

DISCLOSURE BROCHURE

FOCUSED INVESTORS LLC

9777 Wilshire Boulevard, Suite 910  
Beverly Hills, CA 90212  
(310) 734-1200

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

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This brochure provides information about the qualifications and business practices of Focused Investors LLC. If you have any questions about the contents of this brochure, please contact us at (310) 734-1200 or [datarequest@focusedinvestors.com](mailto:datarequest@focusedinvestors.com). 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.

Additional information about Focused Investors LLC is also available on the SEC website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2 – Material Changes

There have been no material changes since the date of our last annual update to our Disclosure Brochure which occurred on June 17, 2011. Should there be any material changes in future Disclosure Brochure filings, we will disclose them accordingly. In addition, future Disclosure Brochure filings will be delivered, or offered for delivery, to our clients. In addition, copies may also be downloaded from the Securities and Exchange Commission website at [www.sec.gov](http://www.sec.gov).

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## Item 4 – Advisory Business

### About Focused Investors LLC

Focused Investors LLC (“Focused Investors”) was founded in 2006 and is owned and managed by the firm’s principals, Bruce G. Veaco and Nugroho (Dédé) Soeharto. Focused Investors acts as the general partner and investment advisor to Focused Investors Fund LP (the “Fund”), a pooled investment vehicle organized as a limited partnership. In addition, Focused Investors offers its services as investment advisor to separately managed accounts for corporate and public employee benefit plans; endowments, foundations and trusts; and high net worth individuals and families.

### Principal Owners (and Ownership %)

**Bruce G. Veaco (75%)** co-founded Focused Investors. Prior to Focused Investors, Bruce spent nearly 20 years as part of the investment team at Pacific Financial Research (“PFR”) serving as a Principal, Portfolio Manager, and Chief Financial Officer. While at PFR, Bruce also was part of the portfolio management team that managed the Clipper and Clipper Focus funds. Bruce's professional experience also includes five years as a Certified Public Accountant in the Los Angeles office of Price Waterhouse where he was an Audit Manager.

Bruce graduated summa cum laude from the University of California, Los Angeles with a BA degree in Economics and received his MBA degree from Harvard Business School.

**Nugroho (Dédé) Soeharto (25%)** joined Focused Investors in March 2008. Prior to Focused Investors, Dédé spent two years as a Partner at Saddle Peak Asset Management, LLC. In addition, Dédé spent nearly 20 years as part of the investment team at Pacific Financial Research serving as a Principal and Portfolio Manager. While at PFR, Dédé also was part of the portfolio management team that managed the Clipper and Clipper Focus funds. Dédé's professional experience also includes one year at the Bank of Boston.

Dédé received his BS degree in Chemistry from Bates College and his MBA degree from Babson College.

### Advisory Services Offered

Focused Investors specializes in managing fully invested, concentrated common stock portfolios comprised of high quality, primarily U.S.-based large market capitalization companies whose share prices are selling at substantial discounts to Focused Investors’ estimates of the companies’ underlying “intrinsic values”. The investment objective of this approach is long-term capital appreciation. This is the only investment advisory service that Focused Investors provides to its clients. This investment advisory service is available either through separately managed accounts that are available to larger clients or through limited partnership interests in our Fund for smaller clients. However, separately managed accounts and the Fund are managed identically and hold the same securities and portfolio weightings.

Focused Investors generally does not tailor its advisory services to the specific needs of individual clients. Rather, clients seek out Focused Investors after determining through their own

due diligence that Focused Investors' investment advisory services are consistent with the clients' needs and investment objectives.

Separately managed account clients occasionally impose restrictions on Focused Investors' ability to invest in specific securities or types of securities. Because Focused Investors only invests in common stocks, most restrictions on types of securities such as derivatives, private placements, etc. have no effect on our portfolio. However, restrictions on specific securities such as those of companies involved in certain activities that may be viewed as socially undesirable (e.g., manufacturing and marketing tobacco related products) by some clients may affect our portfolio. If we believe that a client's restrictions will not result in significant differences between its portfolio and our unrestricted client portfolios, we will accept the client. If we believe the client's restrictions will result in significant differences between its portfolio and our unrestricted client portfolios we will not accept the client.

Focused Investors does not participate in any wrap fee programs.

## Client Assets

As of December 31, 2011, Focused Investors managed \$1,489,554,613 of client assets on a discretionary basis and none on a non-discretionary basis.

## Item 5 – Fees and Compensation

### Separately Managed Accounts

Focused Investors is compensated for its investment advisory services based on a percentage of client assets managed. Focused Investors' standard fee schedule for separate accounts is as follows:

<u>Account Size</u>	<u>Annual Fee</u>
First \$ 10,000,000	90 Basis Points ("bps")
Next \$ 10,000,000	70 bps
Next \$ 80,000,000	50 bps
Next \$ 100,000,000	45 bps
Over \$ 200,000,000	40 bps

Fees are not negotiable. They are calculated and billed quarterly in arrears. After Focused Investors sends its quarterly bill to a client, the client decides whether to deduct the fees from the client's assets or pay the fees from other client sources. Focused Investors has no authority to direct the deduction of its fees from the client's assets.

In addition to our investment advisory fees, separately managed account clients typically pay custodial fees to banks that provide record-keeping and safeguarding of the client's assets. In addition, clients are responsible for paying brokerage commissions related to the purchase and sale of securities for their account. Clients may request that their custodian or another service provider perform additional analytical services for which the client may be charged an additional

fee. Focused Investors does not receive any of the fees described above other than the investment advisory fee.

Clients with separately managed accounts generally may terminate their investment advisory contract with Focused Investors at any time, for any reason, upon providing written notice to Focused Investors. Focused Investors generally reserves the right to terminate their investment advisory contract with a client at any time, for any reason, upon not less than 30 days written notice to the client. Upon termination, Focused Investors will calculate the amount of any earned, unpaid fees. These fees will be billed to the client and will be payable upon receipt of our bill. There are no closing or penalty fees for terminating a client's investment advisory contract with Focused Investors.

## The Fund

Focused Investors receives an investment advisory fee for acting as the general partner and investment advisor for the Fund. This investment advisory fee is charged to each limited partner in the Fund other than those limited partners that are managing members of the general partner. With only one exception, the investment advisory fee charged to each fee paying limited partner is equal to 1/12 of 1% of the limited partner's month-end closing capital account balance and is payable monthly in arrears. The one exception to this fee arrangement is Focused Investors has agreed to manage the account of the widow of Focused Investors' co-founder at a rate less than the standard fee. These fees are calculated by the Fund's administrator, BNY Mellon, and reviewed and approved by the general partner. Once approved, the general partner authorizes BNY Mellon to deduct the fees directly from each limited partner's account and to remit the fees to the general partner.

Other than the investment advisory fees payable to the general partner, limited partners in the Fund incur no additional expenses other than brokerage commissions on the purchase and sale of securities for the Fund. The general partner pays all additional fees and expenses including but not limited to custodial fees, plan administration fees, legal fees, accounting fees and tax preparation fees including those incurred in preparation of Schedule K-1 for each limited partner.

Limited partners may invest in the Fund on the first day of a calendar month at the net asset value of the Fund computed as of the last day of the prior month. Limited partners may withdraw from the Fund, with 30 days advance written notice to the general partner, at the net asset value of the Fund as of the last day of the calendar month of their withdrawal. Accordingly, there would be neither a refund nor an additional fee payable upon withdrawal.

## Other

Focused Investors revenues from separately managed accounts and limited partners in the Fund come solely from the investment advisory fee arrangements discussed above. Focused Investors and its employees do not receive any commissions or other compensation for the sale of investment products we recommend to our clients, nor does Focused Investors charge any markups. In addition Focused Investors does not pay commissions or any form of referral fees to consultants or other parties for client referrals.

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

Focused Investors has no performance based fees or side-by-side management arrangements.

## Item 7 – Types of Clients

Focused Investors offers its investment advisory services to institutional clients including corporate and public employee benefit plans, endowments, foundations and trusts and to high net worth individuals and families. These investment advisory services are available either through separately managed accounts or through limited partnership interests in our Fund. The minimum investment to open a separately managed account is \$50 million, and the minimum investment in our Fund is \$5 million. The managing members have discretion to waive the minimum investment requirements.

As of December 31, 2011, the breakdown of client type by assets was:

Endowments, foundations and trusts	\$ 768,000,000
Corporate and public employee benefit plans	640,000,000
High net worth individuals and families	<u>81,000,000</u>
Total	<u>\$1,489,000,000</u>

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

### Investment Strategy

Focused Investors' investment strategy is to construct a model portfolio based on the following principles and then use that model portfolio to manage all client accounts including the Fund:

- Invest in high-quality companies operated by competent, shareholder-oriented management;
- Concentrate portfolios in Focused Investors' best investment ideas;
- Invest in companies whose share prices are 20% to 40% below the value of the companies' underlying asset values (i.e., intrinsic value) thereby providing a margin of safety;
- Sell companies when their share prices approach the companies' intrinsic values;
- Use a long-term perspective when making investment decisions;
- Invest in companies whose businesses can be readily understood.

Focused Investors generally adheres to the following guidelines when constructing its model portfolio:

- Equity securities will represent U.S.-based, large market capitalization companies;
- Portfolios will hold 15-25 stocks;
- Cash will be less than 5% of the portfolio other than during portfolio rebalancing;
- New position sizes will be 2-3% of the portfolio;
- The maximum position size is 10% of the portfolio;
- The maximum economic sector exposure is 40% of the portfolio;
- The maximum weighting in International stocks is 15% of the portfolio.

## Methods of Analysis

Focused Investors uses a fundamental, company specific financial analysis. This analysis serves as the basis for the calculation of a company's intrinsic value based on one of several valuation models including a discounted cash flow model, a dividend discount model, and a return on tangible assets model.

## Material Risks

**Risk of Loss** – Investing in equity securities involves substantial risks, and an investor may lose some or all of his investment. An investor should be prepared to lose some or all of his investment.

**Concentration Risk** – Focused Investors' portfolios are concentrated. Therefore, the performance of each holding will have a greater impact on an account's total return and may make the return more volatile than a more diversified portfolio. In addition, Focused Investors' portfolios are often significantly over-weighted and under-weighted in various economic sectors and industries. This can contribute to a significant negative impact on Focused Investors' absolute and relative returns if the portfolio is over-weighted in a weak performing sector or under-weighted in a strong performing sector.

**Market Risk** – Focused Investors' portfolios are fully invested in equity securities. Therefore, the investment results of the portfolio will be more volatile than that of a portfolio holding a combination of stocks and bonds/cash.

**Analytical Risk** – Focused Investors calculates estimated intrinsic values for the companies in which it invests. The calculation of intrinsic values requires that Focused Investors make multiple assumptions about a company's future growth prospects, reinvestment decisions, operating margins, earnings and dividends. Focused Investors' calculation of estimated intrinsic value may prove inaccurate resulting in the loss of capital.

**Liquidity Risk** – Focused Investors generally invests in large, highly liquid securities. However, there can be no guarantee that these securities will not become less liquid when Focused Investors attempts to sell them. In such an event, Focused Investors may be unable to sell the securities without significantly and adversely affecting their prices.

## Item 9 – Disciplinary Information

Neither Focused Investors nor any of its management persons has ever been involved in any legal or disciplinary events.

## Item 10 – Other Financial Industry Activities and Affiliations

### Financial Industry Activities and Affiliations

Neither Focused Investors nor any of its management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-



dealer, a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

## Recommendation or Selection of Other Investment Advisors

Focused Investors does not refer clients to other investment advisors or receive any compensation from other financial industry participants.

As disclosed in Item 4, Focused Investors serves as the general partner and investment advisor to the Fund. As general partner, Focused Investors solicits investors to invest in the Fund and receives an investment advisory fee as more fully described in Item 5. Other than the investment advisory fee, Focused Investors receives no other compensation from the Fund. The Fund is managed identically to Focused Investors' separately managed accounts.

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

### Code of Ethics (including Personal Trading)

Focused Investors has a fiduciary responsibility to treat all clients fairly and to avoid actual or potential conflicts of interest. In order to carry out that responsibility and to communicate it clearly to employees, existing and prospective clients, and other interested parties, Focused Investors has adopted a Code of Ethics (the "Code") that sets forth Focused Investors' standard of business conduct as a fiduciary and specifically requires employees to comply with the federal securities laws. Focused Investors recognizes that the personal investment transactions of its personnel demand the application of high ethical standards and Focused Investors requires that all such transactions be carried out in a way that does not endanger the interest of any client. Therefore, the Code implements policies and procedures designed to address conflicts that may arise from personnel individually investing in or trading the same securities in which Focused Investors invests client assets.

Among other things, the Code generally prohibits Focused Investors' personnel from trading in any security *simultaneously* being purchased or sold, or being considered for purchase or sale, by Focused Investors for any client account unless (1) any such trades are aggregated (i.e., "bunched") with client orders for execution as a single transaction, (2) any such securities purchased or sold are allocated among all participating accounts pro rata, and (3) all such accounts participate at the average price and average commission. In addition, all personnel must pre-clear all non-exempt trades for personal securities accounts. The Code includes a prohibition against personally acquiring securities in an initial public offering, places limitations on participating in private placements, and prohibits personnel from simultaneously trading opposite to Focused Investors' recommendations for its clients. While the Code prohibits Focused Investors' personnel from trading securities for their personal accounts while any such security *is being considered for purchase or sale or is being purchased or sold for clients*, Focused Investors' personnel may trade such securities *after* all client trades have been completed. Due to market movements after client trades have been completed, Focused Investors' personnel could potentially trade at prices more favorable than those received by clients.

In order to monitor compliance with Focused Investors' personal trading policy, all personnel are required to provide duplicate copies of trade confirmations and account statements to Focused Investors' Chief Compliance Officer, who is responsible for monitoring compliance with the Code. The Code provides that the Chief Compliance Officer may grant exemptive relief from certain of the Code's restrictions based on individual circumstances.

In addition to setting forth Focused Investors' personal trading policies, the Code sets forth Focused Investors' policies and procedures with respect to material, non-public information and the fiduciary duties that Focused Investors and each of its employees has to its clients. The Code is circulated at least annually to all personnel, and each employee must annually certify in writing that he or she has received and complied with the Code. Focused Investors will provide a copy of the Code to any client or prospective client upon request, free of charge.

## Participation or Interest in Client Transactions

Focused Investors' managing members are investors in Focused Investors Fund LP (the "Fund"). To ensure the Fund does not receive favorable treatment over other client accounts, whenever securities are being bought and sold for all clients (such as when new positions are being established or portfolio weightings are being changed), order quantities across all accounts including the Fund are aggregated and executed as block trades.

As more fully described in Item 12, aggregating orders and executing them as block trades results in each account that participates in an aggregated order doing so at the average price for all transactions related to that order in that security on that business day, with transaction costs shared pro-rata based on the account's participation in the transaction. Therefore all clients, including the Fund, are treated equally with no one client or the Fund receiving favorable treatment.

## Item 12 – Brokerage Practices

### Factors Considered in Broker Selection

In selecting brokers to use in executing trades for clients, Focused Investors' policy is to seek best execution of orders at the most favorable price in light of the overall quality of brokerage execution and research services provided. In selecting brokers to execute securities transactions, the determination of what is expected to result in best execution involves a number of largely judgmental factors, including, among others, the broker's reputation, experience and financial strength, the broker's reliability and efficiency in executing and clearing transactions, the nature and frequency of the broker's sales coverage and its responsiveness to Focused Investors, and the broker's block trading and "step-out" capability. In addition, as discussed further below, the quality of research provided and its usefulness in the management of client accounts also influences Focused Investors' execution analysis.

In addition, most of the brokers with whom Focused Investors does business have provided Focused Investors with the ability to route orders electronically over the brokers' designated FIX network. In Focused Investors' opinion, routing orders in this manner enhances the quality of execution in that it significantly reduces the possibility of trade errors, allows Focused Investors

to view trade fills in real time and thus respond to any sudden market movements, and in this regard, provides Focused Investors with a means to more accurately measure a broker's performance. Consequently, both access to and the reliability of a broker's FIX network is also integral to Focused Investors' evaluation of execution quality.

Focused Investors attempts to place client orders with those brokers that it believes offer the best combination of brokerage and research services. In this regard, Focused Investors may pay a commission rate in excess of that which another broker might have charged for effecting the same transaction.

## Research and Other Soft Dollar Benefits

Federal securities law provides a "safe-harbor" which allows an investment adviser to pay more than the lowest available commission for brokerage and research products or services if the adviser determines in good faith that the commission paid was reasonable in relation to the brokerage and research products or services provided. Selecting a broker in recognition of such other products or services is known as paying for such products or services with "soft dollars."

Full-service brokers typically provide a bundle of services, including research and execution of transactions. The research services provided can either be *proprietary* (created and provided by the executing broker, including tangible research products as well as access to analysts and traders – also known as "bundled" research) or *third-party* (created or provided by a third party, but paid for by the broker).

Focused Investors does not have any arrangements or agreements in place to acquire *third-party* research products or services through the use of soft dollars. However, Focused Investors does pay a bundled commission rate in order to receive a broad range of *proprietary research*. As a result, Focused Investors does not pay the lowest commission rate available. Such arrangements benefit Focused Investors by allowing it, at no cost to itself, to supplement its own research and analysis activities, to receive the views and information of individuals and research staffs of other securities firms, and to gain access to persons having special expertise on certain companies, industries, areas of the economy, and market factors. Research services (which may be in written or oral form or on-line) include, but are not limited to, reports/analyses on specific securities, companies, industries, or sectors; statistical information; market data analyses; credit analyses; financial and market database services; and other information relating to factors that may affect the economy and/or security prices.

The use of brokers that provide proprietary research creates a potential conflict of interest in that there is incentive for Focused Investors to use these brokers to receive their research rather than because of their ability to provide clients with best execution.

To help manage this potential conflict of interest, Focused Investors has implemented an internal procedure to evaluate the brokerage and research products or services being provided by its brokers on at least an annual basis. In performing this evaluation, Focused Investors considers the value of such products or services in the performance of its overall responsibilities to all of its clients. As Focused Investors generally manages all client accounts pursuant to its core investment strategy, brokerage and research products or services obtained by Focused Investors will generally be used to service all of Focused Investors' clients.

In addition to the annual evaluation described above, Focused Investors' portfolio managers meet with the chief compliance officer on a periodic basis to review the trading performance of its brokers and to assess the efficacy of Focused Investors' trading policies and procedures.

## Brokerage for Client Referrals

Focused Investors does not direct brokerage commissions in return for client referrals.

## Directed Brokerage

In some instances, because of a prior relationship between a client and one or more brokers, or for other reasons, a client may instruct Focused Investors to execute some or all the client's securities transactions with or through one or more designated brokers. In such cases, the client is responsible for negotiating the terms and conditions (including, but not limited to, commission rates) relating to all services to be provided by any such broker.

The client may not obtain commission rates as low as it might otherwise obtain if Focused Investors had discretion to select brokers other than those chosen by the client. This notwithstanding, in connection with trading programs, Focused Investors will "step-out" trades when possible so that directed clients may participate together with non-directed clients. In some instances, however, directed accounts may be traded after non-directed accounts have received their initial allocation in a trading program. In such cases, the directed accounts may receive better or worse prices.

Any client providing instructions to Focused Investors regarding direction of brokerage transactions must notify Focused Investors in writing if the client desires Focused Investors to cease executing transactions with or through any such broker.

None of Focused Investors' clients have requested that Focused Investors direct brokerage transactions nor has Focused Investors requested that a client do so.

## Aggregation of Orders

Focused Investors generally manages all accounts pursuant to the same core investment strategy. Therefore, trade orders are generally executed as concurrent authorizations (i.e., aggregated orders) to purchase or sell the same security for most, if not all, accounts. Client orders are combined to increase efficiency and establish positions in an expedient manner.

Shares are generally allocated on a pro-rata basis, subject to considerations such as minimum purchase/sale amounts to avoid odd-lots and excessive transaction costs, existing or targeted account weightings, account restrictions, the availability of cash, and, when relevant, directed brokerage. Each account that participates in an aggregated order shall do so at the average price for all transactions related to that order in that security on that business day, with transaction costs shared pro-rata based on the account's participation in the transaction.

Partially filled orders are generally allocated on a pro-rata basis. However, if a partial fill is so small such that a pro-rata allocation across all participating accounts is not practicable, Focused Investors allocates such shares in a manner it determines to be fair to all accounts over time. Focused Investors may deviate from pro-rata allocation when making initial investments for

newly established accounts for the purpose of seeking to fully invest such accounts as promptly as possible.

While Focused Investors believes combining orders in this way will, over time, be advantageous to all participants, in particular cases the price could be less advantageous to a participating account had such account been the only account effecting the transaction or had completed its transaction before the other participants.

## Item 13 – Review of Accounts

### Client Account Review

Client portfolios, including the Fund’s portfolio, are reviewed each morning by one of Focused Investors’ managing members to insure that portfolio weightings and cash balances are appropriate. In addition, Focused Investors’ chief operating officer and operations manager review client accounts on a regular basis, as activity occurs, but not less than once a month. Portfolios are reviewed immediately by one of the managing members after receipt of a contribution or notification of a withdrawal, and rebalanced immediately if considered necessary. Focused Investors’ operations employees share responsibility for all client accounts.

In addition to reviews performed by Focused Investors, the Fund has contracted with BNY Mellon to provide certain back-office services, which include, among other things, portfolio accounting, daily cash reconciliation, trade administration, and performance measurement. In connection with such services, dedicated staff of BNY Mellon review and reconcile the Fund on a daily basis and provide Focused Investors with daily account status reports as well as month-end “audited” account statements and asset reconciliations.

### Client Reports

Based on their preference, separately managed account clients receive a customized set of written reports monthly via either the regular mail or email. These reports generally include a detailed portfolio appraisal of securities held as of month-end, a summary of transactions for the month, a summary of brokerage commissions paid, and performance. Limited partners in the Fund receive printed monthly reports mailed directly from the custodian and Fund administrator. These reports show the limited partner’s beginning account balance, change in account balance, and ending account balance as well as additional contributions to or deductions from the account.

## Item 14 – Client Referrals and Other Compensation

Focused Investors receives no economic benefit from anyone who is not a client. In addition, Focused Investors provides no compensation either directly or indirectly for client referrals.

## Item 15 – Custody

### **Separately Managed Accounts**

With respect to separately managed accounts, Focused Investors does not maintain custody or possession of the assets or securities of any such client. Client funds in separately managed accounts are held by custodians or broker-dealers of the client's choosing. Focused Investors holds a limited power of attorney (i.e., limited power of trading authority) to act on a discretionary basis with respect to such funds.

Clients should receive account statements directly from their custodian or broker-dealer and should carefully review those statements, comparing them to the account statements received from Focused Investors. In addition, Focused Investors generally receives copies of the monthly custodian or broker-dealer statements and reconciles them to our internal records. Discrepancies are investigated and, if unresolved, brought to the client's attention.

### **Focused Investors Fund LP**

Focused Investors, in its capacity as general partner and investment advisor to the Fund, has constructive custody of the Fund's assets but does not have physical custody. The Fund has engaged BNY Mellon to serve as its unaffiliated custodian as well as to perform various accounting functions. BNY Mellon maintains physical custody of the Fund's assets and performs Fund accounting including recordkeeping with respect to each limited partner's account balance in the Fund. At the end of each month, BNY Mellon calculates the investment advisory fee owed in arrears by the limited partners to the general partner. The general partner reviews and approves this fee calculation and authorizes that the fees be deducted from the Fund and remitted to the general partner.

The Fund is audited annually by Grant Thornton LLP. BNY Mellon prepares monthly account statements for each limited partner in the Fund and provides these statements directly to the limited partners.

## Item 16 – Investment Discretion

Focused Investors has discretionary investment authority over its clients' separately managed accounts including the Fund. This discretionary investment authority (a limited trading power of attorney) is granted to Focused Investors through the execution of an investment advisory contract between Focused Investors and the client or the Fund. This discretionary investment authority allows Focused Investors to make investment decisions on behalf of these accounts without obtaining prior consent. Examples of discretionary investment decisions that Focused Investors makes on behalf of its clients and the Fund are determining securities and quantities to buy or sell; determining the brokers through which transactions will be executed, providing brokers with pricing guidance for these transactions; and determining the commission rates to be paid to the executing brokers.

Separately managed account clients may impose restrictions on the percentage of their portfolios that Focused Investors may invest in any individual security or industry. Focused Investors generally does not accept client accounts that impose restrictions that would prevent Focused Investors from implementing its concentrated investment approach.

Separately managed account clients also may impose restrictions on Focused Investors' ability to invest in specific securities or types of securities. Because Focused Investors only invests in common stocks, most restrictions on types of securities such as derivatives, initial public offerings, private placements, etc. have no effect on Focused Investors' ability to exercise discretionary investment authority on behalf of its clients' portfolios.

However, restrictions on specific securities such as those of companies involved in certain activities that may be viewed as socially undesirable (e.g., manufacturing and marketing tobacco related products) significantly impair Focused Investors' ability to exercise its discretionary investment authority over a client's portfolio. If Focused Investors believes that a client's restrictions will result in significant differences between the client's portfolio and Focused Investors' unrestricted client portfolios, Focused Investors will not accept the client.

## Item 17 – Voting Client Securities

Focused Investors votes proxies on behalf of its clients and the Fund and considers proxy voting to be an integral part of its investment advisory services. Accordingly, Focused Investors has adopted a comprehensive Proxy Voting Policy and Procedures designed to ensure that it votes proxies in the best long-term economic interests of its clients. Unless a client specifically reserves the right to vote its own proxies, Focused Investors will vote proxies pursuant to its proxy voting guidelines.

Focused Investors has developed procedures to address situations in which Focused Investors' interests may be in conflict with the interests of our clients. Such conflicts may arise, for

example, if a company that is soliciting a proxy is a client of Focused Investors. Focused Investors may also have a conflict if any Focused Investors personnel have a significant business or personal relationship with participants in proxy contests, corporate directors or director candidates. Proxy proposals that are “routine,” such as uncontested elections of directors, meeting formalities, and approvals of annual reports/financial statements are presumed not to involve material conflicts of interest. For non-routine proposals, if Focused Investors’ chief compliance officer believes that a conflict of interest may exist, he will adhere to the firm’s established procedures for resolving conflicts to ensure that proxies are voted consistent with Focused Investors’ obligation to vote in its clients’ best long-term economic interests.

Clients and other interested parties may request a copy of Focused Investors’ Proxy Voting Policy and Procedures free of charge by contacting Focused Investors directly at (310) 734-1200. In addition, upon request, clients will be provided with a report of how proxies for their individual securities were voted.

## Item 18 – Financial Information

Focused Investors does not require or solicit the prepayment of investment advisory fees from any of its clients. As noted in Item 5 above, separately managed accounts are billed quarterly in arrears and limited partners in Focused Investors Fund LP (the “Fund”) have their investment advisory fees deducted monthly in arrears.

Focused Investors, in its capacity as general partner and investment advisor to the Fund, has constructive custody of the Fund’s assets but does not have physical custody. The Fund has engaged BNY Mellon to serve as its unaffiliated custodian as well as to perform various accounting functions. BNY Mellon maintains physical custody of the Fund’s assets and performs Fund accounting including recordkeeping with respect to each limited partner’s account balance in the Fund. At the end of each month, BNY Mellon calculates the investment advisory fee owed in arrears by the limited partners to the general partner. The general partner reviews and approves this fee calculation and authorizes that the fees be deducted from the Fund and remitted to the general partner.

The Fund is audited annually by Grant Thornton LLP. BNY Mellon prepares monthly account statements for each limited partner in the Fund and provides these statements directly to the limited partners.

Focused Investors has no financial condition that would impair its ability to meet its contractual commitments to its clients. Focused Investors has not been the subject of a bankruptcy petition at any time in its existence.



BROCHURE SUPPLEMENT

FOCUSED INVESTORS LLC

9777 Wilshire Boulevard, Suite 910  
Beverly Hills, CA 90212  
(310) 734-1200

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

This brochure supplement provides information about supervised persons that supplements the Focused Investors LLC brochure. You should have received a copy of that brochure. Please contact us at (310) 734-1200 or [datarequest@focusedinvestors.com](mailto:datarequest@focusedinvestors.com) if you did not receive Focused Investors LLC's brochure or if you have any questions about the contents of this supplement.

## Item 1 – Cover Page

Bruce G. Veaco  
Focused Investors LLC  
9777 Wilshire Boulevard, Suite 910  
Beverly Hills, CA 90212  
(310) 734-1200  
March 6, 2012

This brochure supplement provides information about Bruce G. Veaco that supplements the Focused Investors LLC brochure. You should have received a copy of that brochure. Please contact us at (310) 734-1200 or [datarequest@focusedinvestors.com](mailto:datarequest@focusedinvestors.com) if you did not receive Focused Investors LLC's brochure or if you have any questions about the contents of this supplement.

Additional information about Bruce G. Veaco is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2 – Educational Background and Business Experience

Bruce G. Veaco, Managing Member and Chief Executive Officer

Born 1957

Mr. Veaco graduated *summa cum laude* from the University of California, Los Angeles with a BA degree in Economics and received his MBA degree from Harvard Business School.

Mr. Veaco has been a Managing Member of Focused Investors LLC (FI) for the past five years.

## Item 3 – Disciplinary Information

Mr. Veaco has had no legal or disciplinary events.

## Item 4 – Other Business Activities

Mr. Veaco is not involved in any other business activities.

## Item 5 – Additional Compensation

Mr. Veaco receives no economic benefit (sales awards or other prizes) from any other person or entity.

## Item 6 – Supervision

Mr. Veaco is supervised through FI's internal policies. All investment guidelines are set by FI's Managing Members in consultation with Michael Kromm, FI's Chief Compliance Officer. Mr. Veaco's advisory activities are also supervised by Mr. Kromm, who can be reached at (310) 734-1200.

## Item 1 – Cover Page

Nugroho (Dédé) Soeharto  
Focused Investors LLC  
9777 Wilshire Boulevard, Suite 910  
Beverly Hills, CA 90212  
(310) 734-1200  
March 6, 2012

This brochure supplement provides information about Nugroho (Dédé) Soeharto that supplements the Focused Investors LLC brochure. You should have received a copy of that brochure. Please contact us at (310) 734-1200 or [datarequest@focusedinvestors.com](mailto:datarequest@focusedinvestors.com) if you did not receive Focused Investors LLC's brochure or if you have any questions about the contents of this supplement.

Additional information about Nugroho (Dédé) Soeharto is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2 – Educational Background and Business Experience

Nugroho (Dédé) Soeharto, Managing Member

Born 1960

Mr. Soeharto received his BS degree in Chemistry from Bates College and his MBA degree from Babson College.

Mr. Soeharto joined Focused Investors in March 2008. Prior to Focused Investors, he spent two years as a Partner at Saddle Peak Asset Management, LLC.

## Item 3 – Disciplinary Information

Mr. Soeharto has had no legal or disciplinary events.

## Item 4 – Other Business Activities

Mr. Soeharto is not involved in any other business activities.

## Item 5 – Additional Compensation

Mr. Soeharto receives no economic benefit (sales awards or other prizes) from any other person or entity.

## Item 6 – Supervision

Mr. Soeharto is supervised through FI's internal policies. All investment guidelines are set by FI's Managing Members in consultation with Michael Kromm, FI's Chief Compliance Officer. Mr. Soeharto's advisory activities are also supervised by Mr. Kromm, who can be reached at (310) 734-1200.