

Form ADV, Part 2A

Firm Brochure

Ruane, Cunniff & Goldfarb Inc.

March 23, 2012

This brochure provides information about the qualifications and business practices of Ruane, Cunniff & Goldfarb Inc. (the “Adviser”), an investment adviser registered with the United States Securities and Exchange Commission (“SEC”). If you have any questions about the contents of this brochure, please contact us at (212) 832-5280. The information in this brochure has not been approved or verified by the SEC or by any state securities authority.

Additional information about Ruane, Cunniff & Goldfarb Inc. also is available on the SEC’s website at www.adviserinfo.sec.gov.

Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.

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Item 4. Advisory Business

Ruane, Cunniff & Goldfarb Inc. is an SEC-registered investment adviser with its principal place of business in New York, New York. The Adviser began conducting business in 1969 and has been registered with the SEC since May 1969. Robert D. Goldfarb and Richard T. Cunniff are the principal owners of the Adviser.

The Adviser provides investment supervisory services on a discretionary basis to its clients, which include individuals and institutions with separately managed accounts and a registered investment company. Certain supervised persons of the Adviser provide advisory services to pooled investment vehicles intended for sophisticated individual investors and institutional investors.

The Adviser typically manages accounts in accordance with its overall investment objective and strategy, which seeks long-term growth of capital. The Adviser seeks to meet this overall objective and strategy by investing in equity securities of issuers identified by the Adviser through its fundamental, bottom-up analysis of issuers. Clients may impose restrictions on investing in certain securities or certain types of securities.

As of December 31, 2011, the Adviser had approximately \$16.8 billion client assets under management.

Item 5. Fees and Compensation

The Adviser charges each client an investment advisory fee based on the market value of the client's assets under management. For managed account clients, the Adviser typically charges an advisory fee at an annual rate of 1.0%. The fee is payable in quarterly installments in advance on the first day of each calendar quarter and is based on the market value of the assets under management in the account as of the close of business on the preceding business day. The fee will be prorated for any partial quarter during which the account is established.

A managed account client may terminate the investment management agreement with the Adviser at any time. Upon termination of an account during a quarter, advisory fees will be prorated and any prepaid, unearned advisory fees will be promptly refunded.

The Adviser reserves the right to determine the annual rate and/or the manner of payment with any managed account client or prospective managed account client. As a result, fees may be negotiable under certain circumstances or for certain managed account clients. The Adviser bills managed account clients and deducts the fee automatically from their accounts when agreed upon with the clients.

For Sequoia Fund, Inc. ("Sequoia"), the registered investment company for which the Adviser provides advisory services, the Adviser receives an advisory fee at an annual rate of 1.0%, which is based on the average daily net asset values of the Fund. The fee is accrued daily and paid monthly.

In addition to paying advisory fees to the Adviser, clients are subject to other expenses such as brokerage commissions and costs associated with foreign exchange transactions, among others. Client assets may be invested in money market mutual funds or other registered investment companies. In these cases, the client bears its pro rata share of the investment management fee and other fees of the fund in which the assets are invested. The management and other fees of the fund in which assets are invested are described in the fund's offering documents and are in addition to the advisory fee paid to the Adviser. Please refer to Item 12 of this Firm Brochure for a discussion of the Adviser's brokerage practices.

The Adviser and certain of its supervised persons receive compensation in connection with the sale of securities. Please refer to Item 10 of this Brochure for more information concerning this compensation.

Item 6. Performance-Based Fees and Side-By-Side Management

The Adviser and its supervised persons provide investment management services to multiple portfolios for multiple clients. Certain supervised persons of the Adviser also receive performance-based compensation from private pooled investment vehicles for which they provide advisory services. No managed account client is solicited to invest in the private pooled investment vehicles. Because the Adviser and its supervised persons manage more than one client account, a potential exists for one client account to be favored over another client account. The Adviser and its investment personnel have, for example, a greater incentive to favor client accounts from which they receive (or potentially receive) higher compensation.

The Adviser has adopted and implemented policies and procedures that are intended to address conflicts of interest relating to managing multiple accounts and the allocation of investment opportunities. The Adviser reviews investment decisions for the purpose of seeking to ensure that all accounts with substantially similar investment objectives are treated equitably. The Adviser's procedures relating to the allocation of investment opportunities require that similarly-managed accounts participate in investment opportunities pro rata based on asset size and require that, to the extent orders are aggregated, the client orders are price-averaged. These areas are monitored by the Adviser's Chief Compliance Officer.

Item 7. Types of Clients

The Adviser's clients consist of individuals; an investment company; pension and profit sharing plans; trusts, estates, and charitable organizations; private funds; corporations and other business entities. There are no requirements for opening or maintaining a managed account.

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

The Adviser typically manages accounts in accordance with its overall investment objective and strategy, which seeks long-term growth of capital. The Adviser uses fundamental analysis in formulating investment advice and managing client assets. Fundamental analysis of issuers involves analyzing an issuer's financial statements, management and competitive advantages, and competitors and markets. The Adviser typically employs bottom-up fundamental analysis.

The Adviser employs a variety of investment strategies or techniques, including the following investment strategies, in providing advisory services to clients:

- *Buy and Hold.* The Adviser typically engages in a buy and hold investment strategy wherein the Adviser acquires securities for its clients and holds them for relatively longer periods of time, regardless of short-term factors such as fluctuations in the market or volatility of the stock price.
- *Focused Portfolio/Non-diversification.* The Adviser focuses its investments on a limited number of issuers and does not seek to diversify investments among types of securities, countries or industry sectors.
- *Margin transactions.* For private funds, the Adviser or its supervised persons may acquire securities for a fund's portfolio with money borrowed against the value of the assets in the fund's custodial account. Margin transactions permit a fund, for example, to acquire more securities than the client otherwise could if using available cash only.
- *Short Selling.* For private funds, the Adviser or its supervised persons may engage in short selling strategies. In a short sale transaction, a security is sold for a fund that the fund does not own in anticipation that the market price of that security will decline. Short sales are used as a form of hedging to offset potential declines in long positions in similar securities, in order to maintain flexibility, and for profit.
- *Derivatives.* For private funds, the Adviser or its supervised persons may purchase or sell derivative instruments, including options, warrants, forwards, futures and swaps. Derivatives are used as a form of hedging, in order to maintain flexibility, and for profit.

These methods, strategies, and investments involve risk of loss to clients, and clients must be prepared to bear the loss of their entire investment. The material risks relating to the Adviser's investment strategies include the following:

- *Market and Manager Risks.* Securities in which the Adviser invests on behalf of its clients will fluctuate as the markets for those securities fluctuate. The prices of these securities will decline, perhaps severely, over short-term or long-term periods. Performance of individual securities can vary widely. In addition, the investment decisions of the Adviser may cause the strategy or an account to underperform other strategies, investments or benchmark indices. The Adviser may be incorrect in assessing a particular industry or a company, including the anticipated earnings growth of the company. The Adviser may not buy chosen securities at the lowest possible prices or sell securities at the highest possible prices.
- *Buy and Hold.* Buy and hold investment strategies bring specific risks to a securities portfolio. Under a buy and hold investment strategy, the Adviser may not take advantage of short-term gains in a security that could be profitable to a client. Moreover, if the Adviser's predictions are incorrect, a security may decline sharply in value before the security is sold.
- *Focused Portfolio/Lack of Diversification.* Client accounts will not be diversified among a wide range of types of securities, countries or industry sectors. Accordingly, client portfolios are subject to more rapid change in value than would be the case if the Adviser were to maintain a wider diversification among types of securities and other instruments, countries or industry sectors.
- *Margin.* The performance of the private funds utilizing margin may be more volatile. Margin trading increases exposure to market risk. In addition, the downside of trading on margin is not limited to the value of collateral in the margin account. When the value of securities acquired on margin falls below maintenance margin requirements or other applicable requirements, the lender may make a margin call or sell securities from the account. If the sale does not cover the deficiency, the investor will be responsible for the shortfall.
- *Short Selling.* Short selling transactions for the private funds expose a fund's portfolio to the risk of loss in an amount greater than the initial investment, and such losses can increase rapidly and without effective limit. There is the risk that the securities borrowed by a fund in connection with a short sale would need to be returned to the securities lender on short notice. If such request for return of securities occurs at a time when other short sellers of the subject security are receiving similar requests, a "short squeeze" can occur, wherein the fund might be compelled, at the most disadvantageous time, to replace the borrowed securities previously sold short with purchases on the open market, possibly at prices significantly in excess of the proceeds received earlier.
- *Derivatives.* Derivative transactions for the private funds expose a fund's portfolio to the risk of loss in an amount greater than the initial investment, and such losses can increase rapidly and without effective limit. The performance of the private funds utilizing derivative transactions may be more volatile.

The Adviser invests, under normal circumstances, in equity securities of U.S. and non-U.S. issuers. In connection with managing the private funds, the Adviser or its supervised persons may also invest in other securities and instruments, including derivatives. The following risks are those most associated with the types of securities that are primarily recommended to clients.

- *Equity Securities.* The value of equity securities fluctuates in response to issuer, political, market, and economic developments. Fluctuations can be dramatic over the short as well as long term, and different parts of the market and different types of equity securities can react differently to these developments. For example, large cap stocks can react differently from small cap stocks, and "growth" stocks can react differently from "value" stocks. Issuer, political, or economic developments can affect a single issuer, issuers within an industry or economic sector or geographic region, or the market as a whole. Changes in the financial condition of a single issuer can impact the market as a whole. Terrorism and related geo-political risks have led, and may in the future lead, to increased short-term market volatility and may have adverse long-term effects on world economies and markets generally.
- *Non-U.S. Securities.* 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 U.S. investments. In addition, foreign markets can perform differently from the U.S. market.

- *Derivatives.* Derivative instruments, including options, warrants, forwards, futures and swaps, in which the private funds invest are subject to the risk of nonperformance by the counterparty to such instrument, including risks relating to the financial soundness and creditworthiness of the counterparty. In addition, investments in derivative instruments may require a high degree of leverage, meaning the overall contract value (and, accordingly, the potential for profits or losses in that value) is much greater than the modest deposit used to buy the position in the derivative contract. Derivative securities can also be highly volatile. The prices of derivative instruments and the investments underlying the derivative instruments may fluctuate rapidly and over wide ranges and may reflect unforeseeable events or changes in conditions, none of which can be controlled by the client or the Adviser. Further, transactions in derivative instruments are not undertaken on recognized exchanges, and will expose the client's account to greater risks than regulated exchange transactions that provide greater liquidity and more accurate valuation of securities.

Investors in private funds should carefully review the appropriate Private Placement Memorandum for a detailed description of the associated risks. For more information relating to risks associated with Sequoia Fund, please refer to the Prospectus and the Statement of Additional Information.

Item 9. Disciplinary Information

This Item is not applicable.

Item 10. Other Financial Industry Activities and Affiliations

The Adviser uses Ruane, Cunniff & Goldfarb LLC ("RCGL"), a registered broker-dealer and wholly-owned subsidiary of the Adviser, to effect substantially all securities transactions for its advisory clients. The Adviser believes that its use of RCGL (i) provides direct access to floor brokers, which lends insight into market depth as well as real-time information concerning the current trading environment for securities being traded, (ii) facilitates monitoring and control of the trade-life cycle, enabling faster responses to ever-changing market conditions, (iii) permits it to leverage its expertise in the trading patterns of longer-term holdings, and (iv) provides confidentiality with respect to acquisition and disposition programs. Although the Adviser believes that RCGL's commission rates are generally competitive with those of unaffiliated brokers providing comparable services and overall qualitative execution, the Adviser does not represent to clients that it will necessarily obtain the lowest possible commission charge on every trade. The Adviser effects all transactions through RCGL on an agency basis.

RCGL is an introducing broker-dealer only. Pershing LLC serves as RCGL's clearing broker and carries accounts for RCGL's clients on a fully-disclosed basis. Client funds and securities held through RCGL are custodied at Pershing. For its services, Pershing receives a portion of any compensation paid to RCGL for effecting securities transactions. RCGL executes trades through floor brokers on the New York Stock Exchange, Inc., direct market access networks and alternative trading systems, which are compensated from commissions paid to RCGL. RCGL may also effect trades using market makers. Clients may elect to have their assets custodied with custodians other than Pershing.

The Adviser's clients pay commission rates to RCGL that are based upon the amount of their discretionary assets under management pursuant to which larger accounts pay lower commissions. The commission rates are set forth in a commission schedule, which is available upon request.

Certain of the Adviser's portfolio managers are registered representatives of RCGL and benefit by directing client securities transactions to RCGL for execution. These portfolio managers serve as the registered representative for the accounts they manage and receive a portion of the commissions paid by the accounts to RCGL for transactions effected for the accounts. Certain of these portfolio managers may also receive compensation based upon the profitability of RCGL. These arrangements provide an incentive for the portfolio managers to use RCGL to effect securities transactions for the accounts they manage. In addition to disclosing to its clients these arrangements with RCGL and the conflicts and potential benefits to supervised persons associated with these arrangements, the Adviser monitors the execution services provided by RCGL.

In accordance with Section 11(a)(1) of the Securities Exchange Act of 1934, the Adviser may effect transactions in securities for institutional managed accounts on a national securities exchange. These accounts have authorized the Adviser and its affiliates to effect such transactions and to receive compensation for effecting the transactions. Brokerage transactions for accounts subject to ERISA are administered in accordance with Department of Labor Prohibited Transaction Exemption 86-128.

The Adviser serves as investment adviser to Sequoia, a non-diversified, open-end investment company. Certain officers and directors of the Adviser are also officers and directors of Sequoia. Managed account clients investing in Sequoia through their managed accounts pay only those fees charged to shareholders of Sequoia. Such arrangement means that the value of the client's investment in Sequoia is excluded from the Adviser's quarterly portfolio management fee calculation.

Sequoia has adopted procedures governing the payment of commissions to broker-dealers affiliated with the Adviser, such as RCGL. The Adviser must comply with those procedures when it uses RCGL to execute securities transactions for Sequoia. In accordance with Rule 12b-1(h) under the Investment Company Act of 1940, the Adviser does not consider the promotion and sale of shares of Sequoia when selecting a broker to effect portfolio transactions of behalf of Sequoia.

Mr. Gregory Alexander and Mr. Girish Bhakoo, research analysts of the Adviser, are the managing members of Conifer Capital Management, LLC ("Conifer"). Conifer serves as the general partner or managing member of one or more pooled investment vehicles or private funds.

Mr. John Harris, a research analyst of the Adviser, is the managing member of Wishbone Investors, LLC ("Wishbone"). Wishbone serves as the general partner or managing member of one or more pooled investment vehicles or private funds.

The Adviser has entered into an investment management agreement with each of the pooled investment vehicles or private funds managed by Conifer and Wishbone. Under these agreements, the Adviser is entitled to receive a portion of the performance-based fee and management fee received by Conifer or Wishbone for providing administrative support services to the funds. Because Mr. Alexander, Mr. Bhakoo and Mr. Harris are employees of the Adviser, the pooled investment vehicles and private funds are subject to the supervision and internal compliance procedures of the Adviser. Under these procedures, these vehicles and funds are treated as clients of the Adviser. No managed account client is solicited to invest in the private investment vehicles.

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

The Adviser has adopted a Code of Ethics (the "Code") that obligates it and its supervised persons to put the interests of the Adviser's clients before their own interests and to act honestly and fairly in all respects in their dealings with clients. Under the Code, supervised persons are required to comply with applicable federal securities laws, to preclear personal securities transactions, including transactions in Sequoia, and to disclose their securities transactions on a quarterly basis and holdings initially and on an annual basis. Clients or prospective clients may obtain a copy of the Code by contacting Joseph Quinones, Jr., Chief Compliance Officer of the Adviser, by mail at 767 Fifth Avenue, Suite 4701, New York, New York, 10153-4798 or by telephone at (212) 832-5280.

As noted above, the Adviser may invest assets of a managed account client in Sequoia. This practice creates a conflict of interest because the Adviser has an incentive to recommend investing in Sequoia based on its own financial interests, rather than solely the interests of a client. The Adviser addresses this conflict (i) by excluding assets invested in Sequoia from the assets used to determine the amount of investment advisory fees payable to the Adviser by the managed account and (ii) by only making recommendations for such investments when those recommendations are consistent with the client's stated investment objectives, tolerance for risk, liquidity, and suitability.

The Adviser and its related persons invest in the same securities that they recommend to clients. This practice presents a conflict because the Adviser or its related person is in a position to trade in a manner that could adversely affect clients. The Adviser requires its supervised persons to preclear personal transactions in covered securities (and in cases of the acquisition of the beneficial ownership of any security through an initial public offering ("IPO") or Limited Offering) with a designated supervisory person. A preclearance request may be denied if the requested transaction may have any adverse impact on clients. To the extent the Adviser or its related person owns securities that the Adviser or the related person also recommends to clients, such clients' proxies will be voted according to predetermined guidelines rather than subject to the Adviser's (or its related person's) discretion. Please refer to Item 17 for further information regarding the Adviser's proxy voting policy and procedures.

Although personal trades of supervised persons are not aggregated with other client trades, trades for the private funds managed by related persons of the Adviser may be aggregated with client trades in accordance with the Adviser's aggregation policies and procedures. See Item 12 for additional information concerning those policies and procedures.

The Adviser, in the course of its investment management and other activities (e.g., board or creditor committee service or service as officers or directors of publicly traded companies by some of the Adviser's related persons), may come into

possession of confidential or material nonpublic information about issuers, including issuers in which the Adviser or its related persons have invested or seek to invest on behalf of clients. The Adviser 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. The Adviser maintains and enforces written policies and procedures that prohibit the misuse of such information, or the communication of such information to persons who do not have a legitimate need to know such information and to assure that the Adviser is meeting its obligations to clients and remains in compliance with applicable law. In certain circumstances, the Adviser 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 the Adviser will be prohibited from communicating such information to the client or using such information for the client's benefit. In such circumstances, the Adviser will have no responsibility or liability to the client for not disclosing such information to the client (or the fact that the Adviser possesses such information), or not using such information for the client's benefit, as a result of following the Adviser's policies and procedures designed to provide reasonable assurances that it is complying with applicable law.

Item 12. Brokerage Practices

The Adviser requires that it be provided with written authority to determine the broker-dealer to use for client transactions and the commission costs that will be charged to our clients for these transactions. Clients must include any limitations on this discretionary authority in the written authority statement. Clients may amend these limitations. Such amendments must be provided to the Adviser in writing.

The Adviser considers a number of factors in selecting a broker-dealer to execute transactions (or series of transactions) and determining the reasonableness of the broker-dealer's compensation. Such factors include net price, reputation, financial strength and stability and efficiency of execution. In selecting a broker-dealer to execute transactions (or series of transactions) and determining the reasonableness of the broker-dealer's compensation, the Adviser need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost. It is not the Adviser'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.

Subject to its best execution obligations, the Adviser uses RCGL to effect substantially all trades for its advisory clients. Please refer to Item 10 for additional information concerning the Adviser's use of RCGL to execute client securities transactions.

Although the Adviser typically pays directly for any brokerage or research service it obtains from a broker-dealer, there are limited circumstances in which a broker-dealer will accept payment for the services only through the use of client commissions or soft-dollars. In these limited circumstances, the Adviser may direct client orders to the broker-dealer in recognition of the services it furnishes to the Adviser and pay client commissions to the broker-dealer in excess of the amounts other broker-dealers would have charged for executing the orders. The services that the Adviser may obtain in these limited circumstances include attendance at seminars and conferences and meetings with corporate executives of issuers whose securities are held in client accounts or that are under consideration by the Adviser. The Adviser does not attempt to allocate among its clients the relative costs or benefits of the services obtained, believing that the services, in the aggregate, assist the Adviser in fulfilling its overall duty to its clients. The Adviser periodically determines in good faith that the commissions paid for the services are reasonable in relation to the value of the services provided by the broker-dealers, viewed either in terms of a particular transaction or the Adviser's overall duty to its clients.

Under certain circumstances, the Adviser may permit clients to direct the Adviser to execute the client's trades with a specified broker-dealer. When a client directs the Adviser to use a specified broker-dealer to execute all or a portion of the client's securities transactions, the Adviser treats the direction as a decision by the client to retain, to the extent of the direction, the discretion the Adviser would otherwise have in selecting broker-dealers to effect transactions and in negotiating commissions for the client's account. Although the Adviser attempts to effect such transactions in a manner consistent with its policy of seeking best execution, there may be occasions where it is unable to do so, in which case the Adviser will continue to comply with the client's instructions. When the directed broker-dealer is unable to execute a trade, the Adviser will select broker-dealers other than the directed broker-dealer to effect client securities transactions.

A client who directs the Adviser to use a particular broker-dealer to effect transactions should consider whether such direction may result in certain costs or disadvantages to the client. Such costs may include higher brokerage commissions (because the Adviser may not be able to aggregate orders to reduce transaction costs), less favorable execution of transactions, and the potential of exclusion from the client's portfolio of certain foreign ordinary shares and/or small capitalization or illiquid securities due to the inability of the particular broker-dealer in question to provide adequate price and execution of all types of securities transactions. By permitting a client to direct it to execute the client's trades through

a specified broker-dealer, the Adviser will make no attempt to negotiate commissions on behalf of the client and, as a result, in some transactions such clients may pay materially disparate commissions depending on their commission arrangement with the specified broker-dealer and upon other factors such as number of shares, round and odd lots and the market for the security. The commissions charged to clients that direct the Adviser to execute the client's trades through a specified broker-dealer may in some transactions be materially different than those of clients who do not direct the execution of their trades. Clients that direct the Adviser to execute their trades through a specified broker-dealer may also lose the ability to negotiate volume commission discounts on batched transactions that may otherwise be available to other clients of the Adviser.

The Adviser seeks to aggregate client trades where possible and when advantageous to clients. The average price is obtained and applied to those accounts participating in an aggregated trade, but commissions for each participating client are charged separately. Although personal trades of the Adviser's supervised persons are not aggregated with other client trades, trades for the private funds managed by related persons of the Adviser may be aggregated with client trades in accordance with the Adviser's aggregation policies and procedures. The Adviser has various procedures regarding the aggregation of trades, including, among others, seeking best execution, not favoring any client(s) over any others and preparing allocation tickets for each trade.

The Adviser may effect agency cross transactions for advisory client accounts provided that such transactions are consistent with the Adviser's fiduciary duty to the clients and the requirements of Rule 206(3)-2 of the Advisers Act. An agency cross transaction is a transaction in which the Adviser acts as an investment adviser and RCGL acts as broker-dealer for the advisory client and another person on the other side of the transaction.

Item 13. Review of Accounts

The portfolio managers continually review the accounts for which they are responsible. The portfolio managers include the Chairman, Vice Chairman, President and four research analysts. The accounts are reviewed to determine if cash is available for investment, the proper allocation between equities and fixed income securities as well as among equities, and if the accounts contain securities currently being acquired by the manager for his client accounts. Account performance is also reviewed periodically.

Each client receives a confirmation of each security transaction. At the end of each month, the client receives a statement from the qualified custodian detailing all cash and security transactions for the month, the cash balance and securities with market values held by the custodian. As of the end of each calendar quarter, the client receives a statement from the Adviser indicating all portfolio securities at cost and market and total cash balance. Clients may also receive quarterly performance results, and may request performance results from the Adviser at any time.

Item 14. Client Referrals and Other Compensation

The Adviser receives certain research or other products or services from broker-dealers using client commissions or soft-dollars. The use of soft-dollars creates an incentive for the Adviser to select or recommend broker-dealers based on the Adviser's interest in receiving research or other products or services. Please see Item 12 for further information on the Adviser's use of soft-dollars, including the Adviser's procedures for addressing conflicts of interest that arise from such practices.

Item 15. Custody

Managed account clients receive account statements from the qualified custodian of the account. Clients should carefully review those statements.

To the extent the Adviser sends statements directly to a client in addition to those sent by the qualified custodian, the client should compare the statements received from the custodian with the statements received from the Adviser.

Item 16. Investment Discretion

The Adviser provides investment advisory services on a discretionary basis to clients. Prior to assuming discretion in managing a client's assets, the Adviser enters into an investment management agreement or other agreement that sets forth the scope of the Adviser's discretion. Unless otherwise instructed or directed by a discretionary client, the Adviser 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. Please see Item 4 for a description of any limitations clients may place on the Adviser's discretionary authority.

There may be differences among clients in invested positions and securities held. The Adviser's portfolio managers submit an allocation statement to the Adviser's trading desk describing the allocation of securities to (or from) client accounts for each trade or order submitted. The portfolio managers may consider the following factors, among others, in allocating securities among clients: (i) client investment objectives and strategies; (ii) client risk profiles; (iii) tax status and restrictions placed on a client's portfolio by the client or by applicable law; (iv) size of the client account; (v) nature and liquidity of the security to be allocated; (vi) size of available position; (vii) current market conditions; and (viii) account liquidity, account requirements for liquidity and timing of cash flows. Although it is the Adviser's policy to allocate investment opportunities to eligible client accounts on a pro rata basis (based on the value of the assets each participating account relative to value of the assets of all participating accounts), these and other factors may lead an investment manager to allocate securities to client accounts in varying amounts. Even client accounts that are typically managed on a *pari passu* basis may from time to time receive differing allocations of securities.

Allocations of securities received in initial public offerings, secondary offerings or limited offerings will be made among eligible investors as described in the paragraph above and in accordance with the Adviser's policies and procedures.

Item 17. Voting Client Securities

The Adviser has adopted Proxy Voting Policies and Procedures ("Procedures") that are designed to address how the Adviser votes proxies when it has been delegated proxy voting authority. The Procedures require that the Adviser identify and address conflicts of interest between the Adviser and its clients in connection with voting proxies. If a material conflict of interest exists, the Adviser determines whether voting in accordance with the guidelines set forth in the Procedures is in the best interests of the client or whether to take some other appropriate action.

The Adviser generally votes in favor of routine corporate housekeeping proposals, including the election of directors (where no corporate governance issues are implicated). The Adviser generally votes against poison pills and proposals for compensation plans deemed to be excessive. For all other proposals, the Adviser will determine whether a proposal is in the best interests of its clients and may take into account, among others, the following factors: (i) whether the proposal was recommended by management and the Adviser's opinion of management; (ii) whether the proposal acts to entrench existing management; and (iii) whether the proposal fairly compensates management for past and future performance.

Clients may obtain a copy of the Adviser's Procedures and information about how the Adviser voted a client's proxies by contacting Joseph Quinones, Jr. by mail at Ruane, Cunniff & Goldfarb Inc., 767 Fifth Avenue, Suite 4701, New York, New York, 10153-4798 or by telephone at (212) 832-5280.

Item 18. Financial Information

This Item is not applicable.

Appendix- Item 2: Material Changes

There have been no material changes to the brochure since the last annual update.