

Item 1.

**LONGVIEW PARTNERS (GUERNSEY) LIMITED  
LONGVIEW PARTNERS LLP**

**BROCHURE**

**June 30, 2014**

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This Brochure provides information about the qualifications and business practices of Longview Partners (Guernsey) Limited (“Longview Guernsey”) and Longview Partners LLP (“Longview London”) each of which is an investment adviser registered with the United States Securities and Exchange Commission (“SEC”). If you have any questions about the contents of this Brochure, please contact Longview Guernsey or Longview London at [info@longview-partners.com](mailto:info@longview-partners.com). The information in this Brochure has not been approved or verified by the SEC or by any state securities authority.

Additional information about Longview Guernsey and Longview London is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) and also on the Longview Partners website at [www.longview-partners.com](http://www.longview-partners.com).

Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.

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## **Item 2. Material Changes**

In June 2014, Northill Pallas Holdings (Guernsey) Limited, part of the Northill Capital Group (“Northill”) acquired a majority shareholding in Longview Partners (“Longview” and or “Firm”). Northill’s investment in Longview is consistent with its approach to invest over the long-term in well managed, high quality, specialist asset management businesses. Northill’s investment in Longview comprises 100% of the shareholding and interests of Keith McDermott, former Chief Executive Officer (CEO) of Longview London and co-Founder, with the balance of the equity acquired from remaining shareholders including Ramzi Rishani, co-Founder and also Chief Investment Officer (CIO) of Longview London. As a result of this transaction, Ramzi Rishani retained his role as CIO and in addition became co-CEO together with Marina Lund (Head of Institutional Clients). Other than the above and the introduction of additional members to the Boards of Directors of both Longview Guernsey and Longview Partners (UK) Limited (the managing member of Longview London), there are no further changes to the personnel within Longview or to the functions they perform.

**Item 3.****TABLE OF CONTENTS**

Item 4.	Advisory Business.....	S-1
Item 5.	Fees and Compensation.....	S-2
Item 6.	Performance-Based Fees and Side-by-Side Management.....	S-2
Item 7.	Types of Clients .....	S-3
Item 8.	Methods of Analysis, Investment Strategies and Risk of Loss .....	S-3
Item 9.	Disciplinary Information.....	S-5
Item 10.	Other Financial Industry Activities and Affiliations.....	S-5
Item 11.	Code of Ethics, Participation or Interest in Client Transactions and Personal Trading .....	S-6
Item 12.	Brokerage Practices.....	S-7
Item 13.	Review of Accounts .....	S-8
Item 14.	Client Referrals and Other Compensation.....	S-10
Item 15.	Custody .....	S-10
Item 16.	Investment Discretion .....	S-10
Item 17.	Voting Client Securities.....	S-11
Item 18.	Financial Information.....	S-11
Item 19.	Requirements for State-Registered Advisers .....	S-11

#### **Item 4. Advisory Business**

##### ***General Description of Firms***

Longview Guernsey, a Guernsey limited company, is an investment adviser with its principal place of business in St. Peter Port, Guernsey. Longview Guernsey commenced operations on November 1, 2001 and has been registered with the SEC since December 2007. In addition to being an SEC-registered investment adviser, Longview Guernsey is licensed and regulated by the Guernsey Financial Services Commission ("GFSC"). The primary role of Longview Guernsey is to provide management and compliance oversight. The Board of Longview Guernsey comprises of six Directors, two executives and four non-executives. In June 2014, Northill Pallas Holdings (Guernsey) Limited, part of Northill, acquired a majority shareholding in Longview. Northill's investment in Longview is consistent with its approach to invest over the long-term in well managed, high quality, specialist asset management businesses. Ultimate ownership of Northill rests with entities associated with Ernesto and Donata Bertarelli of Switzerland. For further background details on Longview's Directors please refer to the Longview Partners website.

Longview London, an English limited liability partnership, is an investment adviser with its principal place of business in London, England. Longview commenced operations in the UK as Longview Partners LP on November 1, 2001. With effect from 3 July 2012, the business of Longview Partners LP was transferred to a new legal entity, Longview London. The UK entity, either as Longview Partners LP or Longview London, has been registered with the SEC since April 2006. In addition to being an SEC-registered investment adviser, Longview London is also authorized and regulated by the Financial Conduct Authority ("FCA") of the United Kingdom, formerly known as the Financial Services Authority ("FSA"). The managing member of Longview London is Longview Partners (UK) Limited (the "Managing Member"), which is wholly owned by Longview Guernsey.

In its investment management agreement with each client, Longview Guernsey delegates its investment management responsibilities to Longview London while retaining reporting and administrative functions, as well as oversight of Longview London. Longview Guernsey remains jointly and severally liable for any actions by Longview London. This Brochure may also refer to Longview Guernsey and Longview London collectively as "Longview Partners", "Longview" or the "Firm".

##### ***Description of Advisory Services (including any specializations)***

Longview Partners provides investment management services both on a discretionary and non-discretionary basis to its clients, which include institutions, charities, foundations and endowments, high net worth individuals and families, and pooled investment vehicles. Longview Partners offers its services to sophisticated and experienced investors through the provision of portfolio management services for both separately managed accounts and private investment vehicles, including Luxembourg long-only SICAV products (not available to US investors) and LVP Fund LP, a long-only equity fund only available to US investors (Longview Partners' previously mentioned private investment vehicles are each referred to herein as a "Fund" and collectively referred to herein as the "Funds").

Whether through a separately managed account or through a Fund, Longview Partners offers two main strategies: Global Equity strategy and Long Only Absolute Return ("LOAR") strategy. The investment objective of the Global Equity strategy is to seek long-term capital appreciation by investing in global equities. The investment objective of the LOAR strategy is to seek absolute returns through exposure to the equity, fixed income and cash markets.

Longview Partners has a disciplined, robust and independent bottom-up investment process. Longview Partners concentrates on analyzing and investing globally in typically 30-35 companies of superior quality with improving fundamentals and attractive valuations. Longview Partners' assessment of valuation is focused on cash based metrics and the intrinsic value of a business, not relative valuation. Longview Partners takes a long term view of the prospects of a company, avoiding the "random noise" in the markets. Within the LOAR strategy, fixed income assets are actively managed focusing on diversification, stability and capital appreciation.

### ***Availability of Tailored Services for Individual Clients***

Longview Partners is able to tailor its advisory services to suit particular client objectives, performance benchmark requirements and investment restrictions. For example, clients with segregated mandates may impose restrictions on investing in certain securities or certain types of securities, such as tobacco or securities from a specified country. These restrictions should not be able to have a material effect on the construction of the client's portfolio relative to other client portfolios in the same strategy.

### ***Client Assets under Management***

As of May 31, 2014 (the most recent month end), Longview Partners had approximately \$19.51 billion of client assets under management (December 31, 2013, per our Annual Updating Amendment and current Form ADV: \$19.52 billion).

Also as of May 31, 2014, Longview Partners managed approximately \$19.44 billion on a discretionary basis and \$0.07 billion on a non-discretionary basis (as at December 31, 2013 these figures were \$19.36 billion and \$0.16 billion respectively).

## **Item 5. Fees and Compensation**

### ***Advisory Fees and Compensation***

In return for investment management services performed, Longview Partners may charge either (a) a management fee or (b) a combination of a management fee and a performance-based fee.

Under (a), the management fee rate is a fixed percentage rate per annum of the portfolio net asset value. The management fee is generally payable quarterly on the average month end net asset value of the account. Annual management fees typically take the form of either a flat fee percentage or a tiered fee schedule.

Under (b), the management fee rate is a fixed percentage per annum of the portfolio net asset value, which is smaller than the percentage charge under (a). The management fee is generally payable quarterly on the average month end net asset value of the account. In addition, an annual performance-based fee percentage is applied to the amount by which the account outperforms an agreed benchmark over a designated period.

### ***Payment of Fees***

With regard to all US and most non-US clients with separately managed accounts, Longview Partners does not deduct any fee, whether management fees or other expenses, from client accounts. Instead, Longview Partners bills each client directly.

For the US Fund and some non-US separately managed accounts, Longview Partners deducts the management fees from client accounts by instructing the client's custodian, as directed by the client.

### ***Other Fees and Expenses***

In addition to paying management fees and, if applicable, performance-based fees, client accounts will also be subject to other investment expenses such as brokerage fees, commissions and related costs; interest expenses; taxes, duties and other governmental charges; transfer and registration fees or similar expenses; costs associated with foreign exchange transactions; other portfolio expenses; and costs, expenses and fees associated with services that may be necessary or incidental to such investments or accounts. Please refer to Item 12 of this Brochure for a discussion of Longview Partners' brokerage practices.

## **Item 6. Performance-Based Fees and Side-by-Side Management**

Longview Partners and its investment personnel provide investment management services to multiple portfolios for multiple clients. As discussed above in Item 5, Longview Partners is paid performance-based compensation by some of its clients. Longview Partners has adopted and implemented policies

and procedures intended to address possible conflicts of interest relating to the management of multiple accounts.

Longview Partners reviews investment decisions for the purpose of ensuring that all accounts with substantially similar investment objectives are treated equitably. No consideration will be given to the client's underlying fee arrangements. The performance of similarly managed accounts is also regularly compared to determine whether there are any unexplained significant discrepancies. In addition, Longview Partners' procedures relating to the allocation of investment opportunities require that similarly managed accounts participate in investment opportunities pro rata based on asset size and require that, to the extent orders are aggregated, the client orders are price-averaged. These areas are monitored by Longview London's Compliance team.

## **Item 7. Types of Clients**

Clients of Longview Partners consist of corporate pension plans, government owned funds, high net worth individuals, insurance companies, pension plans of UK local authorities, sub-advisory accounts, trustee accounts, US States, charities, foundations and endowments and pooled investment vehicles.

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

### ***Methods of Analysis and Investment Strategies***

Longview Partners is an asset management company with 100% of its activities dedicated to that business. Longview Partners utilizes a variety of methods, primarily fundamental research, to make investment decisions on behalf of our clients. The Global Equity element of both our Global Equity strategy and our LOAR strategy is managed using an identical investment process.

Within the Global Equity portfolio, attractive securities are identified by the research team. They do this using Longview Partner's three security selection criteria: (i) Quality; (ii) Business Fundamentals; and (iii) Valuation.

Quality includes such criteria as industry dynamics, management, transparency, corporate governance, earnings history, return on capital invested, and leverage. Business Fundamentals include the ability to hit or beat earnings targets, improving orders, increasing market share, improving return on invested capital, improving free cash flow, and improving credit profile. Valuation is primarily driven by our Discounted Cash Flow ("DCF") analysis. As DCFs are open to manipulation, our models have strict constraints regarding the discount rate, growth expectations and the terminal value.

Within the LOAR portfolio (which has a flexible allocation to Equities, Fixed Income and Cash), Fixed Income investments are specifically designed to complement the equity portfolio by providing enhanced stability, diversification and profit generation. The asset allocation is driven by the bottom-up security selection process. Asset allocation is a by-product of the investment process, as is geographical and sector allocation. As in the case of the Global Equity portfolio, in consideration of a company as a potential investment, the most important deciding factor is whether the company is of a sufficient level of 'Quality' to be considered for investment. If the company passes the Quality evaluation by the research team, further research is done to evaluate the Fundamentals and Valuation criteria, as described above. If it does not pass Fundamentals and/or Valuation investment criteria, but it is agreed that the Quality of the company is sufficient, then the investment process will direct the research to the consideration of other aspects of the company's capital structure, such as the bonds.

The consideration of risk is incorporated into our investment process as described below.

Equity investments are exposed to both market (systematic) and stock specific (non-systematic) risk and performance may go down as well as up. Fixed Income investments are similarly exposed to risks such as country (emerging markets) risk or interest rate variability. Such risks are expanded further in the section below entitled "Material Risks (Including Significant, or Unusual Risks) relating to Investment Strategies".

At Longview Partners, Risk Management is integral to the investment process, which is focused on investing in predictable companies. Our risk philosophy is to incorporate risk management principles

within the whole investment process, rather than just as an adjunct. The process is extremely disciplined and well structured. The discipline is enforced through daily research meetings and tight implementation procedures. All portfolios are reviewed daily, and all positions and watch list positions are constantly monitored throughout each day. Longview Partners' sell discipline is very strict. A stock is sold immediately if it reaches its price target, or if its business fundamentals start to deteriorate.

Longview Partners sees that one of the greatest tools for the management and control of absolute risk is adequate diversification. Diversification is ensured by recognizing and identifying any concentration in "risk clusters". Risk clusters are the portfolio's aggregated exposure to real business risks. These risks often cut across industries, geographies or certain investment themes. These risk clusters are grouped under various categories such as; macroeconomic factors, end-market exposure, business drivers, company leverage and geo-political developments. This analysis is produced and updated by Ramzi Rishani on a quarterly basis, as these groups and their sub-categories may change over time to reflect changing global macroeconomic conditions. Longview Partners uses a guideline minimum allocation of 30% in selecting securities of issuers in North America, a minimum allocation of 25% to those in Europe and a maximum allocation of 20% to Japan within our equity portfolio. Within the Fixed Income universe, the strategy invests in Government bonds, corporate bonds and Emerging Market bonds (hard currency only).

Longview also uses Style Research. Style Research allows us to monitor inadvertent style biases in the portfolio as well as volatility, beta and tracking error. Additionally, Style Research, in conjunction with our internal systems, helps us to identify any commonality in risk drivers and style biases between different securities from a quantitative basis. This supplements the fundamental approach taken by the research team.

### ***Material Risks (including Significant, or Unusual Risks) relating to Investment Strategies***

Below is a brief discussion of the risks that are most relevant to the investment strategies of Longview Partners:

#### ***All Strategies***

- Lack of Diversification. Client accounts will not be diversified among a wide range of types of securities, countries or industry sectors. Accordingly, client portfolios could be subject to more rapid change in value than would be the case if Longview Partners were required to maintain a wider diversification among types of securities and other instruments.
- Issuer-Specific Changes. Changes in the financial condition of an issuer or counterparty, changes in specific economic or political conditions that affect a particular type of security or issuer and changes in general economic or political conditions can increase the risk of default by an issuer or counterparty, which can affect a security's or instrument's value. The value of securities of smaller, less well-known issuers can be more volatile than that of larger issuers. Smaller issuers can have more limited product lines, markets, or financial resources.
- Non-U.S. Securities. Foreign securities, foreign currencies and securities issued by U.S. entities with substantial foreign operations can involve additional risks relating to political, economic or regulatory conditions in foreign countries. These risks include fluctuations in foreign currencies; withholding or other taxes; trading, settlement, custodial and other operational risks; and the less stringent investor protection and disclosure standards of some foreign markets. All of these factors can make foreign investments, especially those in emerging markets, more volatile and potentially less liquid than U.S. investments. In addition, foreign markets can perform differently from the U.S. market.
- Hedging. Longview Partners may enter into hedging transactions at the direction of the client; such transactions may result in poorer overall performance for Longview Partners' investment portfolios than if Longview Partners did not engage in any such hedging transactions. There can be no assurances that a particular hedge is appropriate, or that a certain risk is measured properly.

### *Global Equity Strategy*

- Equity Securities. The value of equity securities fluctuates in response to issuer, political, market, and economic developments. Fluctuations can be dramatic over the short as well as long term, and different parts of the market and different types of equity securities can react differently to these developments. Issuer, political, or economic developments can affect a single issuer, issuers within an industry or economic sector or geographic region, or the market as a whole. Changes in the financial condition of a single issuer can impact the market as a whole. Geo-political risks have led, and may in the future lead, to increased short-term market volatility and may have adverse long-term effects on world economies and markets generally.

### *Fixed Income Strategy*

- Fixed-Income and Debt Securities. Investment in fixed-income and debt securities, such as bonds, notes and asset-backed securities, subject a client's portfolio to the risk that the value of these securities overall will decline because of rising interest rates. Investments in these types of securities will also be subject to the credit risk created when a debt issuer fails to pay interest and principal in a timely manner, or that negative perceptions of the issuer's ability to make such payments will cause the price of that debt to decline. Lastly, investments in debt securities will also subject the investments to the risk that the securities may fluctuate more in price, and are less liquid than higher-rated securities because issuers of such lower-rated debt securities are not as strong financially, and are more likely to encounter financial difficulties and be more vulnerable to adverse changes in the economy.
- Emerging Markets. The risks from foreign investments typically are greater in less developed countries, sometimes referred to as emerging markets. For example, political and economic structures in these countries may be less established and may change rapidly. These countries also are more likely to experience high levels of inflation, deflation, or currency devaluation, which can harm their economies and securities markets and increase volatility. Restrictions on currency trading that may be imposed by emerging market countries will have an adverse effect on the value of the securities of companies that trade or operate in such countries.
- Interest Rate Risks. Generally, the value of fixed-income securities changes inversely with changes in interest rates. As interest rates rise, the market value of fixed-income securities tends to decrease. Conversely, as interest rates fall, the market value of fixed-income securities tends to increase. This risk is greater for long-term securities than for short-term securities.

### **Item 9. Disciplinary Information**

This Item is not applicable.

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

As noted above, Longview is majority owned by Northill and Northill is represented on the Board of Directors of Longview Partners (Guernsey) Limited, the group's holding company. Longview has no other arrangements with Northill or its affiliates that are material to Longview's business or its advisory clients.

In its investment management agreement with each client, Longview Guernsey delegates its investment management responsibilities to Longview London while retaining reporting and administrative functions, as well as oversight of Longview London. Longview Guernsey remains jointly and severally liable for any actions by Longview London.

Longview Guernsey also owns Longview Partners USA LLC. Longview Partners USA LLC is the General Partner of LVP Fund LP, a US Commingled Fund offering two Fund series to US Investors of Qualified Client or Qualified Purchaser status. The two series represent our Global Equity and LOAR strategies respectively.



The Funds are subject to a number of actual and potential conflicts of interest. Certain inherent conflicts of interest arise from the fact that Longview Partners will provide management and investment management services to the Funds and carry on investment activities for other clients in which the Funds will have no interest and whose respective investment programs may or may not be substantially similar.

Subject to internal compliance policies and approval procedures, members, officers and employees of the Manager and its affiliates, including the Investment Manager, may engage, from time to time, in personal trading of securities and other instruments, including securities and instruments in which one or more of the Funds may invest. Further information regarding Longview Partners' Personal Account Dealing Policy (which is included within the Code of Ethics) is provided below in Item 11.

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

***Code of Ethics***

Longview Guernsey and Longview London have both adopted a Code of Ethics (the "Code") which, along with each entity's compliance manual, collectively outlines supervisory procedures, codes of practice and guidelines expressing the firm's commitment to ethical conduct. The Code describes the firm's fiduciary duties and responsibilities to clients, and sets forth each firm's practice of supervising the personal securities transactions of supervised persons with access to client information. See below for further provisions of the Code as they relate to the personal account dealing.

Longview Partners, its members and employees may from time to time have an ownership interest in one or more of the Funds or a related entity. Each new member or employee is provided with electronic versions of the Code and the relevant compliance manual, which are regularly updated. The Code, along with the compliance manual, outlines a list of guidelines, principles, policies and procedures which all members and employees must follow. It is the expressed policy of Longview Partners that no member or employee shall place his or her own interests ahead of those of an advisory client or make personal investment decisions based on the investment decisions made for advisory clients.

Clients or prospective clients may upon request obtain a copy of the Code by contacting Client Services by email at [clientservices@longview-partners.com](mailto:clientservices@longview-partners.com) or by telephone at +44 1481 712 414 or +44 207 809 4100.

***Client Transactions in Securities where Longview Partners has a Material Financial Interest***

Longview Guernsey owns Longview Partners USA LLC. Longview Partners USA LLC is the General Partner of LVP Fund LP, a partnership into which Longview Partners solicits investments. In addition, Directors and members, together with their related parties, hold an interest in the Luxembourg SICAV.

Longview Partners recognizes that a potential conflict of interest may exist because Longview Partners has an incentive to buy or sell securities on behalf of clients based on its own financial interests and those of the client, rather than solely the interests of a client. Longview Partners' policy is to treat each Fund fairly, and accords it the same treatment received by any separate account client using the same strategy.

With respect to Personal Account dealing, Longview Partners has a procedure in place to protect the interests of its clients. The prior consent of either the Guernsey or London Compliance team (as applicable) is required for all personal account transactions involving reportable securities. Once the relevant Compliance team is satisfied that no conflict/potential conflict of interest exists, permission is given in writing and the member or employee is free to trade within 24 hours of approval. In addition, initial, quarterly and annual statements of relevant securities owned and /or transactions undertaken are submitted to and reviewed by the relevant Compliance team. This procedure is applicable to all members and employees, regardless of position, including Directors, and all members and employees sign to accept the terms upon commencement of contractual arrangements with Longview Partners.

## **Item 12. Brokerage Practices**

### ***Factors Considered in Selecting or Recommending Broker-Dealers for Client Transactions***

As investment adviser to the Separately Managed Accounts and to the Funds, Longview Partners is granted the discretionary authority in the relevant investment management agreements and/or organizational documents to determine which securities and the amount of securities that are bought or sold, as well as the broker or dealer to be used and the commission rates to be paid.

Longview Partners accepts discretionary authority to determine the brokers used and the commissions paid. Longview Partners' overriding objective in effecting portfolio transactions is to obtain the best combination of price and execution. In selecting broker-dealers to execute transactions, Longview Partners considers such factors as the broker's reliability, the quality of its execution services, its financial condition, its key personnel, its commission rates and the general brokerage and research services that it provides. In selecting a broker-dealer to execute transactions and determining the reasonableness of the broker-dealer's compensation, Longview Partners need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost. It is not Longview Partners' practice to negotiate "execution only" commission rates, thus a client may be deemed to be paying for research, brokerage or other services provided by a broker-dealer which are included in the commission rate.

Longview Partners believes it is important to its investment decision-making processes to have access to independent research. As such, from time to time, Longview Partners may pay a broker-dealer, in recognition of the value of the brokerage and research services provided by such broker-dealer, commissions for effecting transactions in excess of that which another broker-dealer might have charged for effecting the transaction. In some cases, Longview Partners have entered into Commission Sharing Agreements with broker-dealers, ensuring that providers of research services who do not execute the relevant trades are appropriately remunerated. In effecting such transactions, Longview Partners operates within the safe harbor created by section 28(e) of the Securities Exchange Act of 1934 as interpreted by the SEC.

The use of client commissions to obtain research and brokerage services raises conflicts of interest. For example, Longview Partners will not have to pay for the services itself. This creates an incentive for Longview Partners to select or recommend a broker-dealer based on its interest in receiving those products and services.

To counter this potential conflict, Longview performs quarterly post-trade execution performance reviews through the Broker Oversight Committee (BOC) which comprises the CIO, Head of Research, and representatives from Compliance and Risk. The reviews cover the following:

- List of approved brokers as signed off by London Compliance;
- An evaluation of the particular broker in accordance with the broker selection criteria; and
- Commission rates and overall commission paid.

The BOC also reviews whether, with respect to any research or other products or services received from a broker-dealer, the commissions used to obtain those products and services were reasonable in relation to the value of the brokerage, research or other services provided by the broker-dealer.

During Longview Partners' last fiscal year, as a result of client brokerage commissions, Longview Partners acquired services including, attendance at certain seminars, conferences hosted by brokers; discussions with research analysts; services related to the execution, clearing and settlement of securities transactions and functions incidental thereto. Each client account benefits equally from the acquired services in relation to brokerage commissions. Brokerage commissions are paid pro-rata by each client account that participated in the trade.

Longview Partners has entered into Directed Brokerage and Commission Recapture programmes at the request of a number of clients.

## ***Order Aggregation***

Longview Partners is required to have a trade allocation policy to ensure the fair aggregation and allocation of transactions between clients. Longview is not authorized to deal on its own account. Deals may only be placed on behalf of Longview's clients. The Dealing and Trade Allocation Policy is designed to ensure that when Longview aggregates a client order with another client's order and subsequently allocates the executions, this is carried out consistently and in accordance with the following rules:

- Timely allocation: allocation will be carried out promptly.
- Fair allocation: all clients will receive the same executed price or a volume weighted average where there is a series of executions.
- Re-allocation: any errors in allocation will be promptly corrected so as not to benefit any one client above another.
- Record keeping: full documentation is retained for all allocations.

It is the policy of Longview Partners to aggregate purchase and sale orders of securities held in a client's account with similar orders being made simultaneously for other accounts managed by Longview Partners. Participation in the order is based on such considerations as investment objectives, risk profiles, tax status and restrictions placed on a client's portfolio by the client or by applicable law, account requirements for liquidity and timing of cash flows, size of available positions, and the amount of existing holdings of similar securities. Allocations are generated prior to placement of the trade based on the value of the planned order of each participating account relative to value of the planned order of all participating accounts. In the case of partial executions, allocations are re-calculated on a pro-rata basis based on the original allocation schedule.

Longview Partners has no obligation to purchase, sell or exchange for one client any security or financial instrument that Longview Partners may purchase, sell or exchange for another client if Longview Partners believes in good faith at the time the investment decision is made that such transaction or investment would be unsuitable, impractical or undesirable for a particular client.

## **Item 13. Review of Accounts**

### ***Frequency and Nature of Review***

#### Investment review

Portfolio positions are reviewed on an ongoing basis by the Research Team. The Team led by Alistair Graham (Head of Research), and ultimately reporting to Ramzi Rishani (CIO/co-CEO), meets regularly to discuss individual securities, in the context of our disciplined investment process. This iterative, bottom-up security analysis drives buy and sell decisions and, ultimately, portfolio composition.

#### Risk review

Longview Partners has a dedicated investment risk management team which provides daily oversight and support. Ramzi Rishani (CIO/Co-CEO) is ultimately responsible for investment risk management. Mark Chapman and our team of Risk and Portfolio Analysts work alongside Ramzi Rishani to oversee daily investment activities in areas such as the portfolio performance of each client account, asset allocation, exposure, volatility and liquidity. As such, securities positions for all accounts are subject to review on a daily basis.

#### Operations review

Longview Partners has an experienced operations department, managed by the Head of Operations, Ben Welsher, which carries out daily full cash and security holdings reconciliations of all client accounts with the applicable custodian bank.

## Compliance review

Longview London has an established and experienced Compliance department, led by the Head of Compliance and Chief Financial Officer, Dan Langan, which regularly assesses and monitors all areas of business activity to ensure compliance with internal procedures and external regulatory requirements.

The Compliance team carries out a full compliance monitoring program to implement a set of written supervisory procedures and to test regulatory requirements on a monthly, quarterly, semi-annual or annual basis as applicable. Additionally, compliance undertakes daily reviews of transactions, and investigates any that appear to conflict with client restrictions. Compliance checks each portfolio's holdings daily, reviewing stock, currency and asset allocation across all portfolios, highlighting potential or actual breaches.

All of the individuals named above are members of Longview London.

Longview Guernsey provides oversight in all areas of compliance, including client due diligence and anti-money laundering, and reports to its own regulator, the Guernsey Financial Services Commission.

### ***Content and Frequency of Regular Account Reports***

#### **A. Separately Managed Accounts**

Longview Partners provides clients with separately managed accounts with a monthly report on their Portfolio within 10 working days of the end of each month during the term of the agreement. Such a report includes the following items:

- Year to Date Performance
- Monthly Performance and Asset Allocation
- Portfolio Valuation
- Security Transactions
- Currency Transactions
- Contributions and Withdrawals
- Income
- Amended or Backdated Transactions

Longview Partners also provides clients with a quarterly report within 15 working days of each quarter end, containing the following, in addition to the information included above:

- Quarterly Portfolio Performance
- Market Review and Outlook
- Quarterly Buys and Sells (giving reasons)
- Update on Corporate Governance matters
- Changes to our People or Processes
- Portfolio Contributors and Detractors
- Performance Attribution (by sector)
- Asset Allocation and Holdings
- Sector and Geographic Allocation vs the Index used

In addition, Longview Partners provides the client with any other periodic reports on their Portfolio which the client may reasonably require and/or request, either in accordance with the separate investment management agreements or on an ad hoc basis.

#### **B. Fund**

Longview Partners provides Fund Investors with a quarterly report within 15 working days of each quarter end, containing the information included as detailed above.

All such reports may be delivered electronically or otherwise by hard copy to the client or Fund investor in accordance with any agreements made with Longview Partners.

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

As disclosed in Item 12, Longview Partners receives research or other products or services other than execution from broker-dealers in connection with client securities transactions. Longview Partners operates within the safe harbor created by section 28(e) of the Securities Exchange Act of 1934 as interpreted by the SEC. Please refer to Item 12 for further information.

Longview Partners has no ongoing contractual arrangements with third-party introducers of institutional clients.

#### **Item 15. Custody**

As owner of the General Partner of LVP Fund LP, Longview Guernsey is deemed to have custody over the assets of the Fund. As a related party to Longview Guernsey, Longview London is also deemed to have custody over the Fund assets. As a result, clients who are investors in the Fund will receive account statements from a broker-dealer, bank or other qualified custodian. Longview Partners may also send statements as described in Item 13 directly to clients, in addition to those statements sent by the qualified custodian. Clients should not solely rely on the statements provided to them by Longview Partners and should always compare any statements they receive from the qualified custodian with those received from Longview Partners.

Longview Guernsey will ensure that an annual audit of the LVP Fund LP is conducted by a PCAOB registered auditor and will send out financial statements to all investors in the Fund within 120 days of the Fund's fiscal year end, in accordance with SEC rules.

#### **Item 16. Investment Discretion**

Longview Partners provides investment advisory services on a discretionary basis to clients. Please see Item 4 above for a description of any limitations clients may place on Longview Partners' discretionary authority.

Prior to assuming discretion in managing a client's assets, Longview Partners enters into an investment management agreement or other agreement that sets forth the scope of Longview Partners' discretion.

Unless otherwise instructed or directed by a discretionary client, Longview Partners has the authority to determine (i) the securities to be purchased and sold for the client account (subject to restrictions on its activities set forth in the applicable investment management agreement and any written investment guidelines) (ii) the amount of securities to be purchased or sold for the client account.

As investment adviser to the Separately Managed Accounts and to the Funds, Longview Partners is granted the discretionary authority in the relevant investment management agreements and/or organizational documents to determine which securities and the amount of securities that are bought or sold, as well as the broker or dealer to be used and the commission rates to be paid.

Allocations will be made among client accounts eligible to participate in initial public offerings (IPOs) and secondary offerings on a pro rata basis, except when Longview Partners determines in its discretion that a pro rata allocation is not appropriate, which may include a client's investment guidelines explicitly prohibiting participation in IPOs or secondary offerings and a client's status as a "restricted person" under applicable regulations.

If it appears that a trade error has occurred, Longview Partners promptly reviews the relevant facts and circumstances to determine an appropriate course of action. To the extent that trade errors and breaches of investment guidelines and restrictions occur, Longview Partners' error correction procedure is to ensure that clients are treated fairly.

**Item 17. Voting Client Securities**

To the extent Longview Partners has been delegated proxy voting authority on behalf of its clients, Longview Partners complies with its proxy voting policies and procedures that are designed to ensure that in cases where Longview Partners votes proxies with respect to client securities, such proxies are voted in the best interests of its clients. Longview Partners' policy on the exercise of voting rights on behalf of its clients is outlined in its Shareholder Activism Policy.

On behalf of Institutional clients, Longview Partners employs the services of the voting agency Glass Lewis & Co, a leading independent provider of corporate governance solutions to the financial services industry. Longview Partners believes Glass Lewis' expert and independent analysis on governance complements Longview Partners' stock selection process. Glass Lewis uses all publicly available sources of information to inform their research which it directly sources from stock exchanges, regulators, companies directly or other forms of direct procurement. On behalf of clients, Glass Lewis votes on all possible meetings. Proxy voting reports are provided to the relevant client upon request, usually on a quarterly basis.

If a material conflict of interest between Longview Partners and a client exists, Longview Partners will determine whether voting in accordance with the guidelines set forth in the proxy voting policies and procedures is in the best interests of the client or take some other appropriate action. Longview Partners does not make any qualitative judgment regarding its client's investments.

If Longview Partners does not have authority to vote client securities, clients receive their proxies or other solicitations directly from their custodian.

Longview maintains a policy of not participating in class actions, unless specifically instructed to do so by a client. However, we do reserve the right to participate in specific cases.

Clients may obtain a copy of Longview Partners' Shareholder Activism Policy and obtain information about how Longview Partners voted a client's proxies by contacting Client Services by email at [clientservices@longview-partners.com](mailto:clientservices@longview-partners.com) or by telephone at +44 1481 712 414 or +44 207 809 4100.

**Item 18. Financial Information**

This Item is not applicable.

**Item 19. Requirements for State-Registered Advisers**

This Item is not applicable.