

## **Item 1: Cover Page**

**Sanders Capital, LLC**

**390 Park Avenue**

**New York, NY 10022**

**(212) 291-7900**

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

**March 26, 2013**

This Brochure provides information about the qualifications and business practices of Sanders Capital, LLC. If you have any questions about the contents of this Brochure, please contact us at (212) 291-7900. 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 Sanders Capital, LLC also is available at the SEC's website: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 – Material Changes**

This Brochure supercedes the March 21, 2012 brochure of Sanders Capital, LLC (sometimes referred to as "we" or "the firm"). There are no material changes from the prior brochure.

## Item 3 -Table of Contents

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

## **Item 4 – Advisory Business**

Sanders Capital, LLC is a New York limited liability company; we were founded in August of 2009 by Lewis A. Sanders, our Chief Executive Officer, Co-Chief Investment Officer, and principal owner. We are 100 per cent owned by senior staff members.

We are a discretionary investment manager; we have the authority and responsibility to formulate strategy and make decisions regarding what securities to buy or sell and in what amounts in accordance with agreed upon client investment objectives and guidelines.

This filing also covers SC SPC LLC, a relying advisor, which is our sister company and the general partner of the Sanders Capital All Asset Value Fund, L.P. (the "Fund"), which is discussed below. The Fund is sold only to qualified clients, as further defined in the offering memorandum of the Fund. All of the persons who act on behalf of SC SPV LLC are under the supervision and control of Sanders Capital and subject to our Ethics Code and compliance policies and procedures, which are administered by our chief compliance officer.

Our investment services include the following:

### All Asset Value Portfolios

All Asset Value Portfolios can invest in a broad range of financial assets in all parts of the global capital markets. The investment objectives of these portfolios are to generate attractive, risk adjusted investment returns, while conforming to specified absolute volatility targets, ranging from low (comparable to bonds of short duration), to moderate (similar to a half-equity portfolio), to high (comparable to equities). The portfolios are managed to achieve absolute returns at or above these volatility targets. Currently this service is available through portfolios of the Fund, a Delaware limited partnership sponsored by our sister company and managed by us (see Item 10 below for more information). Investments are offered by private offering memorandum to qualified investors, including our investment management clients. This offering memorandum contains details regarding the investment strategy and risks of the portfolios.

### US Value Equity Portfolios and Global Equity Portfolios

Sanders Capital currently offers two equity-only Portfolios for those clients with fixed asset allocation policies. These Portfolios are managed in accordance with our discipline and clients' guidelines.

- US Value Equity Portfolios invest predominantly in large capitalization stocks of US companies, although they may invest some portion of their assets in companies domiciled outside the United States.
- Global Value Equity Portfolios invest predominantly in large capitalization stocks of companies domiciled in developed nations throughout the world, although they may also invest in companies domiciled in emerging markets.

Our equity portfolios are driven by the same research and portfolio management process as our All Asset Value Portfolios. They benefit from our all asset research orientation, which we believe produces superior forecasts at the asset class level. Please refer to Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss - for an explanation of our investment philosophy and investment process.

As of December 31, 2012, Sanders Capital had regulatory capital under management of \$10.036 billion, of which \$10.465 billion was managed on a fully discretionary basis and \$172 million on an advisory (non-discretionary) basis.

## **Item 5 – Fees and Compensation**

### US Value Equity and Global Equity Fee Schedules

The firm's annual fee for US Value Equity and Global Value Equity Portfolios is:

- 0.900 percent of assets on the first \$15 million;
- 0.500 percent on the next \$35 million of assets, and
- 0.400 percent on the balance.

The minimum account size for a US Equity or a Global Value Equity Portfolio is \$10 million. We may waive the minimum account size in our discretion. Fees for accounts (including related accounts) above \$250 million or those that expect to reach that level in a reasonable time are negotiable. Related accounts as defined by the firm may be aggregated for the purposes of fee computation. Performance fees are available. We include the value of clients' cash reserves that are invested in third party sponsored short term investment funds as well as investments in other third party pooled vehicles such as ETFs in calculating market value for billing purposes. Clients generally also pay fees to the sponsor/advisor of such commingled funds.

Fees are billed in arrears, generally on a quarterly basis. Fees are prorated for lesser periods based on the time the account is under management.

Sanders Capital's all-asset value service is offered in the form of a limited partnership; the offering memorandum contains details with respect to the fees and other charges for this service.

#### Additional Fees and Expenses:

In addition to the investment management fees that clients pay to us, they also pay fees to third parties in connection with their managed accounts. Such fees may include:

- custodial fees to their banks or other custodians;
- brokerage commissions or mark-ups/markdowns to broker-dealers who execute transactions for their accounts (for more information on Sanders Capital's brokerage practices, please refer to Item 12 below starting on page 9).
- fees, transfer taxes, and/or stamp duties of governments or regulators in jurisdictions where their securities are purchased or sold;
- consultants' fees in connection with asset allocation or other strategic decisions affecting their accounts.

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

Some clients pay performance-based fees to Sanders Capital for investment management services; additionally, investors in the Sanders Capital All Asset Value Fund, L.P., a Delaware Limited Partnership, pay performance allocations to our sister company, SC SPV LLC, which is the general partner of the partnership. SC SPV LLC is owned by the same persons who own Sanders Capital.

Clients' accounts are managed alongside other clients' accounts without regard to the type of fee or performance allocation the client pays to us or our sister company. We also manage accounts for our staff in the same investment services that we offer clients; we treat staff accounts as client accounts and manage them alongside non-related clients' accounts. We believe that our staff having "skin in the game" is beneficial to clients since we presumably would not take risks in our own accounts that we deem imprudent. However, this type of side-by-side management may give rise to conflicts of interest. For example, we may have an incentive to favor a client with a performance-based fee or an account of a staff member by giving them preference in allocations and prices of securities.

#### Aggregation of Orders and Average Pricing

Our policy is to treat each account equitably and without favoritism and we have adopted practical strategies to ensure equitable treatment. For example, we aggregate orders for investment management accounts for the same security in a single order. If the

entire order is not filled by day-end, we allocate shares executed to underlying accounts on a pro rata basis. If an order is filled at several prices through multiple trades with the same broker, an average price and commission will be used for all trades executed and all participants receiving securities from the aggregated trade will receive the average price. Only trades executed within the trade and entered at the same time on the single day may be combined for purposes of calculating the average price. We cannot always aggregate orders for different management services at the same time since account reviews for one service may precede those for another service and cash flows into and out of accounts will influence the timing of transactions. However, we have no systemic bias that prioritizes the review of some investment management services over others.

Although we typically do not participate in initial public offerings (IPOs) of securities, any purchase of an IPO would be treated in the same manner (consistent with client guidelines, some of which prohibit the purchase of IPOs).

## **Item 7 – Types of Clients**

Sanders Capital provides investment management services to pension and profit sharing plans, government plans, investment companies and other collective investment funds, other institutional investors, high net worth individuals, trusts, and charitable organizations. The minimum size account is \$10 million. We may waive the minimum account size in our discretion.

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

### Investment Philosophy

Sanders Capital employs a value driven investment approach. It rests on the proposition that investors systematically overreact to adversity (a behavioral bias known as loss aversion), unduly depressing the price of the affected assets, thereby producing investments with above-average risk-adjusted returns. The source of adversity may be company specific in nature, or may affect entire industries or asset classes. The objective of our research is to identify which assets are subject to such pressures and, in particular, identify those for which the pressure will prove transitory. It is that subset of investments where we believe that unusual opportunity is typically present.

A major tenet of our investment philosophy is that value opportunities are best exploited if applied to multiple asset classes in a single portfolio as opposed to strategies that focus exclusively on one asset type. We believe that analysis of the full spectrum of

opportunities generated by a particular dislocation leads to improved research insight and a greatly enhanced ability to trade off risk and return.

### Investment Universe

Consistent with our core beliefs, Sanders Capital sources investments for All Asset Value portfolios from a broad range of financial assets in all parts of the global capital markets including: common and preferred stock and related options, corporate debt (bonds and bank loans), municipal debt securities, commercial paper, and US government securities. We may invest in commodity futures in energy, industrial and agricultural commodities; futures on intangible assets; ETFs; convertible preferred stock; asset-backed securities including those backed by residential mortgages; credit cards, and other financial assets; agency residential mortgage-backed securities; commercial mortgage-backed securities; credit derivatives, and currency futures and forwards to actively manage risks and seek opportunity in non-dollar investments. We may utilize leverage in certain circumstances.

We believe that the capital markets have become very nearly borderless as it relates to valuation and common factor risks. Thus, we define our investment universe in global terms.

We source investments for US and Global Value equity portfolios from a subset of these investments, consistent with our clients' asset allocation policies and guidelines.

### Investment Process

#### 1. Valuation

The research teams employed by Sanders Capital screen the investment universe for securities or assets for which the expected internal return meets or exceeds the return targets of our services. Such estimates are supported by extensive field research and the use of disciplined valuation processes. The conversion of all forecasts to the common language of expected total return facilitates comparisons of investments across the capital stack of corporate issuers and all other asset classes.

Our valuation processes include the following:

- a present value modeling framework for common stocks that compares estimates of future free cash flow to current stock prices, computing the expected internal returns, comparing such returns to a broad universe of companies, and establishing both absolute and relative views of return potential.
- a fixed income cash flow modeling framework that compares market prices to



predictions of loan performance permitting the computation of expected internal returns. Such returns take into account the idiosyncratic features of deal structure (including conversion features, prepayment options, etc.) and the cash flow pathways triggered by events of default and other factors where applicable.

- econometric modeling at the global and national level used to drive predictions of broad trends in corporate profits and supply and demand for real assets in the near and longer term.
- quantitative factors that correlate with future stock and bond returns to facilitate screening for opportunities, timing of purchases and sales and sizing of positions; they also signal forecasting error, useful in research review. Such tools are adjunctive to our portfolio management process; all investments must qualify on fundamental grounds.
- surveillance systems to track predictions versus actual results

## 2. Research Review

The inputs that drive the above processes are subject to intensive research review and quality assurance conducted by our Chief Investment Officers and Director of Research in collaboration with both internal and external research analysts.

## 3. Portfolio Construction/Risk Assessment

The portfolio construction process seeks to maximize risk adjusted returns, by rank ordering investment options by factors correlated with expected internal return independent of asset type, and comparing them systematically to estimates of absolute volatility and covariance. In the case of corporate issuers, the process arrays expected returns in all parts of the capital structure (common stock, preferred stock, convertible securities, bonds, loans, certificates of deposit) so as to optimize risk/return trade-offs.

With respect to All Asset Value portfolios, asset allocation between stocks, bonds, credit market instruments, synthetics, and commodities are a derivative of this process as no predetermined guidelines are imposed. Similarly, there are no predetermined constraints on ratings for fixed income holdings which can range from AAA to unrated. These portfolios have the authority to shift asset allocation to short-term risk free assets during periods when very low risk premiums characterize the capital markets. As a matter of policy, the portfolios will not make risk bearing investments if, in our judgment, the overall risk/return target of the portfolio is deemed unattractive. Thus the allocation to risk free assets is a derivative of the presence or absence of attractive risk bearing alternatives.

In sum Sanders Capital sees all asset value investing as the most advanced form of the value investment paradigm. It leverages research insight to the fullest. It breaks free of portfolio construction constraints that make sense in normal times but are often counterproductive in times of stress, the very times when value opportunities are greatest

Our US Value Equity and Global Value Equity portfolios benefit from our all asset research orientation, which we believe produces superior forecasts at the asset class level; these portfolios respond to the requirements of clients with fixed asset class requirements.

Overall portfolio construction is managed with the objective of producing an information ratio (total expected return divided by estimated volatility) of at least 1 while meeting the volatility targets of each portfolio.

#### Risk of Loss:

All investments in securities subject the investor to risk of loss. Clients should be prepared to bear such losses when deciding to invest. Stock markets and bond markets fluctuate substantially over time; prices in individual securities may fluctuate more so. In addition, global and domestic economic events may have a substantial effect on securities markets and these effects may be prolonged. Moreover, there are times when a particular style of investment, such as the value style Sanders Capital employs, is out of favor and underperforms other investment styles or the broader market. The investment services we offer are long term strategies and not suitable for investors with short investment horizons.

### **Item 9 – Disciplinary Information**

Sanders Capital has no legal, disciplinary or other events that reflect on our integrity or that of any member of our staff.

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

As stated previously, Sanders Capital is the investment manager of Sanders Capital All Asset Value Fund, L.P., a Delaware limited partnership, of which our sister company, SC SPV LLC, is the general partner. SC SPV LLC is owned by the same persons who own us and we are the investment manager for the partnership. The partnership offers limited partnership interests to qualified investors under the securities laws, including our investment management clients. Such offerings are made in private placements by means of an offering memorandum in which Sanders Capital's compensation, its affiliation with SC SPV LLC, as well as the latter's performance allocation are fully disclosed. We manage the portfolios of the partnership alongside other accounts we manage. The potential conflicts that may arise from performance fees and side-by-side management and how they

are addressed are discussed in Item 6 on page 3. Additionally, we may have an incentive to recommend an investment in the partnership because our sister company is entitled to performance allocations, which ultimately benefit the owners of Sanders Capital.

## **Item 11 – Code of Ethics**

Sanders Capital's Code of Ethics and Personal Trading Policy (the "Code") provides that we and our staff must act competently and with diligence on behalf of clients and must act with the utmost good faith solely in the best interests of our clients. This fiduciary duty is the core principle underlying the Code. Our rules are designed to ensure that our research and investment decisions benefit clients' accounts first and foremost and that staff's personal investments be made only if they do not negatively affect clients' interests and only after client interests are satisfied. The Code requires that personal securities trades of the staff and certain other persons be pre-cleared by the firm prior to being executed and that these trades cannot be made before trades or proposed trades for clients in these same securities are executed. We also do not permit staff to engage in short-term securities transactions or to take contrary positions to those we take for clients (e.g., to sell securities in their personal accounts while clients' accounts hold such securities).

As stated previously, accounts we manage for staff on a fully discretionary basis are not subject to these rules. We treat discretionary accounts we manage for staff as client accounts and manage these accounts side-by-side with other clients' accounts. Conflicts related to side-by-side management of staff accounts have been previously discussed in Item 6 above.

The Code contains other provisions to protect clients and comply with federal securities laws:

- The staff must maintain confidentiality regarding the our securities transactions on behalf of clients and the holdings in clients' accounts.
- Staff must exercise diligence and care in maintaining and protecting clients' nonpublic, confidential information.
- The staff must not act on inside information in their own accounts or on behalf of clients.
- The staff cannot give or receive gifts above a de minimis level and business entertainment, whether received or given, must be for a predominantly business purpose.

- The staff are prohibited from so-called “pay-to-play” practices in connection with obtaining government business.

The staff file periodic reports of their securities transactions and annually certify that they are in compliance with the Code. We also conduct staff training on the Code at least annually.

As previously noted, investments in the Sanders Capital All Asset Value Fund are offered to investment management clients and other qualified investors; conflicts associated with our role with respect to the partnership are discussed in Items 6 and 10 above.

A complete copy of the Code can be obtained from Sanders Capital by addressing a written request to us, c/o the Chief Compliance Officer.

## **Item 12 – Brokerage Practices**

### **A. Broker Selection/Commissions**

Sanders Capital has the authority to choose the broker-dealer to be used for each trade in clients' accounts and the rate of commissions to be paid; in rare cases a client may direct the firm to allocate some portion of its trades to a broker-dealer selected by the client.

We have a fiduciary obligation to seek “best execution” of all client securities transactions. Best execution does not necessarily mean paying the lowest possible commission rate. We choose broker-dealers to execute transactions based on our evaluation of the full range of their services, including the value of research provided, execution capability, commission rate, financial strength and stability, responsiveness, and technology infrastructure. We also take account of the broker’s trading expertise, reputation and integrity, access to secondary markets, ability to provide anonymity, access to company management, and, with respect to particular trades, the timing and size of the order and available liquidity and current market conditions. We make a good faith determination that the commissions paid are reasonable in relation to the value of the brokerage and research services provided by the broker-dealer and that the brokerage and research services provide lawful and appropriate assistance within the scope of Section 28(e) of the Securities Exchange Act of 1934.

Currently we execute trades through eleven large broker-dealers, each of which, in our judgment, has met the above criteria.

Each of the brokerage firms that Sanders Capital uses to execute clients' trades provides us with proprietary research - that is, research that the brokerage firm creates or develops through the efforts of its own or its affiliates' staff. Our ability to access such research is an important component of our broker selection process. Our broker-dealers also provide proprietary research of brokers with whom we do not trade and research of other third parties who are not broker-dealers. In each case, we make a determination that the research will provide us with lawful and appropriate assistance in managing client accounts and that the research is within the scope of Section 28(e) of the Securities Exchange Act of 1934. In the calendar year 2012, brokers provided us with such research, including:

- Research reports on countries, companies, industries and securities;
- Financial publications;
- Trade industry seminars;
- Computer data bases;
- Research oriented software;
- Consultations with experts;
- Other services and products.

Research and other services received from broker-dealers are in addition to, and not in lieu of, the services performed by our own investment research, investment management, and trading staff.

No client pays for specific research. All discretionary accounts pay commission dollars which are utilized to obtain research services. We attempt to determine over time that each account has received a fair allocation of research services that is related to the commission dollars generated by the client's account.

To the extent that we receive research products and services provided by broker-dealers in return for client commissions, we will not have to pay for these products and services ourselves; accordingly, we may be relieved of expenses we would otherwise have to pay. Commission rates would typically be lower if the value of research provided by the broker were not taken into account.

Soft dollar practices raise a number of other potential conflicts that we address in the description of our brokerage allocation procedures below. Among the potential conflicts are that we may have an incentive to choose brokers primarily for the research they provide and disregard our obligation to obtain the most favorable executions. Additionally, we may have an incentive to trade client securities more frequently to generate additional commissions for research.

## 2. Brokerage Allocation Procedures

Sanders Capital's brokerage allocation and soft dollar practices are under the supervision of our Brokerage Committee, which meets at least twice annually. The Committee analyzes the executions of our brokers and determines whether any changes need to be made in the broker roster based upon performance. It also approves a budget of projected commissions for the upcoming year based upon the amount of assets we have under management and the projected turnover rate for accounts under management, (generally 30 percent per year). Utilizing this data, the Committee approves soft dollar requests from the research and investment management staff at its regular meetings; between meetings, soft dollar requests can be approved by a Chief Investment Officer. Some of the Committee's and Chief Investment Officers' decisions are guided by a periodic vote of the Chief Investment Officers and research analysts with respect to the value of proprietary brokerage and other research. In all cases the General Counsel must approve the request as being within the parameters of Section 28(e) of the Securities Exchange Act. A brokerage allocation budget is approved by the Committee, based upon the evaluation of execution capability and the value of proprietary and other research provided by the firm's brokers; the trading staff utilizes the budget to allocate trades to brokers overall, taking into account in specific trades any special execution capabilities required for the trade.

If a client instructs us to use a specific broker for some of its trades, we will seek to effect each transaction in a manner consistent with seeking best execution. Clients who direct brokerage do not get the advantages of aggregation of client orders, which may tend to lower costs.

We do not direct brokerage in return for client referrals.

### B. Aggregation of Client Orders

We aggregate client orders for the purchase and sale of securities; our procedures are discussed in Item 6, page 4.

## **Item 13 – Review of Accounts**

### A. Frequency, Triggers and Nature of Reviews

One or both of Sanders Capital's Co-Chief Investment Officers reviews all accounts regularly. We subject all individual investments in accounts to continual surveillance for developments that vary from initial and revised expectations and for changes in their prices. We also review accounts in their entirety as a function of triggering events and in the absence of such triggers at least once per month.

Triggering factors for account review include:

- Changes in expected returns for investments held in the portfolio that might lead to a change in position weight or elimination from the portfolio. Such changes can arise from a change in the price of security and/or a change in the forecast of its future cash flows.
- Shifts in positions weights deriving from changes in the price of securities that might require portfolio rebalancing to insure compliance with the risk and return objectives of the portfolio.
- The emergence of new opportunities that are superior to those now held in the portfolio.
- Client directed additions and withdrawals of funds into and out of their accounts.
- Shifts in client circumstances that might alter their investment objectives and therefore the suitability of the strategy applied to their accounts.

We subject all investments made on behalf of clients to pre- and post-trade compliance with all contractual and regulatory constraints on portfolio construction. Sanders Capital reconciles all client trades on a daily basis. We also reconcile all holdings with clients' custodians' accounts on a daily basis. Exceptions identified by this reconciliation process are researched and resolved in a timely manner.

#### B. Account Reports

Sanders Capital provides monthly and quarterly written reports to clients on their accounts. At a minimum, reports include a listing of the positions held in the account, the valuation of these positions and the value of all holdings in the account on the report date. Reports also provide information on the transactions made in the account during the report period, the price at which these transactions have occurred and information on interest, dividends and other income received in the account during the report period. Quarterly reports also contain a management commentary for the period.

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

Sanders Capital does not compensate any third party for referring clients to it. Neither does any person who is not a client provide the firm with any economic benefit for providing investment management services to clients.

## **Item 15 – Custody**

Sanders Capital does not maintain custody of clients' accounts.

## **Item 16 – Investment Discretion**

Sanders Capital is a discretionary investment manager; we have the authority and responsibility to formulate strategy and make decisions regarding what securities to buy or sell and in what amounts in accordance with agreed upon client investment objectives and guidelines. To commence an investment management relationship with us, clients sign an investment management agreement; they may also establish formal investment guidelines governing our management of their account. In these guidelines clients may restrict the purchase of certain securities or the utilization of particular strategies, provided that we agree we are able to manage within the parameters of such restrictions. In rare cases where clients cannot delegate investment discretion, we will provide advice with respect to which securities are bought and sold in clients' accounts in accordance with their objectives and guidelines.

## **Item 17 – Voting Client Securities (i.e., Proxy Voting)**

When authorized by clients to vote proxies with respect to securities in their accounts, Sanders Capital has a fiduciary duty to vote such proxies in a timely manner and make voting decisions that are in clients' best interests over the long term. We have adopted proxy voting guidelines that describe our approach to analyzing issues, identify the persons responsible for determining how we vote, and describe procedures we use to address material conflicts of interest between us and our clients. In evaluating proxy proposals, we give substantial weight to the recommendations of a company's board of directors. However, in certain circumstances our guidelines or other factors may support a vote against management. For example, our guidelines call for us to generally vote against proposals, such as those for classified boards of directors, which would result in shareholders' inability to change management. When we believe we have a conflict of interest, as might be the case where we manage an account for a company whose proxy we must vote, we may decide to have the proxy voted by an outside voting service or require that our entire proxy voting committee decide upon our vote. For clients who have entered into securities lending arrangements with their custodians or others to generate additional revenue, we may not be able to vote securities on loan at the time of the vote. Clients may obtain a copy of our Proxy Voting Policy and information with respect to how we voted securities in their accounts by contacting their account representative or by addressing the request to the General Counsel at the firm's principal address.



Sanders Capital does not assume responsibility to initiate, consider or participate in any bankruptcy, class action or other litigation against or involving any issue of securities held in or formerly held in clients' accounts. Information about these matters is sent to clients' custodians, who should provide it directly to them. We are not in a position to know of these actions, in many cases, or to take action on these matters on behalf of clients. We will provide any information within our knowledge (e.g., dates of transactions in a security, purchase and sale prices) that clients may need to pursue their claims against an issuer or otherwise.

## **Item 18 – Financial Information**

Sanders Capital does not maintain custody of client accounts nor does it charge investment management fees in advance of providing services.

## **Additional Item - Privacy Policy**

In the ordinary course of our business, we collect certain confidential information about individual clients and prospective individual clients. Confidential information is personally identifiable private information (information not available from public sources such as the phone book or a website) about the client or prospective client, including information regarding name and address, age, social security number, assets, income, net-worth, account balance, account number, bank account information, beneficiary information and investment activity. We do not share information about the identity of individual clients or any other of their confidential information with third parties except as provided by law. Some examples are noted below. Specifically, we may share nonpublic personal information as necessary:

- To complete transactions or account changes (for example, communications with brokers and custodians);
- To maintain or service a client's account;
- If requested or authorized to do so by a client;
- With various service providers providing administrative functions for us, such as our technology vendor, but only after it has entered into a contractual agreement with us that prohibits the service provider from disclosing confidential information except as necessary to carry out its assigned responsibilities; or
- If we are required or permitted by law or regulatory authorities with jurisdiction over the firm to do so.

## **Additional Item - Disaster Recovery Plan**

Our comprehensive Disaster Recovery (DR) plan was developed in conjunction with EZE Castle Integration ("ECI"), our technology vendor. The DR plan contains procedures for successfully recovering people, business functions and systems in the event of an emergency at our New York City office. The planning process required us to make necessary decisions and delegate recovery responsibilities prior to a disaster occurring to mitigate downtime and panic during a disaster.

The DR plan includes but is not limited to the following strategies: (1) staff access to critical applications during a disaster from any location; (2) geographically dispersed data centers; (3) geographically dispersed office locations; (4) staff awareness program; (5) quarterly disaster recovery testing; (6) internal and external communication strategies; (7) recovery strategies for office phones.

ECI currently manages disaster recovery systems for more than 100 private funds and investment firms. DR services are managed and operated by highly experienced professionals. DR services work by replicating mission critical data to remote, fully redundant data centers outside the geographical region of our office. When an outage occurs, any authorized employee can access the data and pre-installed applications with an internet connection from virtually anywhere in the world.

ECI DR features the following core components:

- **Certification:** Eze DR is administered by Certified Business Continuity Professionals.
- **Quarterly Testing:** ECI conducts quarterly tests with us to help guarantee the system operates as promised and that our staff are prepared in the event of an outage.
- **Robust and Highly Redundant Infrastructure:** From servers to routers to T1 lines, Eze DR facilities are fully redundant.
- **24 x 7 x 365 Support:** Outages can strike at any time, so ECI has staff available 24 x 7 x 365 to ensure that our business operations can resume quickly.
- **Security:** ECI delivers an uncompromisingly high level of security through technologies such as virtual private networks (VPNs), virtual LANs, and firewalls.
- **Comprehensive Maintenance:** ECI DR services feature 24 x 7 x 365 hardware monitoring, weekly software updates, remote access testing, weekly random user account testing and bimonthly on-site co-location inspections.

Our business requirements are continually reviewed and technical solutions generated to address any potential recovery gaps.

## ADV Part 2 B - Brochure Supplement

### Item 1.

This brochure supplement is provided on the following persons:

Lewis A. Sanders  
John P. Mahedy  
Frank D. Speno

at

Sanders Capital, LLC  
390 Park Avenue  
New York, NY 10022  
(212) 291-7900  
www.sanderscapital.com

March 26, 2013

This brochure supplements Sanders Capital, LLC's brochure. Please contact the firm's chief compliance officer at the address above if you have any questions about the contents of this supplement.

### Item 2. Educational Background and Business Experience - Lewis A. Sanders

Name and Year of Birth: Lewis A. Sanders (1946)

Education: Columbia University, B.S. 1968

Business Experience:

Sanders Capital, LLC: Chief Executive Officer and Co-Chief Investment Officer, (August 2009-present)

AllianceBernstein L.P. : Chairman (2005-2008), Chief Investment Officer (2003-2008), Vice Chairman and Chief Investment Officer (2000-2005) ;

Sanford C. Bernstein & Co., Inc. Chairman & Chief Executive Officer (1993-2000); President and COO (1981-1992); Research Director (1972-1981); Research Analyst (1968-1972)

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

None

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

Mr. Sanders is a principal owner of SC SPV LLC, the general partner of Sanders Capital All Asset Value Fund, L.P., a Delaware Limited Partnership. As a member of SC SPV LLC, Mr. Sanders benefits from a portion of any performance allocation received by SC SPV LLC from the Sanders Capital All Asset Value Fund, L.P. This presents a potential conflict in that he may recommend investments in the partnership based on his desire to receive such performance allocations rather than on the client's best interest. Please refer to Item 6, page 3, and Item 10, page 7 of the Brochure for information on the Partnership and the potential conflicts associated with performance fees and allocations.

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

None.

### **Item 6 - Supervision**

Mr. Sanders is under the general supervision of Sanders Capital's board of managers, comprised of six of its senior executives. Mr. Sanders shares responsibility for management of client accounts with John P. Mahedy, the Co-Chief Investment Officer and Director of Research; decisions regarding the management of client accounts are generally shared decisions of the CIOs and each may be broadly said to have supervision of the other with respect to such decisions. The firm's Chief Compliance Officer and General Counsel, Jean Margo Reid, has broad oversight of the Co-CIOs' compliance with client contracts and guidelines and with adherence to the firm's stated objectives and strategies in the management of client accounts, as well as the firm's Ethics Code. She can be reached at the firm's address; her telephone number is (212) 291-7917.

### **Item 2 - Educational Background and Business Experience - John P. Mahedy**

Name and Year of Birth: John P. Mahedy (1963)

Education: New York University, B.S 1985; M.B.A. 1991

Business Background:

Sanders Capital, LLC: Co-Chief Investment Officer, Director of Research

(November 2009-Present)

AllianceBernstein L.P.:	Chief Investment Officer of US Value Equities (2009); Co-Chief Investment Officer of US Value Equities (2003-2009); Director of Research US Value Equities (2001-2008)
Sanford C. Bernstein & Co., Inc.:	Senior Research Analyst (1995-2001)
Morgan Stanley:	Senior Research Analyst (1991-1995)
Sanford C. Bernstein & Co., Inc.:	Senior Research Analyst (1988-1991)

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

None

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

Mr. Mahedy is member (part owner) of SC SPV LLC, the general partner of Sanders Capital All Asset Value Fund, L.P., a Delaware Limited Partnership. As a member of SC SPV LLC, he benefits from a portion of any performance allocation received by SC SPV LLC from the Sanders Capital All Asset Value Fund, L.P. This presents a potential conflict in that he may recommend investments in the partnership based on his desire to receive such performance allocations rather than on the client's best interest. Please refer to Item 6, page 3, and Item 10, page 7 of the Brochure for information on the Partnership and the potential conflicts associated with performance fees and allocations.

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

None

### **Item 6 - Supervision**

Mr. Mahedy is under the general supervision of Sanders Capital's CEO as well as Sanders Capital's board of managers, comprised of six of its senior executives. Investment management of client accounts is shared with Lewis A. Sanders, the CEO and Co-Chief Investment Officer; decisions regarding the management of client accounts are generally shared decisions of the CIOs and each may be broadly said to have supervision of the other with respect to such decisions. The firm's Chief Compliance Officer and General Counsel, Jean Margo Reid, has broad oversight of the Co-CIOs' compliance with client contracts and guidelines and with the firm's stated objectives and strategies used in the management of client accounts, as well as the firm's Ethics Code. She can be reached at the firm's address;

her telephone number is (212) 291-7917.

## **Item 2 - Educational and Business Background - Frank D. Speno**

<u>Name and Date of Birth:</u>	Frank D. Speno (1964)
<u>Education:</u>	Colgate University, B.S. 1987; Kellogg School of Northwestern University, M.B.A. 1994
<u>Business Background:</u>	
Sanders Capital, LLC :	Director of Marketing and Client Service (2010-Present)
AllianceBernstein L.P.:	Co-Head Defined Contribution (2009); Global Head of Consultant Relations, Institutional Business Development Dept (2008-2009); Senior Managing Director AllianceBernstein All Asset Deep Value Fund (2004-2008); Head of Global Distribution/Retail, Senior Vice President of Institutional Marketing, Product Manager - Bernstein Value Equity (2001-2004)
Sanford C. Bernstein & Co., Inc.:	Institutional Asset Advisor (1997-2001); Director Consultant Relations (1995-1997)
ANB Investment Management:	Regional Director (1992-1997)

## **Item 3 - Disciplinary Information**

None

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

Mr. Speno is a member (part owner) of SC SPV LLC, the general partner of Sanders Capital All Asset Value Fund, L.P., a Delaware Limited Partnership. As a member of SC SPV LLC, Mr. Speno benefits from a portion of any performance allocation received by SC SPV LLC from the Sanders Capital All Asset Value Fund, L.P. This presents a potential conflict in that he may recommend investments in the partnership based on his desire to receive such performance allocations rather than on the client's best interest. Please refer to Item 6, page 3, and Item 10, page 7 of the Brochure for information on the Partnership and the potential conflicts associated with performance fees and allocations.

## **Item 5 - Additional Compensation**

None

## **Item 6 - Supervision**

Mr. Speno is under the general supervision of Sanders Capital's CEO, Lewis A. Sanders, as well as Sanders Capital's board of managers. Mr. Sanders frequently attends client meetings with Mr. Speno and he has had significant professional experience with many of the firm's clients. All marketing literature utilized by the firm is approved by Mr. Sanders and reviewed by the legal department prior to its utilization. Mr. Sanders can be reached at the firm's address above or by telephone at (212) 291-7900.