Schwab execute most trades is consistent with our duty to seek “best execution” of your trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above (see “*How We Select Brokers/Custodians*”).

### Products and Services Available to Us From Schwab

Schwab Advisor Services™ (formerly called Schwab Institutional®) is Schwab’s business serving independent investment advisory firms like us. They provide us and our clients with access to its institutional brokerage—trading, custody, reporting, and related services—many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our clients’ accounts, while others help us manage and grow our business. Schwab’s support services generally are available on an unsolicited basis (we don’t have to request them) and at no charge to us as long as Longview collectively maintains a total of at least \$10 million of their assets in accounts at Schwab. If Longview has less than \$10 million in assets at Schwab, Schwab may charge us quarterly service fees. Following is a more detailed description of Schwab’s support services:

#### Services That Benefit You.

Schwab’s institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab’s services described in this paragraph generally benefit you and your account.

#### Services That May Not Directly Benefit You.

Schwab also makes available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our clients’ accounts. They include investment research, both Schwab’s own and that of third parties. We may use this research to service all or a substantial number of our clients’ accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- Provide access to client account data (such as duplicate trade confirmations and account statements)
- Facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- Provide pricing and other market data
- Facilitate payment of our fees from our clients’ accounts
- Assist with back-office functions, recordkeeping, and client reporting

### Services That Generally Benefit Only Us.

Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:

- Educational conferences and events
- Consulting on technology, compliance, legal, and business needs
- Publications and conferences on practice management and business succession

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

### Our Interest in Schwab's Services

The availability of these services from Schwab benefits Longview because we do not have to produce or purchase them. We don't have to pay for Schwab's services so long as our clients collectively keep a total of at least \$10 million of their assets in accounts at Schwab. The \$10 million minimum may give us an incentive to recommend that you maintain your account with Schwab, based on our interest in receiving Schwab's services that benefit our business rather than based on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a potential conflict of interest. We believe, however, that our selection of Schwab as custodian and broker is in the best interests of our clients. Our selection is primarily supported by the scope, quality, and price of Schwab's services (see "*How We Select Brokers/Custodians*") and not Schwab's services that benefit only us.

### Aggregation of Orders

There are occasions on which portfolio transactions will be executed as part of concurrent authorizations to purchase or sell the same security for another clients.

We may choose to block (aggregate) trades for your account with those of other client accounts. When we place a block trade, all participants included in the block receive the same price per share on the trade. The price is calculated by averaging the price of all of the shares traded. Due to the averaging of price over all of the participating accounts, aggregated trades could be either advantageous or disadvantageous. Commission costs are not averaged. You will pay the same commission whether your trade is placed as part of a block or on an individual basis. The objective of the aggregated orders will be to allocate the executions in a manner that is deemed equitable to the accounts involved.

Aggregation of securities, either purchasing or selling, is employed occasionally when purchasing bonds and frequently in the implementation of our tactical model, wherein we purchase or sell ETFs.

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

Bi-monthly reviews of portfolio performance, asset class performance, position performance and portfolio statement of holdings is preformed by Elizabeth Roy and David Cantor, our Principals and Co-Directors.

Clients received written quarterly reports which include Portfolio Performance (year to date and since inception), Asset Class Performance Summary (year to date and since inception), and Portfolio statement of holdings.

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

We receive an economic benefit from Schwab in the form of the support products and services it makes available to us and other independent investment advisors whose clients maintain their accounts at Schwab. These products and services, how they benefit us, and the related conflicts of interest are described above (see “Item 12: Brokerage Practices”). The availability to us of Schwab’s products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

We do not directly or indirectly compensate anyone for client referrals.

#### **ITEM 15: CUSTODY**

If you give us authority to deduct our fees directly from your separately managed account, we have custody of those assets. In order to avoid additional regulatory requirements in these cases, we follow the procedures outlined in “Item 5: Fees and Compensation.” You will receive account statements directly from Schwab at least quarterly. They will be sent to the email or postal mailing address you provided to Schwab. You should carefully review those statements promptly when you receive them. We also urge you to compare Schwab’s account statements to the periodic portfolio reports you will receive from us.

#### **ITEM 16: INVESTMENT DISCRETION**

As one of the conditions of managing your account, you are required to provide discretionary authority for us to manage your assets. Discretionary authority means that you are giving us a limited power of attorney to place trades on your behalf. This limited power of attorney does not allow us to withdraw money from your account, other than advisory fees if you agree to give us that authority.

You grant us discretionary authority by completing the following items:

- Sign an Investment Advisory Agreement with us that provides a limited power of attorney for us to place trades on your behalf. Any limitations to the trading authorization will be added to this agreement.
- Provide us with discretionary authority on the new account forms that are submitted to the broker/dealer acting as custodian for your account(s).

From time to time, clients may request a socially responsible only investment portfolio, in which case we have a discussion with that client outlining the possibilities of achieving this.

#### **ITEM 17: VOTING CLIENT SECURITIES**

As a matter of policy and as a fiduciary to our clients, we have responsibility for voting proxies for your portfolio securities consistent with your best economic interests. We maintain written policies and

procedures as to the handling, research, voting and reporting of proxy voting and make appropriate disclosures about our proxy policies and practices. Our policy and practice includes 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. You may provide direction regarding any particular proxy solicitation.

You may elect to retain the authority to vote the proxies yourself. In these cases we would not provide guidance about how to vote any proxy solicitations received.

You may request a copy of our Proxy Policies and Procedures and/or information about how a proxy was voted at any time by contacting Elizabeth Roy at (505) 988-9555 or by e-mail at [info@longviewasset.com](mailto:info@longviewasset.com).

## **ITEM 18: FINANCIAL INFORMATION**

As a registered investment advisor, we are required to provide you with certain financial information or disclosures about our financial condition. LongView has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.