

# CEDAR ROCK CAPITAL LIMITED

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## BROCHURE

### PART 2A

January 27, 2011

#### ITEM 1: COVER PAGE

This brochure provides information about the qualifications and business practices of Cedar Rock Capital Limited. If you have any questions about the contents of this brochure, please contact us at (011) 44 20 7563 1100 and/or [moreinfo@cedarrockcapital.com](mailto:moreinfo@cedarrockcapital.com). 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.

Additional information about Cedar Rock Capital Limited also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Whilst Cedar Rock Capital Limited is registered as an investment adviser with the Securities and Exchange Commission pursuant to the Investment Advisers Act of 1940, as amended, it does not comply with the Advisers Act with regard to its non-US clients. Registration with the SEC does not imply a certain level of skills or training.

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#### ITEM 4: ADVISORY BUSINESS

**A. General Description of Advisory Firm** - Cedar Rock Capital Limited (or “Cedar Rock”) is a company which was incorporated in the United Kingdom on June 20, 2002. Cedar Rock commenced business in December 2002. Cedar Rock’s registered address is 20-22 Bedford Row, London WC1R 4JS, United Kingdom and its principal place of business is 110 Wigmore Street, London W1U 3RW, United Kingdom. Cedar Rock has been registered as an investment adviser with the SEC since November 4, 2002 and with the Financial Services Authority in the United Kingdom (“FSA”) since November 14, 2002. Registration with the SEC does not imply a certain level of skills or training. Cedar Rock was founded by Andy Brown, who is its principal owner and sole controller. Andy Brown is also Cedar Rock’s Chief Executive Officer (“CEO”).

**B. Description of Advisory Services** - Cedar Rock provides advisory services on a discretionary basis to its clients, which include institutions with separately managed accounts and pooled investment vehicles intended for sophisticated investors and institutional investors. Cedar Rock’s investment advice is limited to a long-only, global equity strategy. Andy Brown originally conceived this investment strategy in, and solely managed it from, 1996, whilst employed at Morgan Stanley Investment Management in London, UK, where it was marketed as the Global Franchise strategy by Morgan Stanley to institutional and private clients. Cedar Rock’s investment strategy has been the same since inception in 2002.

**C. Availability of Tailored Services for Individual Clients** - Cedar Rock does not generally tailor its advisory services to the individual needs of clients. Accordingly, Cedar Rock does not manage portfolios for clients that seek to impose restrictions on investing in certain securities which Cedar Rock believes may form part of its investable universe. However, where a client is subject to specific restrictions (e.g., portfolio diversification requirements), Cedar Rock may tailor its services in accordance with such restrictions on a case by case basis if such restrictions will not materially alter its investment strategy and approach.

**D. Wrap Fee Programs** - Cedar Rock does not participate in wrap fee programs.

**E. Client Assets Under Management** - As of December 31, 2010, Cedar Rock managed the following client assets:

Non-Discretionary Client Assets:	US\$	0.00
Discretionary Client Assets:	US\$	<u>5,965,180,707.11</u>
Total Assets under Management:	US\$	5,965,180,707.11

#### ITEM 5: FEES AND COMPENSATION

**A. Advisory Fees and Compensation** - Cedar Rock charges its clients an investment management fee of one per cent. (1%) per annum of the value of the client account. The investment management fees are calculated and charged to clients either quarterly or monthly in arrears based on the value of the assets in the client account (including net unrealized

appreciation or depreciation of investments and cash, cash equivalents and accrued interest) on the last day of the quarter or month.

If a new client account is established during a quarter or month, as applicable, or a client makes an addition to its account during a quarter or month, the investment management fee will be prorated for the number of days remaining in the quarter or month. If a client's investment management agreement is terminated or a withdrawal is made from a client account during a quarter or month, the fee payable to Cedar Rock will be calculated based on the value of the assets on the termination date or withdrawal date and prorated for the number of days during the quarter or month in which such amount was in the account.

Cedar Rock has in the past extended lower fee terms to certain clients based upon, inter alia, their previous business relationship with the principals of Cedar Rock. Cedar Rock does not currently negotiate fees.

Cedar Rock does not charge any performance based fees.

**B. Payment of Fees** – Cedar Rock charges the investment management fee each month to its private fund client accounts. Cedar Rock bills its separate account clients quarterly or monthly, as applicable, for fees incurred. Cedar Rock does not allow clients to elect that Cedar Rock deducts its fee directly from their account. Fees are generally calculated as at the last business day of each quarter or month, as applicable, and are billed and payable in arrears.

**C. Other Fees and Expenses** - In addition to paying investment management fees, client accounts will also be subject to other investment expenses such as custodial charges, brokerage fees, commissions and related costs; interest expenses; taxes, duties and other governmental charges; transfer and registration fees or similar expenses; costs associated with foreign exchange transactions; other portfolio expenses; and costs, expenses and fees associated with products or services that may be necessary or incidental to such investments or accounts. In addition to the expenses set forth above, each of the private funds managed by Cedar Rock also pay legal fees, research fees and expenses, fees charged by accountants and administrators for their professional services and other expenses related to the fund as described in greater detail in the private fund's offering documents. Client assets may be also invested in money market mutual funds or other registered investment companies. In these cases, the client will bear its pro rata share of the investment management fee and other fees and expenses of the fund, which are in addition to the investment management fee paid to Cedar Rock.

**D.** Cedar Rock's clients do not pay fees in advance.

**E.** Neither Cedar Rock nor any of its supervised persons accept any form of compensation for the sale of securities or other investment products.

<b>ITEM 6: PERFORMANCE BASED FEES AND SIDE-BY-SIDE MANAGEMENT</b>
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As disclosed in **Item 5.B** above, Cedar Rock does not charge any performance based fees. However, certain client accounts may have higher asset-based fees than other accounts. When Cedar Rock and its investment personnel manage more than one client account, a potential

exists for one client account to be favored over another client account. Cedar Rock and its investment personnel have a greater incentive to favor client accounts that pay Cedar Rock the higher fees.

Cedar Rock has adopted and implemented policies and procedures intended to address conflicts of interest relating to the management of multiple accounts, including accounts with multiple fee arrangements, and the allocation of investment opportunities. Cedar Rock will, as a policy, allocate all investment opportunities among its clients in a manner that it considers fair and equitable to all clients, considering all factors potentially applicable to each client. Among the factors that may be considered by Cedar Rock in allocating trades among client accounts are Cedar Rock's target percentages for that stock in reference to the client account's total asset value, investment policies, guidelines or restrictions applicable to each specific client, available liquidity and timing of cash flows. Cedar Rock's procedures also require that, to the extent orders are aggregated, the client orders are price-averaged as further described in Item 12(b). Finally, Cedar Rock's procedures also require the objective allocation for limited opportunities (such as initial public offerings) to ensure fair and equitable allocation among accounts. These areas are monitored by Cedar Rock's Chief Compliance Officer.

#### ITEM 7: TYPES OF CLIENTS

Cedar Rock clients consist of private funds, endowments, foundations, large family offices, charitable organizations, corporate pension plans and other business entities. Cedar Rock generally requires that a client invests a minimum of \$50,000,000 to open a separate account. However, Cedar Rock may accept a lesser initial investment in its sole discretion.

With respect to any client that is a private fund, any initial investment minimums are disclosed in the offering documents for the private fund.

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

**A. Methods of Analysis and Investment Strategies** - Cedar Rock utilizes a single investment strategy, which is a long-only, unleveraged, global equity strategy. Cedar Rock specializes in seeking out high-quality businesses in which to invest for its clients. Cedar Rock defines quality as the ability of a business to sustain a high unleveraged return on its capital. Cedar Rock does not seek to minimize volatility relative to any sectoral, national, regional or global index of equity market performance. The investment strategy does not place any restriction on Cedar Rock's ability to invest any portion of its clients' accounts assets in a single country or industry sector.

Cedar Rock utilizes fundamental research to identify investment candidates. Cedar Rock utilizes a variety of information sources for its research, including specialist databases, company reports and websites, stockbrokers' equity research and the press. Cedar Rock generally visits and analyses its target investee companies.

Cedar Rock's investment strategy consists primarily of long positions in publicly traded equity securities listed on the world's stock exchanges. While Cedar Rock expects to invest primarily

in quoted equities, a client may receive securities other than quoted equities through corporate actions involving its existing holdings. These securities could include preferred shares, debt securities convertible into such equity securities and other instruments issued by such issuer. The risks associated with these types of securities are discussed below.

**This investment strategy and method of operation involves the risk of loss to clients and clients should be prepared to bear the loss of their entire investment.**

## **B. Material Risks Related to Investment Strategies:**

### ***Equity Securities***

Equities are a volatile asset class suitable only for clients with a tolerance for wide fluctuations in the market value of their investments. The market price of equity securities may be affected by international events or market factors such as economic or industry cycles or broad declines in stock market prices, or by conditions affecting specific issuers, such as changes in earnings forecasts. Multinational companies earn revenues and incur expenses in multiple currencies. Currency fluctuations can affect a multinational company's financial performance and/or competitive position. Investing in companies with small and medium-sized market capitalizations may involve greater risk than investing in larger companies, and their share prices can fluctuate dramatically in a short period of time. Small and mid-cap companies may be more susceptible to setbacks or downturns than larger companies and may experience higher rates of bankruptcy or other failures. In addition, the shares of a small or mid-cap company may be thinly traded.

### ***Bonds***

As is the case for equities, the prices of bonds are volatile. The traded price of a bond may be more or less than its nominal value. A bond may be at risk of being called by its issuer; or a bond's issuer may be unable to pay the contractual interest or principal on the bond. Furthermore, the rate of price increases in the general economy may diminish the inflation-adjusted returns associated with a bond. For some bonds there may be a restricted market and it may be difficult to deal in them or to obtain reliable information about their value.

### ***Warrants***

A warrant is a time-limited right to subscribe for shares or bonds at a particular price and is exercisable against the issuer of the warrants. The issuer of the warrants may be the original issuer of the underlying securities or a third party issuer that has set aside a pool of the underlying securities to cover its obligations under the warrants (i.e., covered warrants). Each warrant is a contract between the warrant issuer and the holder. The holder is therefore exposed to the risk that the issuer will not perform its obligations under the warrant. The price of the warrants will be affected by the risk factors that can affect the price of the underlying securities to which the warrant relates. Warrant prices can be volatile. A relatively small movement in the price of the underlying security results in a disproportionately large movement, unfavorable or favorable, in the price of the warrant.

### ***Non-US Securities and Foreign Currency Exposure***

Foreign securities, foreign currencies, and securities issued by U.S. entities with substantial foreign operations can involve additional risks relating to political, economic, or regulatory conditions in foreign countries. These risks include fluctuations in foreign currencies; withholding or other taxes; trading, settlement, custodial, and other operational risks; and the less stringent investor protection and disclosure standards of some foreign markets. All of these factors can make foreign investments, especially those in emerging markets, more volatile and potentially less liquid than US investments. In addition, foreign markets can perform differently from the U.S. market. A substantial portion of securities in Cedar Rock's client accounts may be denominated in currencies other than the US dollar and as Cedar Rock does not currently employ hedging techniques, the value of the client account can be significantly affected by currency movements.

### ***Currency Exchange Transactions***

Currency exchange transactions protect against uncertainty in the level of future exchange rates when merited and practicable. Cedar Rock may conduct currency exchange transactions for a client account either on the spot (i.e., cash) basis at the rate prevailing in the currency exchange market, or through entering into forward contracts to purchase or sell currency. The use of forward currency contracts does not eliminate fluctuations in the underlying prices of the securities, but it does establish a rate of exchange that can be achieved in the future. Although forward currency contracts limit the risk of loss due to a decline in the value of the hedged currency, at the same time they also limit any potential gain that might result should the value of the currency increase.

**C. Risks Associated With Types of Securities that are Primarily Recommended – See Item 8.B. above.**

## **ITEM 9: DISCIPLINARY INFORMATION**

This Item is not applicable.

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

**A.** Cedar Rock is not registered as a broker-dealer.

**B.** Cedar Rock is not registered as a commodity pool operator or a commodity trading adviser.

**C. Material Relationships or Arrangements with Industry Participants** - David Miller is a director, Chief Operating Officer, Finance Director and Chief Compliance Officer ("CCO") of Cedar Rock. Joy-Isabelle Besse is a director and the Money Laundering Reporting Officer of Cedar Rock. The principal business of David Miller and Joy-Isabelle Besse is Meteora Partners LLP ("Meteora LLP"), a UK based firm that provides book keeping, financial reporting, compliance, personnel and other administrative support services to investment firms, including Cedar Rock. David Miller and Joy-Isabelle Besse provide their services as executive officers to Cedar Rock pursuant to a commercial contract between Meteora LLP and Cedar Rock, which does not set any limit on the amount of time that they will devote to Cedar Rock. Joy-Isabelle Besse is also a director of Cedar Rock Capital Management Ltd, Cedar Rock's wholly owned



Irish subsidiary, and a director of a public limited company incorporated in Ireland and established as an undertaking for collective investment in transferable securities (“UCITS”) pursuant to European Communities UCITS Regulations managed by Cedar Rock.

D. Cedar Rock does not recommend or select other investment advisers for its clients.

<b>ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS &amp; PERSONAL TRADING</b>
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**A. Code of Ethics** - Cedar Rock has adopted a Code of Ethics (the “Code”) that sets out its policies in respect of personal securities transactions, gifts & business entertainment and outside affiliations & political and governmental activities of its employees<sup>1</sup>. The Code obligates Cedar Rock and its employees to put the interests of Cedar Rock’s clients before its own interests and to act honestly and in good faith in all respects in its dealings with clients. All of Cedar Rock’s personnel are also required to comply with applicable federal securities laws.

Among other requirements, the Code prohibits Cedar Rock employees from buying or selling any security held in or contemplated for Cedar Rock’s clients accounts, including investing in a limited offering, private placement or initial public offering (except that certain personnel of Cedar Rock may, and do from time to time, invest in interests of certain private funds managed by Cedar Rock). Additionally, the Code requires all employees to seek prior approval for and to report their personal securities transactions and holdings to Cedar Rock’s CCO. In addition, Cedar Rock’s Code prohibits Cedar Rock or its employees from executing personal securities transactions of any kind in any securities on a restricted securities list maintained by the CCO. All of Cedar Rock’s employees are also required to provide broker confirmations of each transaction in which they engage and a quarterly certification of such transactions, as well as disclose their holdings on an annual basis.

Cedar Rock, in the course of its investment management and other activities, may come into possession of confidential or material nonpublic information about issuers, including issuers in which Cedar Rock has invested or seeks to invest on behalf of clients. Cedar Rock is prohibited from improperly disclosing or using such information for its own benefit or for the benefit of any other person, regardless of whether such other person is a client. Cedar Rock maintains and enforces written policies and procedures that prohibit the communication of such information to persons who do not have a legitimate need to know such information and to assure that Cedar Rock is meeting its obligations to clients and remains in compliance with applicable law. In certain circumstances, Cedar Rock may possess certain confidential or material, nonpublic information that, if disclosed, might be material to a decision to buy, sell or hold a security, but Cedar Rock will be prohibited from communicating such information to the

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<sup>1</sup> The term “employees” includes “relevant persons” (i.e., any of the following (a) a director, partner or equivalent, manager, employee or appointed representative of Cedar Rock, and (b) any other natural person, including persons operating under an outsourcing arrangement, whose services are placed at the disposal and under the control of Cedar Rock and who is involved in the provision by Cedar Rock of regulated activities as defined by the FSA) and “access persons” (i.e., a supervised person who has access to non-public information regarding a client’s purchase or sale of securities, who is involved in making securities recommendations to clients or who has access to such recommendations that are non-public; a “supervised person” means a director or officer (or other person occupying a similar status or performing similar functions), employee and any other person who provides advice on behalf of Cedar Rock and is subject to Cedar Rock’s supervision and control.)



client or using such information for the client's benefit. In such circumstances, Cedar Rock will have no responsibility or liability to the client for not disclosing such information to the client (or the fact that Cedar Rock possesses such information), or not using such information for the client's benefit, as a result of following Cedar Rock's policies and procedures designed to provide reasonable assurances that it is complying with applicable law.

Clients or prospective clients may obtain a copy of the Code of Ethics by contacting David J. Miller (Chief Compliance Officer) by email at david.miller@meteorapartners.com or by telephone at (011) 44 20 7434 1234.

**B. Client Transactions in Securities where Adviser has Material Financial Interest** – A related person of Cedar Rock is the manager of a private fund organized as a limited liability company into which Cedar Rock solicits client investments. This related person has designated Cedar Rock as the recipient of the monthly investment management fee payable to it by this private fund. The investment management fee is the same for the private fund as for Cedar Rock's other client accounts, and therefore does not create an incentive for Cedar Rock to recommend securities to clients based on its own financial interests. Cedar Rock may waive the investment management fee for its employees who invest into the private fund.

Remuneration and bonus arrangements for all employees of Cedar Rock are carefully considered to ensure that conflicts do not inadvertently arise through targets that inappropriately incentivise staff to behave in a manner that disadvantages the interests of a client in favor of Cedar Rock or of other clients. Bonuses are calculated according to the general performance of Cedar Rock and are not linked directly to the performance of a particular client.

**C. Investing in Securities Recommended to Clients** – Cedar Rock's employees or related persons may invest in the private funds managed by Cedar Rock. From time to time, Cedar Rock may recommend that a separate account client close the separate account and invest in a private fund managed by Cedar Rock to the extent such account, as a result of market movements and/or withdrawals, becomes too small to manage separately. Alternatively, Cedar Rock may recommend that an investor in a private fund transfer its investment to a separate managed account if such investment becomes large enough to merit a separate account.

**D.** Cedar Rock does not recommend securities to clients, or buy or sell securities for client accounts, at or about the same time that the Adviser or a related person buys or sells the same securities for its own account.

## ITEM 12: BROKERAGE POLICIES

**A. Factors Considered in Selecting or Recommending Broker-Dealers for Client Transactions**  
- Unless otherwise provided in an investment management agreement with a particular client, Cedar Rock possesses the same discretion to determine the broker or dealer to be used for each

securities transaction for each client account. In selecting brokers or dealers to execute transactions (or series of transactions), Cedar Rock considers a number of factors to determine the reasonableness of the broker-dealer's compensation. Such factors include price, ability to effect the transactions, the brokers' or dealers' facilities, reliability and financial responsibility, special execution capabilities, block trading capabilities, willingness to execute related or unrelated difficult transactions in the future, quotation services, custody, recordkeeping and similar services, and any research or investment management-related services provided by such brokers or dealers; however, Cedar Rock need not solicit competitive bids from broker-dealers and does not have an obligation to seek the lowest available commission cost. Where it utilizes full-service brokers, it is not Cedar Rock's practice to negotiate "execution only" commission rates, thus a client may be deemed to be paying for research, brokerage or other services provided by a broker-dealer which are included in the commission rate.

**1. Research and Other Soft Dollar Benefits** - Cedar Rock receives research from certain broker-dealers in connection with client securities transactions. This is known as a "soft dollar" relationship. Cedar Rock limits the use of "soft dollars" to obtain research and brokerage services in compliance with the FSA Rules and as permitted under the safe harbor of Section 28(e) of the Securities Exchange Act of 1934 ("Section 28(e)").

Research services within Section 28(e) may include, but are not limited to, research reports (including market research); certain financial newsletters and trade journals; software providing analysis of securities portfolios; corporate governance research and rating services; attendance at certain seminars and conferences; discussions with research analysts; meetings with corporate executives; consultants' advice on portfolio strategy; data services (including services providing market data, company financial data and economic data); advice from brokers on order execution; and certain proxy services.

Brokerage services within Section 28(e) may include, but are not limited to, services related to the execution, clearing and settlement of securities transactions and functions incidental thereto (i.e., connectivity services between an investment manager and a broker-dealer and other relevant parties such as custodians); trading software operated by a broker-dealer to route orders; software that provides trade analytics and trading strategies; software used to transmit orders; clearance and settlement in connection with a trade; electronic communication of allocation instructions; routing settlement instructions; post trade matching of trade information; and services required by the SEC or a self regulatory organization such as comparison services, electronic confirms or trade affirmations.

As disclosed above, Cedar Rock may cause clients to pay commissions (or markups or markdowns) higher than those charged by other broker-dealers in return for soft dollar benefits (known as paying-up), resulting in higher transaction costs for clients. The use of client commissions (or markups or markdowns) to obtain research and brokerage products and services raises conflicts of interest. For example, Cedar Rock will not have to pay for the products and services itself. This creates an incentive for Cedar Rock to select or recommend a broker-dealer based on its interest in receiving those products and services.

Research and brokerage services obtained by the use of commissions arising from the client's portfolio transactions may be used by Cedar Rock in its other investment activities, including

for the benefit of other client accounts. Cedar Rock does not seek to allocate soft dollar benefits to client accounts proportionately to the soft dollar credits the accounts generate.

Cedar Rock has entered into “client commission arrangements” pursuant to which Cedar Rock may execute transactions through a broker-dealer and request that the broker-dealer allocate a portion of the commissions or commission credits to another firm that provides research to Cedar Rock.

In order to manage the conflicts of interest inherent in its brokerage practices, Cedar Rock has adopted the following policies:

(i) Cedar Rock limits the use of “soft dollars” under client commission arrangements to those products and services that are permitted under the safe harbor of Section 28(e), the FSA rules and applicable regulatory interpretations; and

(ii) Cedar Rock’s brokerage policies are disclosed to clients in writing prior to the provision of Cedar Rock’s services, generally as part of the investment management agreement or the applicable offering memorandum. In addition, Cedar Rock provides to its clients at least once a year or in relation to such other periods as its clients may reasonably require, a report on its use of broker commission.

2. Cedar Rock does not select or recommend broker-dealers based on whether the Adviser receives client referrals from such broker-dealer.

3. Cedar Rock does not have directed brokerage arrangements with clients.

**B. Order Aggregation** - Where possible, Cedar Rock will aggregate orders for clients for the purchase or sale of the same security using the same executing broker. Such aggregation may enable Cedar Rock to obtain for clients a more favorable price or a better commission rate based upon the volume of a particular transaction. Nevertheless, there may be circumstances when aggregation works to the disadvantage of a client but is done to provide equitable treatment to all clients. Cedar Rock aggregates client orders where it reasonably believes that this is in clients’ overall best interests or to provide equitable treatment. Where it is intended to aggregate orders for clients, this will be disclosed in the relevant client investment management agreements or offering memoranda.

Where it aggregates orders across client accounts, Cedar Rock will pre-allocate the securities across the aggregated client accounts before the transaction is effected, specifying the participating client accounts and method of allocation among accounts. After the trade is executed, securities shall be promptly allocated to client accounts in accordance with pre-allocation. Adjustments or changes may be made under certain circumstances, such as to avoid odd lots or excessively small allocations. If the order at a particular broker is filled at several different prices, through multiple trades, generally all such participating accounts will receive the volume-weighted average price and pay the average commission, subject to odd lots, rounding, and market practice. If an aggregated order is only partially filled, Cedar Rock’s procedures provide that the securities or proceeds are to be allocated in a manner deemed fair and equitable to clients.

### ITEM 13: REVIEW OF ACCOUNTS

**A. Frequency and Nature of Review** - Each client account is generally reviewed daily by Andy Brown, the Chief Investment Officer ("CIO") for weightings of individual positions, performance and adherence to investment policies.

Each account is also reviewed monthly on a sample basis for adherence to investment restrictions by compliance staff under the supervision of the CCO.

**B. Factor Prompting a Non-Periodic Review of Accounts** - Significant market events affecting the prices of one or more securities in client accounts may trigger reviews of client accounts on other than a periodic basis.

**C. Content and Frequency of Regular Account Reports** - Each client that is a separate account will receive reports in accordance with what is specified in their individual investment management agreement. Generally, clients will receive a monthly written summary of their account's performance, and key highlights of trading activity. Such reports may be delivered electronically to the client in accordance with the client's agreement with Cedar Rock.

Investors in the private funds managed by Cedar Rock receive reports pursuant to the terms of each fund's offering documents. These reports generally include a monthly performance report from Cedar Rock, monthly statements of account, annual audited financial statements within 120 days after the financial year end, and annual tax reports.

### ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

**A. Economic Benefits Received from Non-Clients for Providing Services to Clients** - As discussed in **Item 12 - Brokerage Practices** Cedar Rock receives certain research or other products or services from broker-dealers through "soft-dollar" arrangements. These "soft-dollar" arrangements create an incentive for Cedar Rock to select or recommend broker-dealers based on Cedar Rock's interest in receiving the research or other products or services and may result in the selection of a broker-dealer on the basis of considerations that are not limited to the lowest commission rates and may result in higher transaction costs than would otherwise be obtainable by Cedar Rock on behalf of its clients. Please see **Item 12 - Brokerage Practices** for further information on Cedar Rock's "soft-dollar" practices, including Cedar Rock's procedures for addressing conflicts of interest that arise from such practices.

Cedar Rock does not receive any economic benefit from any person who is not a client for providing investment advice or other advisory services to Cedar Rock's clients, other than from broker-dealers in the form of soft dollars as described above.

Cedar Rock and its affiliates do not compensate any person for client referrals.

**B.** Cedar Rock does not directly or indirectly compensate any person who is not its supervised person for client referrals.

#### ITEM 15: CUSTODY

This Item is not applicable.

#### ITEM 16: INVESTMENT DISCRETION

Cedar Rock provides investment advisory services on a discretionary basis to clients. Please see **Item 4 – Advisory Business** for a description of certain limitations clients may place on Cedar Rock’s discretionary authority.

Prior to assuming full discretion in managing a client’s assets in a separate managed account, Cedar Rock enters into an investment management agreement that sets forth the scope of Cedar Rock’s discretion.

Unless otherwise instructed or directed by a discretionary client, Cedar Rock has the authority to determine (i) the securities to be purchased and sold for the client account (subject to restrictions on its activities set forth in the applicable investment management agreement and any written investment guidelines) and (ii) the amount of securities to be purchased or sold for the client account. Because of the differences in client investment objectives and strategies and other criteria as set out below, there may be differences among clients in invested positions and securities held.

Cedar Rock’s CIO, Andy Brown, submits an allocation statement to Cedar Rock’s trading desk describing the allocation of securities to (or from) client accounts for each trade/order submitted. Andy Brown may consider the following factors, among others, in allocating securities among clients: (i) client investment guidelines; (ii) restrictions placed on a client’s portfolio by the client or by applicable law; (iii) size of the client account; (iv) existing size and average cost of the security in the client’s account; and (v) account liquidity and timing of cash flows. Cedar Rock’s policy is to allocate investment opportunities to eligible client accounts based on Andy Brown’s target percentage for that stock in reference to the client account’s total asset value.

Cedar Rock may effect cross transactions between discretionary client accounts, except as otherwise noted below. Cross transactions enable Cedar Rock to effect a trade between two clients for the same security at a set price, thereby possibly avoiding an unfavorable price movement that may be created through entrance into the market and saving commission costs for both accounts. Cross transactions include rebalancing transactions that are undertaken so that, after withdrawals or contributions have occurred, the portfolio compositions of similarly managed accounts remain substantially similar. Cedar Rock has a potentially conflicting division of loyalties and responsibilities regarding both parties to cross transactions. Cross transactions between client accounts are not permitted if they would constitute principal trades or trades for which Cedar Rock or its affiliates are compensated as a broker unless client consent has been obtained based upon written disclosure to the client of the capacity in which Cedar Rock or its affiliates will act. In addition, cross transactions are not permitted for benefit plan or other similar accounts that are subject to ERISA.

Cedar Rock maintains policies in respect of trading errors which require that, to the extent that trading errors occurs, they are corrected as soon as practicable. As soon as a trading error is suspected, the CCO should be alerted immediately, who will review the facts and determine an appropriate course of action. The CCO has discretion to resolve a particular error in a manner other than specified in Cedar Rock's procedures. Unless otherwise agreed to between Cedar Rock and the client, Cedar Rock is responsible for its own errors and not the errors of other persons, including third party brokers and custodians, unless otherwise expressly agreed to by Cedar Rock. Broker-dealers are not permitted to assume responsibility for trading error losses caused by Cedar Rock.

#### ITEM 17: VOTING CLIENT SECURITIES

**A. Policies and Procedures Relating to Authority to Vote Client Securities** – To the extent Cedar Rock has been delegated proxy voting authority on behalf of its clients, the Adviser complies with its Proxy Voting Policies and Procedures (the "Procedures") that are designed to ensure that Cedar Rock votes proxies with respect to client securities in the best interests of its clients. The Procedures also require that Cedar Rock identify any conflicts of interest between Cedar Rock and its clients. If a material conflict exists, Cedar Rock will determine whether voting in accordance with the voting guidelines and factors described in the Procedures is in the best interests of the client or take some other appropriate action.

Cedar Rock will generally vote in favor of routine corporate housekeeping proposals such as the election of directors where no corporate governance issues are implicated, the reappointment of auditors or increases or reclassification of common stock. Generally, Cedar Rock will vote against proposals that make it more difficult to replace members of a board of directors, that cause management to be too heavily represented on the board or introduce cumulative voting, unequal voting rights and create supermajority voting. For all other proposals, Cedar Rock will determine whether a proposal is in the best interests of its clients and may take into account, among others, the following factors: whether the proposal was recommended by management and Cedar Rock's opinion of management; whether the proposal acts to entrench existing management; whether the proposal fairly compensates management for past and future performance; and whether the proposal is likely to strengthen the issuer's business franchise and therefore benefit its shareholders over a time frame that is relevant for Cedar Rock's clients' portfolios.

Clients may obtain a copy of Cedar Rock's Procedures and information about how it voted a client's proxies by contacting the Investment Advisers, Andrew Brown or Nicholas Tingley ([andy.brown@cedarrockcapital.com](mailto:andy.brown@cedarrockcapital.com)) or ([nicholas.tingley@cedarrockcapital.com](mailto:nicholas.tingley@cedarrockcapital.com)).

**B.** Currently, Cedar Rock has been delegated authority to vote all Client securities.

#### ITEM 18: FINANCIAL INFORMATION

This Item is not applicable.