

**Part 2A of Form ADV: Firm Brochure**

**Item 1: Cover Page**

**Yacktman Asset Management LP**

**6300 Bridgepoint Parkway**

**Building 1, Suite 320**

**Austin, Texas 78730**

**(512) 767-6700**

**[www.yacktman.com](http://www.yacktman.com)**

**July 3, 2012**

Yacktman Asset Management LP is a registered investment adviser. This registration does not imply a certain level of skill or training.

This brochure provides information about the qualifications and business practices of Yacktman Asset Management LP. If you have any questions about the contents of this brochure, please contact us at (512) 767-6700. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority.

Additional information about Yacktman Asset Management LP also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2: Material Changes**

The following is a summary of material changes to Yacktman Asset Management LP's ("Yacktman") business since the last annual update of this brochure, dated May 24, 2012. The current version of this brochure reflects an interim amendment as of July 3, 2012.

On July 3, 2012, Affiliated Managers Group, Inc. ("AMG") acquired a majority interest in Yacktman. Each of The Yacktman Fund and The Yacktman Focused Fund has undergone a reorganization pursuant to which they have been renamed Yacktman Fund and Yacktman Focused Fund, respectively, and become separate series of Managers AMG Funds, an investment company registered under the Investment Company Act of 1940. Yacktman now is the sub-adviser to each of Yacktman Fund and Yacktman Focused Fund.

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#### **Item 4: Advisory Business**

Yacktman Asset Management LP (“Yacktman”) is an investment advisory firm that was formed in April 2012 to succeed to the business of Yacktman Asset Management Co., which had served long-term oriented investors since 1992.

##### *Principal Ownership*

Affiliated Managers Group, Inc. (“AMG”), a publicly-traded asset management company (NYSE: AMG), holds a majority equity interest in us. The remaining equity interests are held directly and indirectly by our principal owners, Donald Yacktman, Stephen Yacktman, Jason Subotky and Russell Wilkins, and trusts they have established. AMG also holds equity interests in other investment management firms (“AMG Affiliates”). Further information on both AMG and AMG’s Affiliates is provided in Item 10.

##### *Advisory Services*

We are sub-adviser to each of Yacktman Fund and Yacktman Focused Fund which are separate series of Managers AMG Funds (“Managers Funds”), an investment company registered under the Investment Company Act of 1940. Yacktman Fund and Yacktman Focused Fund are advised by Managers Investment Group LLC (“Managers”), an AMG Affiliate. We also provide investment advisory services as a sub-advisor to several other mutual funds and a UCITs fund. In addition, we also serve as an investment adviser to separate accounts for taxable and tax-exempt clients.

We may refuse to enter into an investment advisory arrangement with a prospective client whose investment objectives are considered incompatible with our basic investment philosophy or strategies, or if the prospective client seeks to impose unduly restrictive investment guidelines, or if we cannot determine the identity of the ultimate investor. We generally do not impose any specific requirements on the maintenance of client accounts.

Client accounts may be customized to account for non-Yacktman asset exposure or other goals/needs of the client. This may involve restricting or reducing exposure to certain securities or economic industries. It may also influence the degree of concentration in the account or the yield characteristics of the portfolio.

We participate in certain wrap fee or bundled fee programs by providing portfolio management services as part of such programs. We receive a portion of the bundled or wrap fee for our services, and that fee can differ by program, as negotiated. In managing accounts under these programs, our overall management strategy does not differ materially from other accounts that we manage. However, certain differences do exist due to the nature of the bundled or wrap fee programs, which require, by way of example, that certain models be followed in managing the accounts, that certain program specific restrictions be adhered to, and that certain program specific operational procedures be followed.

While most of our client accounts are managed on a discretionary basis, with us having full investment authority for the account, clients may impose limitations on our investment by (or as otherwise negotiated):

- A. Limiting our ability to select the securities to be bought and sold for the account;
- B. Specifying the amount of securities to be bought and sold for the account; or
- C. Specifying the broker to be used or the maximum commissions to be paid.

As of June 22, 2012, Yacktman had assets under management of \$17,192,500,000, of which \$17,188,800,000 was managed on a discretionary basis and \$3,600,000 was managed on a non-discretionary basis.

### **Item 5: Fees and Compensation**

Our fees are calculated as a percentage of the assets we manage. Our basic fee schedule is as follows (although it is subject to negotiation):

<i>Percentage Fee</i>	<i>Market Value</i>
1%	On First \$50 million
Negotiated	Above \$50 million

Our fees do not include brokerage commissions and other transactions costs, and/or custodial costs that you may incur. See Item 12 – “Brokerage Practices” for a description of our brokerage practices.

We have been engaged by certain investment advisers (including advisers to registered investment companies) to manage certain portfolios of such advisers. In our capacity as “sub-adviser” to such accounts, our fees and services are determined by contract with the adviser. Information concerning these sub-advised funds, including a description of the services provided and advisory fees, is generally contained in each fund's prospectus, which can be found at each fund’s web site. Other fees payable as an investor in a sub-advised fund or other account are described in the fund’s prospectus or the adviser’s fee brochure or client investment management agreement.

Our fees are generally billed and payable quarterly in advance. The market value of the assets of an account is determined on our systems by utilizing recognized pricing services or fair value according to policy. Client accounts are reconciled to custodial statements monthly. Our standard client contracts may be canceled by either party with thirty days’ notice in writing unless agreed upon differently. If an account is cancelled during a quarter, fees are refunded on a pro rata basis from the date that all supervision and client reporting is concluded.

We do not accept any 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 do not receive performance-based fees.

### **Item 7: Types of Clients**

We may provide investment advisory services to the following types of clients:

- A. Individuals;
- B. Banks or thrift institutions;
- C. Investment companies;
- D. Pension and profit sharing plans;
- E. Estates, trusts, or charitable organizations; and
- F. Corporations or business entities not set forth above.

The minimum amount required to open an account is \$50,000,000, which is subject to negotiation.

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

We have a fundamental approach to our securities analysis, relying on a variety of information sources (for example, company filings, transcripts, press releases and presentations, financial periodicals and corporate rating services). When implementing our investment strategies for our clients, we use strategies which may include long and short term purchases, margin transactions, and options writing, including covered options, or uncovered options. In implementing our investment strategies, there is a risk that we may make poor security selections or focus on securities in a particular sector, category, or group of companies that underperform, which may result in us unsuccessfully executing our strategies or losses to our clients. In addition, there are risks inherent in the securities in which we invest for our clients, as discussed below.

We typically invest in equity securities that are subject to risks and uncertainties inherent in equity investing. Material risks of equity securities in which we invest may include:

**Market Risk:** The prices of the securities in which we invest may decline for a number of reasons. The price declines of common stocks, in particular, may be steep, sudden and/or prolonged.

**Value Investing Risk:** From time to time “value” investing falls out of favor with investors. When it does, there is the risk that the market will not recognize a company’s improving fundamentals as quickly as it normally would. During these periods, the relative performance of our investment strategies may suffer.

**Smaller-Capitalization and Medium-Capitalization Companies Risk:** These companies typically have relatively lower revenues, limited product lines and lack of management depth, and may have a smaller share of the market for their products or services, than larger-capitalization companies. The stocks of these companies also tend to have less trading volume than stocks of larger-capitalization companies. Less trading volume may

make it more difficult for us to sell securities of such companies at quoted market prices. Finally, there are periods when investing in smaller-capitalization and medium-capitalization stocks falls out of favor with investors and the stocks of such companies underperform.

### **Item 9: Disciplinary Information**

We have had no disciplinary actions taken against us or any of our employees within the last ten years by any domestic, foreign or military court; the SEC, or any other federal regulatory agency; any state regulatory agency or any foreign financial regulatory authority; or any self-regulatory organization (SRO).

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

#### *Affiliations*

As noted in Item 4, AMG is a publicly traded asset management company (NYSE:AMG) and holds a majority equity interest in us. AMG also holds equity interests in certain other investment advisers (“AMG Affiliates”). Each of the AMG Affiliates, including us, is operated autonomously and independently, and except as described in this Brochure, we do not have any business dealings with these AMG Affiliates and do not conduct any joint operations with them. Moreover, the AMG Affiliates do not formulate advice for our clients. More information regarding AMG, including its public filings and a list of all AMG Affiliates, is available at [www.amg.com](http://www.amg.com).

We have mutual fund sub-advisory agreements with Managers Investment Group LLC (“Managers”), an AMG Affiliate, under which we serve as sub-adviser to Yacktman Fund and Yacktman Focused Fund (the “Funds”) which are in the Managers Funds family of mutual funds, which are sponsored and advised by Managers. As described in each prospectus, the Funds pay Managers advisory fees, and Managers pays us sub-advisory fees with respect to the Funds that we sub-advise.

We receive a material portion of our revenues from investment management fees from the Funds. See Item 5 – “Fees and Compensation” for a description of the advisory fees paid by the Funds.

We may recommend to our clients the purchase of shares of the Funds, and our aggregate compensation may increase as a result of the purchase of shares of a Fund by our clients. However, the value of such Fund shares is excluded from the value of a client’s account for purposes of computing our management fee with respect to that account. This is done in order to prevent us from receiving a fee from both the client and the Funds with respect to the same assets under management.

We do not believe these relationships present any potential conflict of interest for us with respect to our clients.

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

We have adopted a Code of Ethics. On occasion, we or our principals may invest in securities owned by a client, but the interests of the client always take precedence. We may also recommend to clients that they buy or sell securities in one of the Funds. See Item 10 – “Other Financial Industry Activities and Affiliations” for a discussion on investments by clients in one of the Funds and the fees we receive.

All of our employees are required to pre-clear personal trades with the Chief Compliance Officer (CCO), who also reviews all employee trades on a regular basis. The CCO will not pre-clear an employee trade if, at the time of such purchase or sale, there is an open order for the purchase or sale of such security by a client account or we have an immediate present intention to enter an order for the purchase or sale of such security by a client account.

In order to ensure that each of our principals and employees strictly adhere to the highest standards of conduct and integrity in handling business on behalf of our clients, each principal and employee signs an annual attestation that they have read and understand our Code of Ethics. Clients and prospective clients may request a complete copy of our Code of Ethics by writing to our CCO at the address listed on the cover page of this brochure.

## **Item 12: Brokerage Practices**

### *Practices for Clients Who Do Not Direct Brokerage*

In placing purchase and sale orders for portfolio securities for our clients who have not directed us to use certain brokers, we seek the best execution of orders at the most favorable price in light of the overall quality of brokerage and research services provided, as described below.

Many of the transactions that we effect for our clients involve payment of a brokerage commission by the client. In some cases, transactions are with firms who act as principals of their own accounts. In selecting brokers to effect portfolio transactions, the determination of what is expected to result in best execution at the most favorable price involves a number of largely judgmental considerations. Specifically, when we allocate trades to brokers, we review and consider the following criteria:

- A. Our past experience with the broker or the proven ability of the broker to perform the trades.
- B. The difficulty of executing the trade in question (whether due to liquidity, volatility, speed of the broker or communication feedback).
- C. The ability of the broker to allocate “block trades” for multiple accounts at average pricing.
- D. Whether the broker makes available soft dollar or other research incentives.
- E. The ability of the broker to handle/provide size execution.



- F. The ability of the broker to report trades via the Depository Trust Company.
- G. The ability of the broker to service special needs (*for example*, certification/transfers/handle restrictions, etc.)
- H. The price of the broker's commissions alone.

In effecting trades that require execution through multiple brokers, we time the entry of the trades in a manner that is designed to provide no advantage to any individual account or group of accounts over time. In making this determination, we review and consider the factors below. After considering the factors below, the priority for order entry will be set on a random or rotational basis.

- A. The liquidity of the issue in question and the broker's speed of response and ability to execute without negatively effecting price.
- B. The availability or need of cash in a given account or group of accounts.
- C. The relative size or position of the issue in question relative to other accounts or groups of accounts.
- D. The size of orders to be executed through the same broker.

As noted above, in allocating brokerage business for our clients, we also take into consideration the research, analytical, statistical and other information and services provided by the broker (known as soft dollar benefits). While we believe these services have substantial value, they are considered supplemental to our own efforts in the performance of our duties for our clients. Research services obtained on behalf of one client may indirectly benefit our other clients. Specifically, we may cause clients to pay commissions higher than those charged by other brokers for soft dollar benefits (known as paying-up), if we determine in good faith that such amount of commission is reasonable in relation to the value of brokerage and research services provided by the executing broker viewed in terms of either the particular transaction or our overall responsibilities with respect to our clients.

These research services are of the type described in Section 28(e) of the Securities Exchange Act of 1934 and are designed to augment our own internal research and investment strategy capabilities. With respect to selecting brokers who provide research services, we select brokers who can provide us with:

- A. Useful reports on individual companies and industries of particular interest to us;
- B. Current and historical statistical information, general economic data, and information on pertinent federal and state legislative developments and changes in accounting practices;
- C. Direct access by telephone or meeting with leading research analysts throughout the financial community, corporate management personnel, industry experts, leading economists and government officials;

- D. Comparative performance evaluation and technical measurement services;
- E. Economic advice; and
- F. Securities quotations.

When we use client brokerage commissions to obtain research or other products or services, we receive a benefit because we do not have to produce or pay for the research, products or services. So, we may have an incentive to select or recommend a broker based on our interest in receiving the research or other products or services, rather than on our clients' interest in receiving most favorable execution.

We seek to allocate soft dollar benefits to our client accounts proportionately to the soft dollar credits the accounts generate, to the extent that account size has some correlation to the amount of credits generated and will have correlation to the amount of benefit received. During the last fiscal year, the procedure used to direct client transactions to specific brokers in return for soft dollar benefits was simple and effective. We made a determination as to whether there was a need for additional soft dollar benefits. If there was such a need, then all trades for the selected broker were designated as soft dollar trades until the determination for the need of additional soft dollar benefits was terminated. During that period, client trades executed at the selected broker paid soft dollar commissions.

#### *Practices for Clients Who Direct Brokerage*

We permit our clients to direct brokerage. Specifically, to request a particular broker, a client must notify us in writing as to which broker they want to utilize. For those individual accounts which have directed us to use specified brokers, we generally allocate trades to their brokers on a rotating basis. If a client directs brokerage, we may be unable to achieve the most favorable execution of that client's transactions, and the client may pay higher brokerage commissions for the reasons identified below. The following conditions apply to directed brokerage:

- A. We will not negotiate commissions on the client's behalf. As a result, the client may pay materially different commissions from those paid by our other clients. It will depend on the client's commission arrangement with the broker and other factors, such as the number of shares involved in the transaction, whether the order is a round lot or odd lot order and the market for the security being bought and sold.
- B. We will not negotiate volume discounts on so-called "block trades" (namely, orders for the purchase or sale of the same security for more than one of our accounts, including the client). For those clients who do not direct us to use a particular broker, we may be able to negotiate reduced commission rates for transactions through certain brokers. Such reduced commission rates generally apply to all transactions effected through the broker, including so-called "block trades."

### *Aggregation of Trades*

Where possible for the benefit of our clients, we aggregate purchases and sales of securities, “block trades.” When we engage in “block trades,” we allocate securities to individual client accounts in a manner that is designed so that no individual account is disadvantaged over time.

In some circumstances, it may not be possible to fill the entire aggregated trade, which results in a partially filled “block trade.” In allocating a partially filled “block trade,” we allocate in a manner that is designed to provide no advantage to any individual account over time. In making this determination, we review and consider the factors below. After considering the factors below, we will allocate based on a pro-rata, rotational or random basis.

- A) The availability or need of cash in a given account.
- B) The relative size or position of the issue compared to the rest of the accounts.

As noted above, for those clients who do not direct us to use a particular broker, we may be able to negotiate reduced commission rates for transactions through certain brokers. Such reduced commission rates generally apply to all transactions effected through the broker, including so-called “block trades.” These commission rates usually vary depending on the size of the orders comprising the transaction. As a consequence, even with respect to “block trades,” clients may pay different commission rates based on the size of their order included in the “block trade.”

### *Broker or Dealer Recommendations*

From time to time, we may make broker or dealer recommendations to clients. Such recommendations are made at the request of the client and do not impact our best execution obligations to our clients.

## **Item 13: Review of Accounts**

We generally review our client accounts on a monthly basis. If there is unusual market activity or changes in our clients’ investment circumstances, we will review the accounts on a more frequent basis. Our accounts are reviewed by Donald A. Yacktman, President, Stephen A. Yacktman, Senior Vice President, Jason Subotky, Senior Vice President, Russell G. Wilkins, Senior Vice President, or Ronald W. Ball, Senior Vice President.

We provide our clients with detailed, written reports regarding their accounts on a quarterly basis (or more frequently if agreed to with a client). These reports summarize a client’s account, including a summary of the account’s asset allocation, industry diversification, yield, cost basis, market values, realized and unrealized gains and losses and transaction activity.

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

We do not compensate any person who is not one of our employees for client referrals. Nor does anyone who is not a client provide us with an economic benefit for providing investment advice

or other advisory services to our clients. See Item 12 – “Brokerage Practices” for the benefits that we derive from soft dollar arrangements.

#### **Item 15: Custody**

To the extent that we have, or may be deemed to have, custody of client funds or securities, all such funds or securities are maintained by a qualified custodian. The qualified custodian will provide our clients with account statements on at least a quarterly basis. We will not provide clients with additional account statements. Our clients should carefully review the account statements that they receive from the qualified custodian.

#### **Item 16: Investment Discretion**

We generally have discretionary authority to manage securities accounts on behalf of our clients. See Item 4 – “Advisory Business” for information on the number of accounts that are discretionary accounts versus non-discretionary accounts, and information on limitations that clients may place on our investment authority. Our authority to exercise investment discretion is agreed upon in advance by the client through the terms of our investment management agreement with the client.

#### **Item 17: Voting Client Securities**

Our clients may delegate to us authority to vote proxies on securities held in their accounts, when requested in writing and mutually agreed upon. To assist us in voting proxies on behalf of our clients, we have adopted a proxy voting policy that sets forth our proxy voting procedures and guidelines. In general, when voting proxies for our clients, we make voting decisions consistent with what we believe to be the “economic best interests” of the client and review each proxy on a case by case basis, with the final decision based on the merits.

To assist us in reviewing proxies, we may engage a third-party administrator to research and analyze each proxy and make a recommendation to us on how the vote should be cast on the issue. After we have reviewed the recommendation by the third-party administrator, we will instruct the third-party administrator, in writing, how to vote the proxies and the third-party administrator will cast the vote on behalf of the client.

Set forth below are the general guidelines we utilize for voting proxies on behalf of our clients:

- A. With respect to routine matters, such as the election of directors and the ratification of auditors, we tend to vote with management, although we reserve the right to vote otherwise.
- B. With respect to proposals related to social, environmental or political matters, we tend to vote with management, but the economic interest of the client is the foremost consideration when determining how to vote on such proposals.

- C. With respect to proposals related to shareholder sovereignty, we tend to vote against any proposal that limits shareholder influence on management or adversely affects the potential value received by shareholders.
- D. With respect to the approval of stock option plans, we generally vote against such plans.

There may be instances where our interests may conflict or appear to conflict with the interests of our clients. In such situations we will, consistent with our duty of care and duty of loyalty, vote the securities in accordance with our proxy voting policy, but only after disclosing any such conflict to our clients prior to voting and affording our clients the opportunity to direct us in the voting of such securities.

#### **Item 18: Financial Information**

We are not required to provide financial information pursuant to this Item.

#### **Item 19: Requirements for State Registered Advisers**

We are not registered with, nor are we required to register with, any state securities authorities as an investment adviser.