

**CANNAE ADVISORS LLC**  
**Part 2A of Form ADV**

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**April 2012**

This Brochure provides information about the qualifications and business practices of Cannae Advisors LLC (“Cannae” or the “Firm”). If you have any questions about the contents of this Brochure, please contact the Chief Compliance Officer (“CCO”) Thomas Lamb, at (203) 861-3279 or [tlamb@cannaellc.com](mailto:tlamb@cannaellc.com). Additional information about Cannae can be found on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Registration of an investment adviser does not imply that Cannae Advisors LLC or any of our principals or employees possesses a particular level of skill or training in the investment advisory business or any other business.

**Item 2: Material Changes**

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There are no material changes to report since our initial filing of the Form ADV Part 2A in March of 2012.

**Item 3: Table of Contents**

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**Item 4: Advisory Business**

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Cannae Advisors LLC (“**Cannae**”, “**we**”, “**us**”, “**our**” or the “**Firm**”), a Connecticut limited liability company, was founded in 2008 by Jonathan Daniel Seymour, its sole member and owner.

Cannae is currently an investment adviser on a discretionary basis to an institutional client through a separately managed account arrangement (the “**Client Account**” or “**Account**”). In the future we may advise additional client accounts or private pooled investment vehicles.

The Client Account is managed in accordance with the investment objectives, strategies, restrictions and guidelines, by the Client Account’s beneficial owner.

As of December 31, 2011, we managed US\$237,150,000 in regulatory assets under management for the Client Account on a discretionary basis.

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**Item 5: Fees and Compensation**

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The Client Account pays us a fixed fee to cover general operating expenses of the Firm.

The Client Account is generally charged a performance fee which is calculated based upon a percentage of the net capital appreciation at the end of each fiscal year. The Client Account pays us any performance fee due on an annual basis.

The Client Account shall bear investment expenses (e.g. brokerage commissions and fees), fund administration, audit and tax preparation, external directors and other related costs and expenses.

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**Item 6: Performance-Based Fees and Side-By-Side Management**

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Cannae charges performance-based fee which are based on a share of appreciation of the Account’s assets. Pursuant to Rule 205-3 of the Investment Advisers Act of 1940 (the “**Advisers Act**”), any client account that pays a performance fee must be a “Qualified Client.”

In measuring the Account assets for the calculation of the performance fee, Cannae includes realized and unrealized capital gains and losses.

Generally, at the end of each year, we charge an aggregate amount equal to a percentage of the new net profits, subject to a “high water mark”. The “high water mark” feature prevents us from receiving a performance fee as to profits that simply restore previous losses and is intended to insure that each performance fee is based on the long-term performance of an investment in the Client Account.

In our sole discretion, we may waive all or any portion of the performance fee with respect to the Client Account or any future client accounts.

A performance based fee arrangement may create an incentive for us to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement. In addition, if we advise other clients in the future, such fee arrangements also create an incentive to favor higher fee paying

accounts over other accounts in the allocation of investment opportunities. We have procedures designed and implemented to ensure that all clients are treated fairly and equally, and to prevent this conflict from influencing the allocation of investment opportunities among clients. These procedures include requiring that accounts that are managed in a similar fashion participate in investment opportunities pro rata based on asset size and requiring that, to the extent orders are aggregated, the client orders will be average priced. Our procedures also require the objective allocation for limited opportunities (such as initial public offerings and private placements) to ensure fair and equitable allocation among accounts. These areas are monitored by the CCO.

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**Item 7: Types of Clients**

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As discussed in the Item 4, we provide investment management services to an institutional client. In the future we may offer our services to other institutional accounts and/or private pooled investment vehicles.

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

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In advising the Client Account, we concentrate our investment strategy on public and private airline and aircraft related securities. We generally invest the assets of the Client Account in asset backed securities and structured credit for airline and aircraft related investments.

***Methods of Analysis and Investment Strategy***

Our investment strategy is to achieve capital appreciation with minimum volatility and preservation of capital primarily through investment in structured products in the aviation industry. We currently employ 4 people who aim to achieve positive returns with below average risk. To achieve this we generally focuses in on industry and event driven ideas.

We may utilize leverage on behalf of our Client Account. The amount of leverage that we may use on a particular trade will vary depending on the strategy and availability of leverage. There is no limit on the amount of leverage that we may employ.

***Risk of Loss Factors***

All investments involve the risk of loss, including (among other things) loss of principal, a reduction in earnings (including interest, dividends and other distributions) and the loss of future earnings. Although we strive to manage risk in accordance with our investment strategies, we can provide no guarantee that our efforts will be successful. Set forth below is a non-exhaustive list of such risk factors.

***Operational Risk***

Operational risk is the potential for loss caused by a deficiency in information, communication, transaction processing and settlement and accounting systems. We (or our agents) maintain controls that include systems and procedures to record and reconcile transactions and positions, and to obtain necessary documentation for trading activities.

***Performance Based Fee***

As described in Item 5, we charge a performance based fee to the Client Account and most likely to any future client accounts. A performance based fee arrangement may create an

incentive for Cannae to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement.

***Use of Leverage***

We may leverage investment positions by borrowing funds from securities broker-dealers, banks or others. While leverage presents opportunities for increasing the total return on an investment, it has the effect of potentially increasing losses as well. Accordingly, any event that adversely affects the value of an investment by a client account would likely be magnified to the extent that it is leveraged.

***Non-Diversification***

In general, we are not subject to limitations on the percentage of assets we may invest in a particular security. Being concentrated in a small number of securities, options or futures, exposes a portfolio to the risk of adverse developments in or affecting a single issuer or industry to a greater extent than if the investments were diversified over a large number of issuers and industries.

***Derivatives***

Derivative instruments, or “derivatives,” include futures, options, swaps, structured securities and other instruments and contracts that are derived from, or the value of which is related to, one or more underlying securities, financial benchmarks, currencies or indices. Derivatives allow an investor to hedge or speculate upon the price movements of a particular security, financial benchmark currency or index at a fraction of the cost of investing in the underlying asset. The value of a derivative depends largely upon price movements in the underlying asset. Therefore, many of the risks applicable to trading the underlying asset are also applicable to derivatives of such asset. However, there are a number of other risks associated with derivatives trading, including liquidity risk and counterparty risk.

***Short Selling Increases Risk of Capital Losses***

We intend to make short sales. Short selling, or the sale of securities not owned by the Account involves certain additional risks. Such transactions may expose a client to the risk of loss in an amount greater than the initial investment, and such losses can increase rapidly and without effective limit. There is the risk that the securities borrowed in connection with a short sale would need to be returned to the securities lender on short notice. If such request for return of securities occurs at a time when other short sellers of the subject security are receiving similar requests, a “short squeeze” can occur, wherein we may be compelled, at the most disadvantageous time, to replace borrowed securities previously sold short with purchases on the open market, possibly at prices significantly in excess of the proceeds received earlier.

***Non-U.S. Investments***

Investment in non-U.S. issuers or securities principally traded outside the U.S. will likely involve certain special risks due to economic, political and legal developments, including favorable or unfavorable changes in currency exchange rates, exchange control regulations (including currency blockage), expropriation of assets or nationalization, imposition of withholding taxes on dividend or interest payments, and possible difficulty in obtaining and enforcing judgments against non-U.S. entities. Furthermore, issuers of non-U.S. securities are subject to different, often less comprehensive accounting reporting and disclosure

requirements than domestic issuers. The securities of some foreign governments and companies and foreign securities markets are less liquid and at times more volatile than comparable U.S. securities and securities markets.

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**Item 9: Disciplinary Information**

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Neither Cannae nor any of our management personnel are subject to or have in the past been subject to any criminal or civil action in any domestic or foreign court, and neither Cannae nor any of our management personnel have been subject to any administrative proceedings before the SEC or any other state, federal or foreign financial regulatory authority.

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**Item 10: Other Financial Industry Activities and Affiliations**

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As discussed, we provide investment management services to a single institutional client account and may in the future provide such services to other managed accounts or private investment funds. Cannae and its employees do not have any relationships or arrangements with other financial services companies that pose material conflicts of interest.

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**Item 11: Code of Ethics, Participation and Employee Investment Policy**

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***Code of Ethics and Employee Investment Policy***

Pursuant to Rule 204A-1 of the Advisers Act, we have adopted a Code of Ethics and Employee Investment Policy that establishes various procedures with respect to investment transactions in accounts in which employees of Cannae or related persons (such as members of their immediate household) have a beneficial interest or accounts over which an employee has investment discretion.

The foundation of the Code of Ethics is based on the underlying principles that:

- Employees must at all times place the interests of the clients first;
- Employees must make sure that all personal securities transactions are conducted consistent with the Code of Ethics; and
- Employees should not take inappropriate advantage of their position at Cannae.

All Cannae employees are deemed to be “Access Persons” and are required to adhere to a comprehensive Code of Ethics and Employee Investment Policy, which covers the duty of confidentiality as well as personal trading. All employees are required to certify their adherence to the Code of Ethics and Employee Investment Policy. Cannae employees are restricted from certain personal securities transactions, including securities on the Firm’s or the Client Account’s “restricted list” and transactions involving securities that are held by the Client Account.

In addition, employees may not acquire securities for their own account in an initial public offering. Employees must also obtain pre-approval from the CCO before engaging in any outside business activities or private placements.

All of our employees must direct their brokers to send duplicate brokerage statements to the CCO. These records are used to monitor compliance with the foregoing policies.

These policies apply to any personal transactions involving equity, debt, options, or futures. This policy does not apply to transactions involving government securities, open-end mutual funds, money market funds or other instruments which afford the investor no discretion over individual securities

Cannae's Code of Ethics and Employee Investment Policy are available to clients upon request.

**Privacy Policy**

We are committed to maintaining the confidentiality, integrity and security of our client's personal information. It is our policy to collect only information necessary or relevant to our management business and use only legitimate means to collect such information. We do not disclose any non-public personal information about our clients or former clients to anyone except for servicing and processing transactions and as required by law. We restrict access to non-public personal information about our clients to those employees with a legitimate business need for the information. Cannae maintains security practices, physical, electronic, and procedural safeguards to guard Investor's non-public personal information.

Upon request, we will provide you with a copy of our privacy policy.

**Item 12: Brokerage Practices**

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We have discretionary authority to manage the Client Account and most likely future client account, including authority to make decisions with respect to which securities are bought and sold, the amount and price of those securities, the brokers or dealers to be used for a particular transaction, and the commissions paid. Our authority is governed by the terms of the investment management agreement with the Client Account.

In selecting an appropriate broker-dealer to affect a client trade, we seek to obtain "best execution," meaning generally the execution of a securities transaction for a client in such a manner that a client's total costs or proceeds in the transaction are most favorable under the circumstances. Accordingly, in seeking best execution, we take into consideration the price of a security offered by the broker-dealer, as well as a broker-dealer's full range and quality of their services including, among other things, their facilities, reliability and financial responsibility, execution capability, commission rates, responsiveness to us, brokerage and research services provided to us (e.g., research ideas, analysis, and investment strategies), special execution and block positioning capabilities, clearance, and settlement and custodial services.

**Soft Dollar Usage**

We do not currently utilize soft dollars.

**Aggregation of Orders**

Although we currently manage a single institutional managed account, if we are to manage other client accounts in the future, when appropriate based upon the strategy of other clients, we intend to aggregate such orders. We would aggregate trade orders for multiple client accounts in order to achieve more efficient execution or to provide for equitable treatment among the accounts. The clients participating in aggregated trades will be allocated securities based on the average price achieved for such trades.



**Allocation**

Our policy prohibits any allocation of trades in a manner that favors our proprietary accounts, affiliated accounts, or any particular client(s) or group of clients to receive over other client accounts.

We have adopted a policy for the fair and equitable allocation of transactions that generally analyzes each trade and/or investee fund subscription and redemption on an investment by investment basis, taking into consideration the specifics of each trade and the characteristics of each client. To the extent that multiple client accounts participate in a particular transaction such transaction will generally be allocated pro-rata among such client accounts, unless facts specific to the transaction and the trade warrant an alternative allocation methodology.

**Trade Errors**

As a fiduciary, we have the responsibility to effect orders correctly, promptly and in the best interests of the Client Account. In the event any error occurs in the handling of any transactions, due to Cannae's actions, or inaction, or actions of others, our policy is to assess each trade error on a case-by-case basis.

**Item 13: Review of Accounts**

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**Review of Accounts**

The Client Account portfolio is reviewed on a continual basis by the Portfolio Manager and our operations group to assure conformity with investment objectives and guidelines.

We engage in active management for the Client Account and, accordingly, review our transactions, positions and cash balances on a daily basis.

**Item 14: Client Referrals and Other Compensation**

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We do not currently utilize any third party marketers or solicitors.

**Item 15: Custody**

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We do not provide custodial services to the Client Account and do not intend to provide custodial services to any future clients. The Client Account maintains the discretion to select and utilize one or more custodians of its choice.

**Item 16: Investment Discretion**

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We generally have discretionary authority to determine, without obtaining specific consent, securities to be bought or sold, the amount of securities to be bought or sold, broker-dealer to be used and the commission rates paid. Any limitation on our authority is included in the investment management agreement between Cannae and the Client Account.

**Item 17: Voting Client Securities**

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***Proxy Voting Policy***

As a general practice, we do not intend to vote proxies but will make such decision on a case-by-case basis. Prior to voting a proxy, we will make a determination, in our opinion, as to what vote if any, is in the best interest of the Client Account. We maintain a written record of each proxy vote on each occasion a proxy is voted.

Upon request, we will provide clients with a copy of our proxy voting policies and procedures and/or a record of all proxy votes cast on behalf of that client.

**Item 18: Financial Information**

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Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about their financial condition. Cannae has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.