

# THE LONDON COMPANY OF VIRGINIA, LLC

## **Form ADV Part 2A – Disclosure Brochure**

May 9, 2012

This Brochure provides information about the qualifications and business practices of THE LONDON COMPANY OF VIRGINIA, LLC. If you have any questions about the contents of this Brochure, please contact us at (804) 775-0317. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

THE LONDON COMPANY OF VIRGINIA, LLC is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training.

Additional information about THE LONDON COMPANY OF VIRGINIA, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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## **Item 2 – Material Changes**

This Disclosure Brochure Material Changes section, dated May 9, 2012, is an update to the March 30, 2012 version previously circulated. Our full Disclosure Brochure may be requested, at no charge, by contacting Andy Wetzel, Chief Compliance Officer at (804) 775-0317 or [awetzel@tlcadvisory.com](mailto:awetzel@tlcadvisory.com). Our Brochure is also available on our web site, **[www.TLCAdvisory.com](http://www.TLCAdvisory.com)**.

The London Company of Virginia, LLC recently reorganized its corporate structure to a Delaware LLC, and an affiliate of Lincoln Peak Capital made a minority non-controlling equity investment in the firm. Further information is provided in Item 4.

### **Item 3 - Table of Contents**

Item 1 – Cover Page	
Item 2 – Material Changes	1
Item 3 – Table of Contents	2
Item 4 – Advisory Business	3
Item 5 – Fees and Compensation	4
Item 6 – Performance-Based Fees and Side-By-Side Management	6
Item 7 – Types of Clients	6
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss	6
Item 9 – Disciplinary Information	10
Item 10 – Other Financial Industry Activities and Affiliations	10
Item 11 – Code of Ethics	10
Item 12 – Brokerage Practices	11
Item 13 – Review of Accounts	13
Item 14 – Client Referrals and Other Compensation	13
Item 15 – Custody	14
Item 16 – Investment Discretion	14
Item 17 – Voting Client Securities	14
Item 18 – Financial Information	15
Brochure Supplement	

## **Item 4 – Advisory Business**

The London Company of Virginia, LLC (“London Company”) is an independently owned SEC-registered advisor. The firm was originally founded in 1994 and is headquartered in Richmond, Virginia. It was established by Stephen M. Goddard, CFA and is focused on managing primarily domestic equities with a conservative, long term orientation. Mr. Goddard is the majority owner of the firm and serves as Director, Chief Executive Officer and Chief Investment Officer. The London Company is organized as a Delaware limited liability company, formed in 2012, in a corporate reorganization, in connection with a minority (non-controlling) equity investment made in the firm by LPC London, LP, an affiliate of Lincoln Peak Capital. Lincoln Peak Capital is a private investment firm that specializes in partnering with investment management firms to help preserve their independence and facilitate equity transitions within a firm to key next generation management members. The London Company provides discretionary portfolio management services to individuals and institutional investors through separate, sub-advisory, wrap fee, and model portfolios. We offer six equity investment strategies, which are discussed in Item 8 of this brochure. Our clients choose one of our six investment strategies to meet their needs. Upon request, we will often work with clients to accommodate client-specific restrictions on any of our investment strategies.

### Separately Managed Accounts

Separate accounts are individually managed and maintained for tax-exempt and taxable clients on a fully discretionary basis. The account portfolios are comprised primarily of domestic equities with a core/value emphasis and long term orientation.

### Sub-Advisory Accounts

London Company has sub-advisory relationships with other investment firms. We provide discretionary investment advice on a separate account basis to clients of these outside intermediaries. We strive to manage these accounts in the same manner as our direct accounts. The terms and conditions of these arrangements may vary and contact between London Company and such clients will typically take place through the relevant intermediary. Clients who obtain our services on a sub-advisory basis are able to impose restrictions on the management of their accounts.

We also act as a sub-advisor to several registered mutual funds. As such, we provide professional investment advisory services on a discretionary basis for several equity mutual funds. Investments for the mutual funds are managed in accordance with each fund’s investment objective, strategies, and restrictions. They are not tailored to the individualized needs of any particular investor in the fund.

London Company participates in “wrap fee” programs through which clients are typically assessed a blanket charge for all transaction and investment advisory service fees. London Company receives a portion of the wrap fee from the sponsor as an investment advisor to these programs. In these relationships we do not have direct contact with the underlying client, as we do with our direct accounts. We attempt to manage these accounts in the same manner as our non-wrap accounts.

### Model-Based Programs

Pursuant to an agreement, certain Unified Managed Account (UMA) or Model Program Sponsors ("Sponsor") receive London Company's model securities portfolio for a particular investment style and, based on that model, the Sponsor or its designated representative ("Overlay Manager") exercises investment discretion and executes each investor's portfolio transactions predicated on the Sponsor's or Overlay Manager's own investment judgment. These Programs are referred to as Model-Based Programs. London Company typically provides its model portfolio (also known as impersonal investment advice) to the Sponsor or Overlay Manager, who subsequently, provides investment advice to its clients, based on their individual needs. When changes are made to a model by London Company, the Sponsor or Overlay Manager is responsible for implementing any modifications in their client accounts that are invested in the specific strategy. The Sponsor/Overlay Manager may or may not elect to execute all the purchase and/or sale transactions suggested by submissions of revisions in the model portfolio.

London Company does not have any contact with the underlying client of these programs. London Company does not enter trades, receive trade reports, or have access to any client reporting related to these accounts. It is the responsibility of the Sponsor to determine whether our model is suitable for their clients.

### **ASSETS UNDER MANAGEMENT**

As of March 31, 2012, London Company had a total of \$3.2 billion in assets under management, all of which were discretionary assets.

## **Item 5 – Fees and Compensation**

### **SEPARATE ACCOUNTS**

Advisory fees for separate accounts are calculated as a percentage of assets under management and are payable quarterly, in arrears, based on the quarter-end account value. Below is the standard fee schedule:

<b>ASSET FEE ARRANGEMENT/SEPARATE ACCOUNTS</b>	
<b>Asset Level</b>	<b>Annual Fee</b>
On first \$100,000,000	1.00%
Over \$100,000,000	Negotiable
Minimum account size of \$5,000,000 (London Company may agree to manage client accounts below our stated minimum size)	

London Company reserves the right to negotiate fees at all levels. Some clients pay more or less than others depending on certain factors, such as the type and size of the account, and existence of related accounts. The negotiated fee is specified in the agreement between London Company and the client. We primarily deduct fees directly from client assets, but offer the option to bill clients for fees incurred.

Advisory agreements can be terminated by the client upon prior written notice to London Company. Wrap program clients must request termination directly with their wrap program sponsor. In the event that an advisory contract is terminated prior to the conclusion of a billing period, a *pro rata* portion of any pre-paid fees will be paid by the wrap sponsor, in accordance with the agreement.

#### **MODEL ACCOUNTS:**

For model accounts, London Company is compensated directly by the outside firms, to which it provides model accounts at a negotiated rate.

#### **SUB-ADVISORY:**

The fee for accounts for which London Company acts as a mutual fund sub-adviser is negotiated with, and compensated by, the mutual fund company. Fees for separate accounts, where London Company serves as sub-advisor, are separately negotiated and vary by relationship. Sub-advisory fees are charged in a manner similar to separate accounts or paid directly by the financial intermediaries.

#### **WRAP FEE PROGRAMS:**

Fees for wrap fee accounts are based on the client's assets under management. The fee and service arrangements for accounts under any wrap fee program are negotiated between the client and the wrap sponsor. London Company is not generally informed of the fee arrangements. Wrap fee clients may be billed advisory fees on a quarterly basis, either in advance or arrears, as negotiated between the client and wrap program sponsor. The fee paid by the client to the wrap sponsor may cover services of the sponsor and/or its affiliated entities, other than the portfolio management of their account, such as trade execution and custodial services. London Company will prepare and send an invoice to its wrap sponsors; however, wrap sponsors may opt to create their own invoices in lieu of ours. London Company receives a portion of the wrap fee for the advisory services we render to the wrap sponsor. That portion is paid directly to London Company by the wrap sponsor.

#### **OTHER FEES AND EXPENSES:**

Clients will incur brokerage and other transaction costs, in addition to the fee paid to London Company (refer to Item 12: Brokerage Practices). These fees may be assessed by custodians, brokers, and other third parties, and may include non-affiliated manager fees, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchanged traded funds also charge internal management fees, which are disclosed in a fund's prospectus. To avoid the duplication of fees and the potential conflicts of interest, we do not charge our separately managed accounts a fee on assets that are invested in funds we advise.

London Company's supervised persons do not accept compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

## **Item 6 – Performance-Based Fees and Side-By-Side Management**

We have a limited number of clients on performance fee arrangements. The performance-based fee option is an advisory fee based on a percent of capital gains or appreciation of client assets. The performance fee is calculated at a rate of 15% on the amount by which the net profit exceeds 6% within a year's time. A loss in any one year will be recovered in full before performance fees are assessed in subsequent years.

The receipt of performance-based fees for separate accounts creates conflicts of interest. Performance-based fees paid to investment advisers may be significantly higher than the asset-based fees paid on traditional accounts, thus creating an incentive to favor these accounts. In order to reduce potential conflicts of interest, London Company does not show preferential treatment to accounts under a performance-based fee arrangement. All accounts are managed within their respective strategies, given account restrictions and/or constraints. We perform periodic reviews of the performance fee accounts to assure consistency with the separate fee accounts. We also have trade rotation procedures in place to ensure that performance fee accounts do not take preference over separate accounts in the allocation of trades.

## **Item 7 – Types of Clients**

London Company provides portfolio management services to individuals, high net worth individuals, pension, foundations, Taft-Hartley, public, profit-sharing, bank or thrift institutions, investment companies, trusts, estates, and charitable organizations. The vast majority of these arrangements are discretionary, and London Company selects the investments and trades on the client's behalf without prior consultation with the client. London Company participates in a limited number of arrangements where it provides a model portfolio to clients, but does not exercise investment discretion. These arrangements include model-based programs/UMAs of certain Sponsors.

There is a minimum account size \$5,000,000; however, London Company may agree to manage separate accounts below our stated minimum size.

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

### **EQUITY STRATEGIES**

London Company offers six distinct investment strategies, all relatively concentrated with low annual turnover. Each strategy is created from the same, universal investment process.

***Small Cap Core Value*** – This strategy primarily invests in conservative, low-beta small cap equities with above average downside protection. We seek primarily profitable, financially stable small cap companies that consistently generate free cash flow, high returns on

unleveraged operating capital, trade at significant discounts to their intrinsic values, and are run by shareholder-oriented management. Positions are usually within the market capitalization range of the major, domestic small cap indices.

**Mid Cap** – The mid cap equity strategy invests primarily in conservative, low-beta mid cap equities with a focus on above average downside protection. We seek primarily profitable, financially stable mid cap companies that consistently generate free cash flow, high returns on unleveraged operating capital, trade at significant discounts to their intrinsic values, and are run by shareholder-oriented management. Positions are usually within the market capitalization range of the major, domestic mid cap indices.

**Large Cap Core Value** – The large cap core strategy invests primarily in conservative, low-beta, large cap equities with above average downside protection. We seek primarily profitable, financially stable, quality large cap companies that consistently generate free cash flow, high returns on unleveraged operating capital, trade at rational valuations, and are run by shareholder-oriented management. Positions are generally in the market capitalization range of the major domestic large cap indices.

**Income Equity** – This strategy invests in primarily common equities from our small and large cap core value strategies with a higher overall dividend yield orientation, supplemented with primarily investment grade, preferred equities. This strategy has a more conservative orientation, focused on capital preservation, income and growth, to provide more yield and downside protection relative to our large and small cap core value strategies. Our income equity strategy is designed to generate above-average, absolute returns over full market cycles.

**Small-Mid Cap Strategy** – The small-mid cap strategy is an extension of our small cap strategy with weighted market capitalization higher than our small cap portfolios, and within the market capitalization ranges of the major domestic small to mid cap indices.

**Concentrated** – The concentrated strategy allows us to source our best ideas from all our strategies with less restrictions on market capitalizations, sector and position weightings than our other strategies. The number of holdings are typically less than half that of our other diversified strategies. Individual positions can exceed well in excess of ten percent of the portfolio. The strategy is suited for investors seeking higher returns with potentially higher risk, relative to our other strategies.

## EQUITY INVESTING

The following are the guiding principles for our investment philosophy:

- Focus on cash return on tangible capital, not earnings per share
- The value of a company is determined by cash inflows and outflows discounted by the optimal cost of capital
- Optimal diversification is essential to favorable investment results

Investing in securities involves risk of loss that clients should understand and be prepared to bear.



London Company utilizes a differentiated conservative investment process focused on bottom up, fundamental analysis, utilizing a proprietary balance sheet optimization model and following a strict sell discipline. We primarily seek the following characteristics: high return on capital, consistent free cash flow generation, predictability and stability, and conservative valuations.

The firm screens for these primary characteristics by initially screening a broad equity universe against an internally generated quantitative model, which ranks universe members by pretax operating return on capital, pretax operating earnings and free cash flow yield. London Company evaluates approximately the top 200 names of the corresponding universe based on equal weightings of these factors.

The Investment Committee will review and possibly seek potential purchase candidates from the screen. However, candidates don't necessarily have to be sourced from the screen if they generally meet our investment discipline. The team will exercise further fundamental and qualitative analysis on selected candidates, in addition to estimating intrinsic values by performing an internal balance sheet optimization analysis, as well as adjusting to market other company assets that may provide further downside protection.

The Investment Committee also evaluates the company's management, incentives, actions, capital allocation decisions and corporate governance structure to ascertain whether or not management's interests are aligned with shareholders. It then looks at the sources of a company's competitive advantage as well as what levers management has at its disposal to increase shareholder value. This information is gathered from company conference calls, competitor conference calls, industry contacts, SEC filing review, periodical review, and Wall Street research.

Typically, 30 to 40 companies are evaluated annually through this process and are included on an informal watch list. Companies on this list are companies that the investment team thinks could be attractive long term investments, but there is some reason that prevents the company from being included in the portfolio. Reasons for being on the buy watch list include the overall risk /reward not being quite favorable enough to warrant purchase (i.e. not better than other investments currently in the portfolio), management issues, lack of catalysts or needing more factual information.

Companies are moved off the buy watch list and into the portfolio when an event happens to make the risk/reward attractive enough to warrant purchase. This usually occurs when the valuation becomes more attractive and/or when new information gives us higher conviction with the company's investment thesis.

The result of the process is generally a lower beta portfolio that is diversified optimally with the expectation of better downside protection over a full market cycle.

London Company's ultimate objective is to substantially outperform the index over full market cycles with less risk, with risk being defined as loss of permanent capital. Our investment process minimizes risk in three ways. First, we are generally buying established profitable businesses with stable cash flows and/or have significantly undervalued assets. Second, we are seeking to purchase these companies at significant discounts to their intrinsic values. Third, a decline in any one position that significantly impacts the portfolio value by more than one percent will trigger an immediate review and become a potential candidate for a source of funds. The objective of this discipline is to prevent investment decision errors from materially impacting the portfolio on the downside.

In addition, we maintain sector limits (maximum is 2x benchmark weight for major sectors, in which “major” is defined as benchmark sectors with over a 10% weighting) and maximum individual position limits (5% at purchase and 10% at market) that aid us in limiting our concentration risk. Please note, our Concentrated Strategy is not constrained by these aforementioned limits. Other potential sell triggers include overvaluation, deteriorating fundamentals, poor capital allocation, above average insider selling (more than 25% of total, personal holdings), or a more promising alternative.

## **EQUITY RISKS**

Equity and fixed income securities have distinct risks, which must be considered when investing. It is also important to keep in mind that past performance of a security is not indicative of future results.

***Equity Market Risk*** – Overall stock market risks may affect the value of the investments in equity strategies. Factors such as U.S. economic growth and market conditions, interest rates, and political events affect the equity markets.

***Management Risk*** – Our judgments about the attractiveness, value and potential appreciation of a particular asset class or individual security may be incorrect and there is no guarantee that individual securities will perform as anticipated. The value of an individual security can be more volatile than the market as a whole or our intrinsic value approach may fail to produce the intended results. Our estimate of intrinsic value may be wrong or even if our estimate of intrinsic value is correct, it may take a long period of time before the price and intrinsic value converge.

***Preferred Equity Market Risk*** – These securities generally increase or decrease in value based on changes in interest rates. If rates increase, the value of preferred securities generally declines. On the other hand, if rates fall, the value of preferred securities generally increases.

***Preferred Equity Call Risk*** – A call feature allows an issuer to redeem or call a security prior to its stated maturity date. In periods of falling interest rates, issuers may be more likely to call in securities that are paying higher coupon rates than prevailing interest rates. In the event of a call, the account holder would lose the income that would have been earned to maturity on that security. Also, the market value of a callable security may decrease if it is perceived by the market as likely to be called, which could have a negative impact on total return.

***Small and Mid Cap Company Risk*** – Investments in small and mid cap companies may be riskier than investments in larger, more established companies. The securities of these companies may trade less frequently and in smaller volumes than securities of larger companies. In addition, small and mid cap companies may be more vulnerable to economic, market and industry changes. Because smaller companies may have limited product lines, markets or financial resources, or may depend on a few key employees, they may be more susceptible to particular economic events or competitive factors than larger capitalization companies.

**Credit Risk** – In preferred equities, there is a risk that issuers and counterparties will not make payments on the securities they issue. In addition, the credit quality of securities may be lowered if an issuer's financial condition changes. Lower credit quality may lead to greater volatility in the price of a security which may affect liquidity and our ability to sell the security.

## **Item 9 – Disciplinary History**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events (i.e., criminal and/or civil action, administrative proceeding, self-regulatory proceeding) that would be material to your evaluation of them or the integrity of their management. London Company has no information applicable to this item.

## **Item 10 – Other Financial Industry Activities and Affiliations**

London Company's management persons are not registered, nor do any management persons have an application pending to register, as a broker-dealer, representative of a broker-dealer, futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities. London Company does not recommend or select other investment advisers for clients. London Company is a sub-adviser to several mutual funds: FBR Balanced Fund, Touchstone Mid Cap Fund, Touchstone Small Cap Core Fund, and Variable Portfolio-Partners Small Cap Growth Fund. We are not officers or trustees of these investment companies and our role is limited to our sub-advisory responsibilities.

## **Item 11 – Code of Ethics**

London Company has adopted a Code of Ethics policy that fosters a high standard of business conduct for the firm and its employees. Specifically, employees are required to comply with all applicable securities laws and maintain privacy and confidentiality with respect to (1) client transactions, holdings and personal information as set forth in the Privacy Notice, (2) firm securities recommendations and other non-public material information, and (3) guidelines related to gifts and contributions. All employees must accept, in writing, the terms of the Code of Ethics upon employment, annually or as amended.

The Code of Ethics document is available upon request and is offered to clients annually. Requests may be sent to The London Company of Virginia, LLC, 1801 Bayberry Court, Suite 301, Richmond, Virginia 23226.

## **Personal Trading**

Employees of London Company are prohibited from purchasing or selling the same securities that it recommends to its clients, with a few defined exceptions. Should an exception be approved, employees must receive prior approval from the Portfolio Manager and Trader prior to making a personal transaction, whether or not the security is included in any current client securities holdings, in order to mitigate any conflict of interest. If the security is currently being traded for client accounts, employees must wait to place their trades until seven days after all anticipated

client trades in the same security are completed. The price paid or received by a client account for any security will not be affected by the selling interest on the part of an employee, or otherwise result in an inappropriate advantage to the employee. London Company employees are also required to receive pre-clearance for mutual funds sub-advised by the firm.

All employees are required to submit quarterly personal securities transactions and annual holdings reports for review by the Chief Compliance Officer, who will review these reports for trading conflicts with client accounts. Employees are also required to have copies of all brokerage statements sent to the Chief Compliance Officer, directly from the custodian(s), on at least a quarterly basis. The Chief Compliance Officer will maintain documentation of personal securities transactions, including any violations that occur and their resulting actions.

### **Trade Errors**

In the event of a trade error, the executing broker is contacted so that the error can be corrected as soon as possible. The trader will document the error and take whatever steps are necessary to make the correction. Trade errors will be considered on a case-by-case basis and adjustments will be made accordingly. In correcting a trade error, London Company will generally reimburse a client's account for any losses arising from the error and any profits related to the error will generally remain in the client's account. The CCO will work with the trader to determine what steps will be taken to prevent the error from recurring. This documentation will be maintained by the CCO and kept in the file entitled Trade Errors.

## **Item 12 – Brokerage Practices**

### **Broker Selection and Best Execution**

London Company seeks to obtain the best trade execution for its clients. London Company has a Best Execution Committee that meets quarterly to administer our best execution policy. The Committee selects, approves and compensates brokers based on the range and quality of their brokerage services, including, among other factors: execution capability, quality of research, coverage overlap, trading expertise, commission rates, accuracy of execution, reputation and financial strength. The Committee meets quarterly to determine the allocations for the selected brokers based on the considerations described.

London Company may suggest clients use Charles Schwab & Co. for their custodian and directed broker, due to their relatively low-cost commission structure, effective trade execution platform and the ability to aggregate client trades. Schwab provides London Company with access to certain services, which generally are available to independent investment advisors on an unsolicited basis, at no charge to them.

London Company uses several trade execution procedures to ensure fair trade allocation and best execution. When placing trades in the same security, orders for directed, non-directed and wrap accounts will be entered based on a trade rotation schedule. Other factors, such as cash levels, sector weightings and other items will be taken into consideration, as well as making sure all clients are treated fairly. Performance-based fee accounts will not receive trading preference, but will be included in the directed or non-directed block, whichever applies to the specific account. Traders and portfolio managers review and monitor trades daily for best execution.

## **Research and Other Soft Dollar Benefits**

London Company may consider the value of various services or products that a broker provides to the firm, including the value of research services and products. Selecting a broker in recognition of such other services or products is known as paying for those services or products with "soft dollars". Soft dollar practices come into play when an investment adviser executes transactions with a broker with which it has an arrangement to receive research products and services. London Company uses soft dollars to acquire research products and services that fall within the safe harbor provided by the SEC under Section 28(e) of the Exchange Act.

Receipt of research from brokers who execute client trades involves conflicts of interest. An adviser that uses client brokerage commissions to obtain research receives a benefit because it does not have to produce or pay out-of-pocket for the research. Therefore, the adviser may have an incentive to select or recommend a broker based on its desire to receive the soft-dollar research in lieu of best execution of client transactions. While it is possible that a commission incurred by the client may be higher on any given transaction, the selection of the executing broker/dealer is made with all factors in mind, including execution efficiency, settlement capabilities, research and overall financial health of the broker.

In order to mitigate this conflict:

- We do not enter into agreements with any broker regarding the placement of securities based solely on soft dollar research.
- Research acquired by London Company through soft dollars is used for the benefit of all clients, even though not all client transactions are executed at one brokerage firm.

Within the last fiscal year, soft dollar arrangements have acquired research services through soft dollar transactions including, but not limited to:

- economic, industry or company research reports or investment recommendations;
- compilations of securities prices, earnings, dividends and similar data;
- certain computerized databases;
- quotation services, research or analytical computer software and services.

## **Directed Brokerage and Aggregate Trades**

Although we generally discourage clients from directing trades to a particular broker (except for Schwab platform - see Broker Selection), we do have clients who request to direct trading to a specific broker with whom they have a pre-established relationship. By directing brokerage, London Company may be unable to achieve the most favorable execution of client transactions and this practice may cost clients more money. We inform our directed clients of these risks.

London Company has a trade allocation policy that allows it to select brokers for non-directed clients who have given us full discretion. Trades are generally grouped together in an attempt to achieve lower commission costs, faster execution and better execution prices. Blocked trades are allocated on a pro rata basis at the average price.

Trades are entered based on a trade rotation list containing non-directed accounts and client directed relationships, including wrap programs. The directed and wrap programs are listed individually and the trader assigns each relationship a number, and each number is assigned a day on the calendar. When executing block trades, the trader starts on the number assigned for that particular day and then proceeds sequentially down the list ensuring that each relationship has an equal chance of occurring first in the trade rotation. The trade rotation list pertains to blocked trades only; all model programs trade at the end of the rotation, once the full order objective is complete. In addition, new accounts and accounts with excess cash balances may receive first priority before the trade rotation list is followed. Other factors, such as sector weightings, client preferences and holdings, may also affect the rotation. Prices received by clients for transactions may differ, relative to the order of their trade in the trade rotation. Clients significantly over or underweighted in the particular security trade ahead of the general trade rotation. London Company may deviate from the trade rotation, depending on the amount of time remaining in the trading day, or other factors.

### **Step-Out Block Trade Orders**

In cases in which it is deemed operationally efficient, London Company may execute a block trade through one broker/dealer while directing that a different broker/dealer act as the executing broker and clear and settle all or portions of the trade(s). This is referred to as a “step-out” trade and assures the same execution price is received for all accounts involved in the block trade.

### **Item 13 – Review of Accounts**

As part of our risk management program, accounts are divided among the assigned portfolio managers for monitoring and review. Each account is reviewed, at least quarterly, for asset mix, risk level, and account restrictions and/or constraints in relation to the client's investment objectives, current position size and specific holdings. The frequency of the reviews depends on market conditions and other factors that a prudent, professional investor would deem necessary. Account objectives are confirmed, at least annually, with our direct clients.

Periodic written reports will be issued to clients on a quarterly basis. These reports disclose performance returns, security holdings and market values. If a client desires, other relevant factors may be disclosed.

### **Item 14 – Client Referrals and Other Compensation**

London Company may receive client referrals from brokers. If so, the client accounts would be considered directed, relative to commissions, and all trades would be placed with the respective broker. London Company does not compensate the brokers for these referrals. Under limited circumstances, London Company may participate in and/or make contributions toward training, educational seminars, client appreciation dinners and/or similar events sponsored by other investment advisers (e.g., wrap program sponsors) with whom we have clients in common. Any such contributions by London Company typically do not exceed \$1,000 for any one event. Participation and/or monetary contributions could create a conflict of interest for the other investment advisers, as they might have an incentive to favor managers that participate/contribute over investment advisers that do not.

London Company had a solicitation agreement with Cedar Partners, Ltd. ("Cedar"), a third party marketing firm, which was effective April 1, 2006 through March 31, 2010. Cedar received an annual retainer fee of \$75,000, as well as 20% of the investment management fees earned on assets placed under management at London Company by the efforts of Cedar. Cedar was not and is not affiliated with, nor has a relationship with London Company, other than a separate written agreement covering the solicitation of business on the behalf of London Company. Cedar is not a broker-dealer. All fees paid to Cedar are in hard dollars. London Company has a standard fee schedule and a differential was not added to the schedule to compensate Cedar for any solicitations by them.

London Company does not currently receive compensation from any non-clients.

### **Item 15 – Custody**

London Company does not take custody of client assets. Client assets are held with banks or registered broker dealers that are "qualified custodians". Clients will receive statements directly from their account custodian at least quarterly. We urge clients to carefully review those statements and compare them to the account statements we provide them. The information in our reports may vary from custodial statements based on accounting procedures, reporting dates or valuation methodologies of certain securities.

### **Item 16 – Investment Discretion**

London Company accepts discretionary authority to manage the assets in the client's account. We observe investment limitations and restrictions that are outlined in each account's investment advisory contract. We assume investment authority on your account when the investment management agreement is executed. Our mutual fund clients are managed in accordance with the fund's investment objective, strategies and restrictions and are not tailored to the individualized needs of any particular investor in the fund.

### **Item 17 – Voting Client Securities**

Unless a client specifically reserves the right to vote their own proxies or to take shareholder action with respect to other corporate actions requiring shareholder actions, London Company will vote all proxies and act on all other actions in a timely manner, as part of its full discretionary authority over client assets. Corporate actions may include tender offers or exchanges, bankruptcy proceedings, and class actions. If a client wishes to direct London Company to vote in a certain manner for a particular proxy, they should provide such direction in writing to London Company at least two weeks prior to the shareholder meeting date.

London Company will vote the recommendation of Glass Lewis, a leading provider of independent, global proxy research, unless otherwise directed by the client or portfolio managers. Our utmost concern when voting proxies is that all decisions are made in the best interest of the client. London Company will act in a prudent and diligent manner intended to enhance the economic value of the assets of the client's account, and will give substantial weight to the recommendation of management on any issue.

**Conflicts of Interest**

London Company also considers whether there are specific facts and circumstances that may give rise to a material conflict of interest on the part of London Company voting the proxy. Should a proxy proposal raise a material conflict between the interests of London Company and a client, we will resolve the matter on a case-by-case basis, by abstaining from the vote, voting in accordance with the guidelines set forth by Glass Lewis, or vote the way London Company feels is in the best interest of the client.

London Company has written proxy voting procedures, which clients may receive upon written request. Clients may also request information about how London Company voted proxies, with respect to their securities, by writing to London Company, 1801 Bayberry Court, Suite 301, Richmond, VA 23226.

**Class Action Security Litigation Policies and Procedures**

London Company is not required to assemble or file class action security litigation documentation on behalf of any client, but will provide information it has readily available to aid clients who wish to file.

**Item 18 – Financial Information**

London Company does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance.

Registered investment advisers are required to provide you with certain financial information or disclosures about their financial condition. London Company has no financial commitments that impair its ability to meet contractual and fiduciary commitments to clients and has never been the subject of a bankruptcy proceeding.



**Item 1- Cover Page**

# THE LONDON COMPANY OF VIRGINIA, LLC

**Form ADV Part 2B – Brochure Supplement**

May 9, 2012

1801 Bayberry Court, Suite 301  
Richmond, Virginia 23226

(804) 775-0317

[www.TLCAdvisory.com](http://www.TLCAdvisory.com)

**STEPHEN M. GODDARD, CFA**  
**Founder, President and Chief Investment Officer**

This Brochure Supplement provides information about STEPHEN M. GODDARD, and is an addendum to the THE LONDON COMPANY OF VIRGINIA, LLC Brochure. You should have received a copy of that Brochure. Please contact Andy Wetzel at (804) 775-0317, if you did not receive THE LONDON COMPANY OF VIRGINIA, LLC's Brochure or if you have any questions about the contents of this supplement.

**Item 2- Educational Background and Business Experience**

Year of Birth: 1961

Education:

University of Richmond, M.B.A. 1985

Virginia Military Institute, B.A. Economics 1983

Chartered Financial Analyst® (CFA®) designation, issued by the CFA Institute:

Candidate must meet one of the following requirements:

- Undergraduate degree and 4 years of professional experience involving investment decision-making, or;
- 4 years qualified work experience (full time, but not necessarily investment related).

Educational requirement: 250 hours of self-study study for each of the 3 levels.

Examination type: 3 course exams.

Business Background:

The London Company of Virginia, LLC	Richmond, VA
Founder, Director, Chief Executive Officer and Chief Investment Officer	
03/1994 – Present	

The Tredegar Trust Company (in organization)	Richmond, VA
Chief Investment Officer	
08/1993 – 03/1994	

Flippen, Bruce & Porter – Investment Counsel	Lynchburg, VA
Senior Portfolio Manager	
05/1990 – 08/1993	

CFB Advisory – Investment Advisory	Richmond, VA
Portfolio Manager	
07/1988 – 05/1990	

**JONATHAN T. MOODY, CFA**  
**Principal, Portfolio Manager**

This Brochure Supplement provides information about JONATHAN T. MOODY, and is an addendum to the THE LONDON COMPANY OF VIRGINIA, LLC Brochure. You should have received a copy of that Brochure. Please contact Andy Wetzel at (804) 775-0317, if you did not receive THE LONDON COMPANY OF VIRGINIA, LLC's Brochure or if you have any questions about the contents of this supplement.

**Item 2- Educational Background and Business Experience**

Year of Birth: 1964

Education:

University of North Carolina, Graduate studies in Biomedical Engineering 1996

Virginia Military Institute, B.S. Electrical Engineering 1986

Chartered Financial Analyst® (CFA®) designation, issued by the CFA Institute:

Candidate must meet one of the following requirements:

- Undergraduate degree and 4 years of professional experience involving investment decision-making, or;
- 4 years qualified work experience (full time, but not necessarily investment related).

Educational requirement: 250 hours of self-study study for each of the 3 levels.

Examination type: 3 course exams.

Business Background:

The London Company of Virginia, LLC	Richmond, VA
Principal, Portfolio Manager	
07/2002 – Present	

Primary Research Group, Inc.	Richmond, VA
Owner	
04/2001 – 01/2005	

BB&T	Richmond, VA
Vice President/Enterprise Software Analyst	
05/1999 – 04/2001	

SunTrust (formerly Crestar) Asset Management	Richmond, VA
Analyst/Co-Portfolio Manager	
09/1998 – 05/1999	

**J. BRIAN CAMPBELL, CFA**  
**Portfolio Manager**

This Brochure Supplement provides information about J. BRIAN CAMPBELL, and is an addendum to the THE LONDON COMPANY OF VIRGINIA, LLC's Brochure. You should have received a copy of that Brochure. Please contact Andy Wetzel at (804) 775-0317, if you did not receive THE LONDON COMPANY OF VIRGINIA, LLC's Brochure or if you have any questions about the contents of this supplement.

**Item 2- Educational Background and Business Experience**

Year of Birth: 1975

Education:

Kelley School of Business at Indiana University, M.B.A. 2004

University of Kentucky, B.B.A. Finance with Honors 1998

Chartered Financial Analyst® (CFA®) designation, issued by the CFA Institute:

Candidate must meet one of the following requirements:

- Undergraduate degree and 4 years of professional experience involving investment decision-making, or;
- 4 years qualified work experience (full time, but not necessarily investment related).

Educational requirement: 250 hours of self-study study for each of the 3 levels.

Examination type: 3 course exams.

Business Background:

The London Company of Virginia, LLC	Richmond, VA
Portfolio Manager	
09/2010 – Present	

Hilliard Lyons Capital Management	Louisville, KY
Portfolio Manager and Director of Research	
06/2004 – 09/2010	

INVESCO-National Asset Management	Louisville, KY
Equity Analyst	
03/2000 – 07/2002	

**MARK E. DEVAUL, CFA, CPA**  
**Portfolio Manager**

This Brochure Supplement provides information about MARK E. DEVAUL, and is an addendum to the THE LONDON COMPANY OF VIRGINIA, LLC Brochure. You should have received a copy of that Brochure. Please contact Andy Wetzel at (804) 775-0317, if you did not receive THE LONDON CO. OF VIRGINIA, LLC's Brochure or if you have any questions about the contents of this supplement.

**Item 2- Educational Background and Business Experience**

Year of Birth: 1970

Education:

University of Notre Dame, M.B.A. 1997

Liberty University, B.S. Accounting 1993

Chartered Financial Analyst® (CFA®) designation, issued by the CFA Institute:

Candidate must meet one of the following requirements:

- Undergraduate degree and 4 years of professional experience involving investment decision-making, or;
- 4 years qualified work experience (full time, but not necessarily investment related).

Educational requirement: 250 hours of self-study study for each of the 3 levels.

Examination type: 3 course exams.

Business Background:

The London Company of Virginia, LLC  
Portfolio Manager  
07/2011 – Present

Richmond, VA

Beacon Capital Management, LLC  
Equity Research Analyst  
07/2010-06/2011

Downingtown, PA

Nuveen Investments  
Equity Analyst  
03/2001-12/2009

Philadelphia, PA

Salomon Smith Barney  
Equity Research Analyst  
01/2000-03/2001

New York, NY

First Union Securities  
Equity Research Analyst  
08/1998-12/1999

Richmond, VA

**THOMAS E. MEGSON**  
**Portfolio Manager**

This Brochure Supplement provides information about THOMAS E. MEGSON, and is an addendum to the THE LONDON COMPANY OF VIRGINIA, LLC Brochure. You should have received a copy of that Brochure. Please contact Andy Wetzel at (804) 775-0317, if you did not receive THE LONDON COMPANY OF VIRGINIA, LLC's Brochure or if you have any questions about the contents of this supplement.

**Item 2- Educational Background and Business Experience**

Year of Birth: 1950

Education:

Tuck School of Business at Dartmouth, M.B.A. 1975

University of Maine, B.S., Accounting and Finance 1973

Business Background:

The London Company of Virginia, LLC  
Portfolio Manager  
02/2012 – Present

Richmond, VA

Piedmont Capital Management Corporation  
Founder  
03/1995-02/2012

Richmond, VA

Jefferson Capital Group, Ltd.  
Co-Founder  
03/1990-03/1995

Richmond, VA

Sovran Capital Management Corp.  
Vice President, Senior Portfolio Manager  
06/1984-03/1990

Richmond, VA

Wachovia Bank  
Vice President, Portfolio Manager  
05/1982-06/1984

Winston-Salem, NC

Jeffries & Company  
Option Arbitrage  
04/1979-05/1982

New York, NY

**J. WADE STINETTE, JR.**  
**Portfolio Manager**

3920 Forest Drive, Suite D  
Columbia, South Carolina 29204

(803) 790-5800

This Brochure Supplement provides information about J. WADE STINETTE, and is an addendum to the THE LONDON COMPANY OF VIRGINIA, LLC Brochure. You should have received a copy of that Brochure. Please contact Andy Wetzel at (804) 775-0317, if you did not receive THE LONDON COMPANY OF VIRGINIA, LLC's Brochure or if you have any questions about the contents of this supplement.

**Item 2- Educational Background and Business Experience**

Year of Birth: 1958

Education:

Virginia Military Institute, B.S. Chemistry 1980

Business Background:

The London Company of Virginia, LLC	Columbia, SC
Portfolio Manager	
04/2008 - Present	

Tanglewood Asset Management	Winston-Salem, NC
Director of Marketing & Client Services	
02/2003 – 03/2008	

First Citizens Bank & Trust	Columbia, SC
Senior Vice President and Director of Trust Investments	
04/2002 – 02/2003	

Wachovia Asset Management	Columbia, SC
Senior Vice President and Investment Officer	
05/1995 – 03/2002	

### **Item 3- Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of each supervised person providing investment advice. No information is applicable to any of the London Company associates referenced in this Supplement.

### **Item 4- Other Business Activities**

There are no reportable outside business activities for any of the London Company associates referenced in this Supplement.

### **Item 5- Additional Compensation**

There is no reportable additional compensation for any of the London Company associates referenced in this Supplement.

### **Item 6 - Supervision**

Mr. Goddard is a principal of The London Company of Virginia, LLC. He can be reached at (804) 775-0317.

Mr. Moody is a principal of The London Company of Virginia, LLC. He can be reached at (804) 775-0317.

Mr. Campbell works closely with Mr. Goddard and Mr. Moody in the portfolio management process. They can be reached at (804) 775-0317.

Mr. DeVaul works closely with Mr. Goddard and Mr. Moody in the portfolio management process. They can be reached at (804) 775-0317.

Mr. Megson works closely with Mr. Goddard and Mr. Moody in the portfolio management process. They can be reached at (804) 775-0317.

Mr. Stinnette works closely with Mr. Goddard and Mr. Moody in the portfolio management process. They can be reached at (804) 775-0317.