

**Item 1 – Cover Page**

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

**SailingStone Capital Partners LLC**

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**June 3, 2014**

**This Brochure provides information about the qualifications and business practices of SailingStone Capital Partners LLC (“SailingStone” or the “Firm”). If you have any questions about the contents of this Brochure, please contact the Firm at the address listed above. 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.**

**SailingStone Capital Partners LLC is a registered investment adviser with the SEC. Registration of an investment adviser does not imply any certain level of skill or training.**

**Additional information about SailingStone is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

## **Item 2 – Material Changes**

This Item 2 discusses only material changes since March 31, 2014, when SailingStone filed its most recent annual updating amendment to Part 2A of its Form ADV (the “Brochure”). Since that filing, SailingStone has received consent from clients whose contracts were transferred from the registered adviser that previously employed relevant SailingStone personnel (MacKenzie Davis, Ken Settles, James Bruce, Martin Engel and Brian Lively) and has entered into arrangements with such personnel to perform investment advisory and related functions through SailingStone. These material changes, including related changes to SailingStone’s assets under management, were effective as of June 2, 2014.

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## Item 4 – Advisory Business

### A. Description of the Advisory Firm

SailingStone Capital Partners LLC (“SailingStone” or the “Firm”), a Delaware limited liability company was formed on November 4, 2013. The managing member of SailingStone is SailingStone GP LP (“SailingStone GP”), a Delaware liability partnership, of which SailingStone Holdings LLC (“SailingStone Holdings”), a Delaware limited liability company, is the general partner. MacKenzie Davis and Kenneth Settles (collectively, the “Principals”) are the managing members of SailingStone Holdings and are responsible for managing the Clients’ (as defined below) investment program.

### B. Types of Advisory Services

SailingStone provides portfolio management services to separately managed accounts for institutional investors, pooled investment vehicles and high net worth individuals and acts as a sub-advisor and portfolio manager to certain U.S. mutual funds (collectively, the “Clients”).

### C. Client-Tailored Services and Client-Imposed Restrictions

Advisory services are tailored to achieve the Clients’ investment objectives. Generally, SailingStone has the authority to select which and how many securities and other instruments to buy or sell without consultation with the Clients. SailingStone may agree to manage a separately managed account subject to restrictions imposed by the Client, including, without limitation, restrictions on the market capitalization of investments held in the account, cash levels permitted in the account, the purchase of foreign securities, or the types of investments or techniques that may be used in managing the account.

### D. Wrap Fee Programs

SailingStone does not currently participate in wrap fee programs.

### E. Amounts under Management

SailingStone manages the assets of the Clients and has the following assets under management:

Discretionary Amounts:	Non-Discretionary Amounts:	Date Calculated:
\$8,139,318,000	\$0	June 3, 2014

## Item 5 – Fees and Compensation

### A. Fee Schedule

The fees and compensation payable to SailingStone are negotiable and vary among its Clients based on the type of account.

The mutual funds, with respect to which SailingStone acts as a sub-adviser, usually pay advisory fees that range from 0.22% to 1.00% per annum of the average daily net asset value of the relevant mutual fund. Separately managed account Clients typically pay asset advisory fees ranging from 0.25% to 1.00% of the account's assets. Certain Clients may pay a combination of an asset-based fee as described above and a performance fee. The performance fee is equal to a percentage (e.g., 10%) of either the total market value of any withdrawn account assets at the date of withdrawal, the total account assets under management at the termination of the account, or annually in arrears as the case may be. In each case, the performance fee is assessed against assets in excess of assets deposited, provided that such fee will only be payable on such withdrawal, termination dates, or annually in arrears as the case may be – once a minimum total return hurdle has been reached.

Rates charged to certain Clients may be reduced by breakpoints over negotiated asset levels based on assets under management by SailingStone. Certain separately managed account Clients may pay SailingStone an advisory fee structured as a performance-based fee, which is a modification of SailingStone's standard asset-based fee. This means that when a Client's account underperforms relative to a specified benchmark, SailingStone's fee is reduced, and when a Client's account outperforms relative to the benchmark, SailingStone's fee is increased. For purposes of calculating the performance-based fee, performance is evaluated on a multi-year basis. Under certain circumstances, if the decline in the performance of the benchmark is greater than the decline in the account's net performance, a Client whose account is subject to a performance-based fee may pay SailingStone an increased fee, even though the performance of both the account and the benchmark is negative. Separately managed accounts that pay SailingStone an advisory fee structured as a performance-based fee may pay a reduced asset-based fee.

### B. Payment of Fees

With respect to the mutual funds to which SailingStone acts as a sub-adviser, asset-based advisory fees payable by the mutual funds are accrued daily and paid monthly in arrears. SailingStone typically bills separately managed account Clients quarterly (generally in arrears.). A Client may pay fees directly or instruct its custodian to pay fees from the Client's account. SailingStone typically bills performance fees, if applicable, in arrears on a quarterly or annual basis.

C. Third-Party Fees

Clients pay brokerage commissions and any other costs associated with the trading, maintenance, and operations of their accounts. Please see Item 12, "Brokerage Practices," for additional information.

Clients with separately managed accounts typically engage their own custodians and are responsible for fees and other charges associated with their custodians.

Mutual funds to which SailingStone acts as a sub-advisor generally pay interest expense, taxes, custodian fees and charges, professional fees, and administrative service fees incurred in connection with the operation of their accounts. In addition, the mutual funds pay other fees and expenses, including, but not limited to, distribution fees, transfer agent fees, registration fees, fees related to the preparation of shareholder reports, fees of the funds' independent trustees, and insurance expenses. These fees are borne by fund shareholders. Information regarding these fees and expenses is included in the applicable mutual fund prospectus and statement of additional information.

The additional charges, fees, and commissions are exclusive of and in addition to SailingStone's advisory fee, and, other an as described in Please see Item 12, "Brokerage Practices," SailingStone does not receive any portion of these additional charges, fees, and commissions.

D. Prepayment of Fees

Certain separately managed account Clients may choose to pay their advisory fees up to one quarter in advance. If a Client with a separately managed account terminates its advisory contract with SailingStone before the end of the period through which the advisory fee has been paid, the fee previously paid is prorated based on the number of days elapsed in that period prior to the termination, and the unearned portion is refunded by SailingStone to the Client.

E. Outside Compensation for the Sale of Securities

Neither SailingStone nor its supervised persons accepts compensation for the sale of securities or other investment products outside of its association with SailingStone.

**The foregoing discussion in Item 5 represents SailingStone's basic compensation arrangements. The advisory fees and performance fees described above are structured to comply with Rule 205-3 under the Investment Advisers Act of 1940, as amended, unless such Rule is inapplicable under Section 205 of the Advisers Act and applicable state laws. Fees and other compensation are negotiable and arrangements with any particular Client may vary, in SailingStone's sole discretion. Although SailingStone believes its fees are competitive, lower fees for comparable services may be available from other investment advisers.**

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

As discussed in Item 5.A., SailingStone receives performance-based fees from certain Clients.

Differences in SailingStone's compensation arrangements with its Clients, particularly if some Clients were to pay higher performance-based compensation, could create incentives for SailingStone to manage Client portfolios so as to favor those portfolios of Clients paying higher performance-based compensation in the relevant Client accounts. Notwithstanding these conflicts, SailingStone will allocate transactions and opportunities among the various Client accounts it manages in accordance with its written policies, in a manner it believes to be fair and equitable over time and in the best interest of its Clients, considering among other things, each account's objectives, programs, limitations, and capital available for investment. However, even accounts with similar objectives will often have different investment portfolios.

SailingStone has a fiduciary duty to act in the best interests of its Clients. Nevertheless, because SailingStone has multiple Clients, its duty of loyalty to one Client may conflict with its duty of loyalty to another, particularly with respect to allocating trades. To resolve this conflict of interest, SailingStone has adopted a policy to provide equal and fair and equitable treatment to its Clients over time, consistent with SailingStone's duty of loyalty. No Client should receive preferential treatment over any other over time. In particular, trades may not be allocated to one Client over another to:

- Favor one Client at the expense of another;
- Generate higher fees paid by one Client over another or to produce greater performance compensation to SailingStone;
- Develop a relationship with a Client or prospective Client to the detriment of other Clients;
- Compensate a Client for past services or benefits rendered to SailingStone or to induce future services or benefits to be rendered to SailingStone; or
- Equalize performance among different Clients.

Because of the diversity of objectives, risk tolerances, tax situations, and differences in the timing of capital contributions and withdrawals, investment positions inevitably will differ among Client Accounts. Any allocation of securities among Client Accounts should be consistent with the Client Accounts' investment objectives, and the foregoing principles. SailingStone intends to apportion or allocate business opportunities among Client Accounts on a basis that is fair and equitable to the maximum possible extent to each of such Client Accounts.

The performance fee compensation may provide a possible incentive for SailingStone to make riskier or more speculative investments on behalf of a Client than it might make otherwise. Notwithstanding this potential incentive, SailingStone will evaluate investments

in a manner that it considers to be in the best interest of its Clients, given those Clients' investment objectives, investment strategies, suitability of the investment, and risk profile.

### **Item 7 – Types of Clients**

SailingStone intends to provide investment advisory services to mutual funds, institutional investors (including, but not limited to, corporations, government and corporate pension plans, foundations, and endowments), pooled investment vehicles and high net worth individuals. In the future, SailingStone may provide investment advisory services to other types of clients and may form privately placed investment vehicles and serve as the investment manager, managing member, or general partner of those entities.

For separately managed accounts, SailingStone generally requires a minimum account size of \$10,000,000, but reserves the right, in its discretion, to impose a higher minimum or to waive this minimum.

The mutual funds with respect to which SailingStone acts as a sub-advisor generally require a minimum initial investment of \$2,500, although minimum investments vary by share class.

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

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

SailingStone invests Client assets principally in accordance with the “Natural Resources Strategy” and/or the “Natural Gas Strategy” (each, a “Strategy”), as described below.

#### *Natural Resources Strategy*

The Natural Resources Strategy invests primarily in equity securities of issuers that SailingStone considers to be engaged principally in natural resources industries anywhere in the world. Client portfolios engaged in this Strategy will likely hold a limited number of securities.

In evaluating investments, SailingStone conducts fundamental analysis focused on the following factors: supply cost curve of a given commodity, asset location along that curve to identify “advantaged assets,” inventory of future projects which provide the basis for future value creation, management team quality to determine capital allocation, discipline, and history of value creation, as well as country risk. “Advantaged assets” are the low-cost producers of a given commodity that the investment team believes offer a competitive advantage in the form of achieving above cost of capital returns. SailingStone believes that investments in the securities of advantaged producers run by capable management teams can create value for long-term investors independent of commodity prices. Valuation is an important part of the investment process. SailingStone seeks to purchase securities in



companies with these characteristics when SailingStone believes the price reflects a limited possibility of permanent capital impairment.

Companies in natural resources industries include companies that SailingStone considers to be principally engaged in the discovery, development, production, or distribution of natural resources; the development of technologies for the production or efficient use of natural resources; or the furnishing of related supplies or services.

Natural resources may include, for example, energy sources, precious and other metals, forest products, real estate, food and agriculture, and other basic commodities.

Material Risks: Equity Securities Risk; Investment Style Risk; Natural Resources Investment Risk; Small and Mid-Sized Companies Risk; Concentration Risk; Underweighting Risk; Foreign Securities Risk; Cash Position Risk; Liquidity Risk; Overweighting Risk; Limited Portfolio Risk; and Currency Risk. See below for additional information.

#### *Natural Gas Strategy*

The Natural Gas Strategy invests in equity securities of companies that produce natural gas in North America or engage in natural gas-related businesses that may benefit from an improvement in long-term natural gas fundamentals. The Natural Gas Strategy is concentrated around companies that SailingStone believes possess a combination of the three attributes required to generate excess returns in a commoditized industry: producing assets which sit at the bottom of a steeply sloped supply cost curve, highly capable management teams with a strong track record of prudent capital allocation and value creation, and a deep inventory of “advantaged assets” into which capital can be deployed at high rates of return. “Advantaged assets” are the low-cost producers of a given commodity that the investment team believes offer a competitive advantage in the form of achieving above cost of capital returns.

Material Risks: Equity Securities Risk; Investment Style Risk; Natural Resources Investment Risk; Small and Mid-Sized Companies Risk; Concentration Risk; Foreign Securities Risk; Liquidity Risk. See below for additional information.

#### B. Risks of Investments and Strategies Utilized

**Investing in securities involves risk of loss that Clients should be prepared to bear. The following is a summary of some of the material risks associated with SailingStone’s investment strategies. As a summary, it is not intended to describe all of the risks associated with those strategies.**

Material Risks may include the following:

**General Investment and Trading Risks.** An investment with SailingStone involves a high degree of risk, including the risk that the entire amount invested may be lost. Clients’ assets are invested in securities and other financial instruments using strategies and investment techniques with significant risk characteristics. No guarantee or representation is made that the Strategies will be successful.

**Reliance on Key Personnel.** SailingStone's investment advice depends on the judgment and analysis of its investment professionals. Should any of those professionals terminate their relationship with SailingStone, die or become otherwise incapacitated for any period of time, Client accounts could experience losses.

**Effect of General Economic Conditions.** The success of SailingStone's investment strategies may be affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws, developments in governmental regulation and national and international political circumstances. These factors may affect the success of the businesses in which SailingStone's Client portfolio companies are engaged, as well as the markets for securities in those Client portfolio companies. Unexpected volatility or illiquidity could result in client losses.

**Equity Securities Risk.** The value of a company's stock may fluctuate widely and may decline in response to factors affecting that particular company or stock markets generally. Investments related to the value of equity securities may rise and fall based on factors such as an issuer's actual and anticipated earnings, changes in management, the potential for takeovers and acquisitions, and other economic factors. Similarly, the value of other equity-related securities, including preferred stock, warrants, and options, may also vary widely.

**Investment Style Risk.** A strategy investing principally in value style stocks at times may underperform other strategies that invest more broadly or that have different investment styles.

**Natural Resources Investment Risk.** Investment in companies in natural resources industries can be significantly affected by (often rapid) changes in supply of, or demand for, various natural resources. They also may be affected by changes in energy prices, international political and economic developments, environmental incidents, energy conservation, the success of exploration projects, changes in commodities prices, and tax and other government regulations. Investments in interests in oil, gas, or mineral exploration or development programs, including pipelines, may be held through master limited partnerships (MLPs), which are generally subject to many of the risks that apply to partnerships and may also be subject to certain tax risks.

**Micro-Cap Stocks.** Client Accounts may invest in equity securities without restriction as to market capitalization, such as those issued by smaller capitalization companies, including micro-cap companies. The securities of small-capitalization companies might not be traded in volumes typical of securities of larger companies. Because smaller companies normally have fewer shares outstanding than larger companies, it may be more difficult for Client Accounts to buy and sell significant amounts of smaller company shares without an unfavorable impact on prevailing market prices. Thus, the securities of small companies are generally less liquid, and subject to more abrupt or erratic market movements than larger capitalized companies. Additionally, the risk of bankruptcy or insolvency of many smaller

companies, with the attendant losses to investors, is higher than for larger companies. Client Accounts may purchase securities in all available securities trading markets.

**Small- and Mid-Sized Companies Risk.** Small- and mid-sized companies may be subject to a number of risks not associated with larger, more established companies. These risks potentially make their stock prices more volatile, increasing the risk of loss.

**Limited Liquidity of Some Investments.** Some of Client Accounts' positions may be or may become relatively or entirely illiquid or may cease to be traded after Client Accounts invest. The Client Accounts may acquire substantial positions in some securities. In such cases, and in the event of extreme market activity, Client Accounts may not be able to liquidate their positions promptly if the need should arise. In addition, Client Accounts' sales of some securities could depress the market value of such securities and thereby reduce the Client Accounts' profitability or increase its losses. Such circumstances or events could materially and adversely affect the amount of gain or loss Client Accounts may realize and the ability of Clients to receive redemption or withdrawal proceeds. Client Accounts may also invest in "restricted securities" that are subject to substantial holding periods or that are not traded in public markets. Restricted securities generally are difficult or impossible to sell at prices comparable to the market prices of similar securities that are publicly traded. Such restricted securities may not be eligible to be traded on a public market even if a public market for securities of the same class were to develop. It is highly speculative whether and when an issuer will be able to register its securities so that they become eligible for trading in public markets.

**Concentration of Investments.** Client Accounts may at times have a relatively large portion of their capital exposed to a particular industry or market sector. Losses in one or more large positions, or a downturn in an industry or market sector in which the Client Accounts are concentrated, could materially adversely affect Client Account's performance in a particular period and could have a materially adverse effect on Client Account's overall financial condition.

**Underweighting Risk.** If SailingStone underweights a Client portfolio investment in an industry or group of industries relative to its Strategy's primary benchmark, the Client will participate in any general increase in the value of companies in that industry or group of industries to a lesser extent than the Strategy's primary benchmark.

**Foreign Securities Risk.** Foreign securities are subject to political, regulatory, and economic risks not present in domestic investments, including, but not limited to, expropriation, confiscatory taxation, imposition of withholding or other taxes on dividends, interest, capital gains or other income, political or social instability, illiquidity, price volatility, and market manipulation. Less information may be available regarding securities of non-U.S. issuers, and non-U.S. issuers may not be subject to accounting, auditing, and financial reporting standards and requirements comparable to or as uniform as those of U.S. issuers. In addition, when a Client buys securities denominated in a foreign currency, there are special risks such as changes in currency exchange rates and the risk that a foreign

government could regulate foreign exchange transactions. In addition, to the extent that investments are made in a limited number of countries, events in those countries will have a more significant impact on the Client's portfolio.

**Cash Position Risk.** To the extent that a Client holds assets in cash and cash equivalents and not in specific investments in accordance with the applicable Strategy, the ability of the Client to meet its investment objectives may be limited.

**Liquidity Risk.** Lack of a ready market or restrictions on resale may limit the ability of a Client to sell a security at an advantageous time or price. In addition, a Client, by itself or together with other accounts managed by SailingStone, as they case may be, may hold a position in a security that is large relative to the typical trading volume for that security, which can make it difficult for the Client to dispose of the position at an advantageous time or price.

**Overweighting Risk.** Overweighting investments in an industry or group of industries relative to a Strategy's benchmark increases the risk that the Strategy will underperform its benchmark, because a general decline in the prices of stocks in that industry or group of industries will affect the Strategy to a greater extent than its benchmark.

**Limited Portfolio Risk.** To the extent SailingStone invests Client assets in a more limited number of issuers than many other strategies, a decline in the market value of a particular security held by the Client may affect its value more than if SailingStone invested a Client's assets in a larger number of issuers.

**Currency Risk.** Investments in foreign securities are often denominated and traded in foreign currencies. The value of a Client's assets may be affected favourably or unfavourably by currency exchange rates, currency exchange control regulations, and restrictions or prohibitions on the repatriation of foreign currencies. To attempt to protect against changes in currency exchange rates, SailingStone may, but will not necessarily, engage in forward foreign currency exchange transactions. The use of foreign exchange transactions to reduce foreign currency exposure can eliminate some or all of the benefit of an increase in the value of a foreign currency versus the U.S. dollar.

**The foregoing list of risk factors does not purport to be a complete enumeration or explanation of the risks involved in an investment with SailingStone. Prospective Clients should read the entire Brochure as well as other materials that may be provided by SailingStone and consult with their own advisers prior to engaging SailingStone's services.**

## Item 9 – Disciplinary Information

Not applicable.

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

Not applicable.

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

### **A. Code of Ethics**

SailingStone has adopted a Code of Ethics (the “Code”) pursuant to Rule 17j-1 under the Investment Company Act of 1940, as amended and Rule 204A-1 under the Investment Advisers Act of 1940, as amended. The Code governs the activities of each member, officer, director and employee of SailingStone (collectively, “Employees”).

SailingStone has adopted a Code of Ethics that establishes standards of conduct for the Firm and its personnel. The Code of Ethics includes general requirements that SailingStone and its personnel comply with their fiduciary obligations to clients and applicable securities laws, and specific requirements relating to, among other things, personal trading and insider trading. It requires SailingStone’s personnel to arrange for duplicate copies of all trade confirmations and brokerage statements to be sent directly to SailingStone’s Chief Compliance Officer, and requires the Chief Compliance Officer to review those reports as and how the CCO determines appropriate.

SailingStone’s Code of Ethics establishes standards of conduct for the Firm’s personnel. All employees are prohibited from purchasing single stock securities while employed by the firm. All employees are also subject to quarterly and annual transactions-reporting requirements. In addition, the Chief Compliance Officer shall consider, on a case-by-case basis, whether third-party consultants, vendors, service providers and other independent contractors or temporary employees should be subject to these policies and procedures as well. The Code of Ethics also contains policies involving the safeguarding of proprietary and non-public information and the use of nonpublic information in relation to clients.

The Code of Ethics requires employees to promptly report any violations of it to SailingStone’s Chief Compliance Officer. Each employee of SailingStone receives a copy of the Code of Ethics and any amendments to it, and must acknowledge in writing having received the materials. Quarterly, each employee must certify that he or she complied with the Code of Ethics during that period. Clients and prospective clients may obtain a copy of SailingStone’s Code of Ethics by contacting compliance at SailingStone Capital Partners LLC, One California Street, 30th Floor, San Francisco, CA 94111, [compliance@sailingstonecapital.com](mailto:compliance@sailingstonecapital.com).

### **B. Recommendations Involving Material Financial Interests**

Neither SailingStone nor its related persons recommends to Clients, or buys or sells for Client accounts, securities in which SailingStone or a related person has a material financial interest.

C. Investing Personal Money in the Same Securities as Clients

SailingStone's policies and procedures prohibit its Employees and related persons from trading in single stock securities. Employees may invest in certain excepted securities which include direct obligations of the U.S. government, broad based index funds, money market funds or mutual funds, and may invest in certain privately placed securities upon the approval of the Chief Compliance Officer. Employees may also invest in mutual funds it sub-advises, upon approval of the Chief Compliance Officer. In order to monitor compliance with its personal trading policy, SailingStone requires Employees to sign and adhere to SailingStone's Code and to report personal securities holdings and transactions to SailingStone.

D. Trading Securities at/around the Same Time as Clients' Securities

As discussed above, SailingStone, its Employees and related persons are prohibited from trading single stock securities.

## **Item 12 – Brokerage Practices**

A. Factors Used to Select or Recommend Broker-Dealers

SailingStone's agreements with its Clients generally allow SailingStone to determine the brokers or dealers that SailingStone uses to effect securities transactions for a Client's account and to determine the commission rate or compensation paid to the broker or dealer effecting each transaction.

SailingStone seeks best execution on its Clients' portfolio transactions, taking into account a variety of factors, including, for example the following:

- Research capabilities of the broker-dealer.
- Broker credit worthiness, reputation and integrity.
- Clearance and settlement capabilities.
- Confidentiality provided by the broker-dealer.
- Competitiveness of commission rates and spreads.
- Evaluations of execution quality by consultants.
- Size of the order, nature of the market for the security, and timing of the transaction (promptness).
- Experience of the broker-dealer.
- Broker-dealer's access to markets and investment capabilities.
- Broker-dealer's willingness and ability to commit capital.
- Broker-dealer's ability to place difficult trades.
- Information and services provided by the broker-dealer.
- Number of trading errors committed by the broker-dealer and its ability to correct errors in a prompt and efficient manner.
- Sophistication of the broker-dealer's trading facilities.
- Access to new issues for Client accounts.

1. Research and Other Soft Dollar Benefits

SailingStone may effect transactions with broker-dealers who provide research services (collectively, “soft dollar items”) to SailingStone that assist SailingStone in making investment and trading decisions on behalf of its Clients. The negotiated commissions paid to broker-dealers supplying soft dollar items may not represent the lowest obtainable commission rates. In any such arrangement, the amount of the commission paid must be reasonable in relation to the value of the brokerage and soft dollar items provided by the broker-dealer, viewed in terms of either the particular transaction or SailingStone’s overall responsibilities with respect to its Clients. SailingStone seeks to comply with the soft dollar “safe harbor” afforded by Section 28(e) under the United States Securities Exchange Act of 1934, as amended.

When SailingStone uses Client brokerage commissions to obtain soft dollar items, it receives a benefit, because it does not have to produce or pay for such soft dollar items. However, SailingStone believes that such soft dollar items may provide Clients with benefits by supplementing the research and services otherwise available to Clients. In addition, the research and other benefits resulting from a brokerage relationship benefit all Client accounts or SailingStone’s operations as a whole, including any Client accounts that direct SailingStone to use a broker that does not provide soft dollar benefits.

SailingStone may have an incentive to select or recommend a broker-dealer based on its interest in receiving the soft dollar items, rather than on the Client’s interest in receiving the most favorable execution. SailingStone periodically reviews the execution performance of its brokers to ensure that any potential conflicts of interests are resolved.

To the extent that SailingStone does engage in such “soft dollar” arrangements, the Clients may be charged a brokerage commission in excess of that which another broker might charge for effecting the same transaction if SailingStone determines in good faith that such commission is reasonable in relation to the value of the brokerage, research, other services and soft dollar relationships provided by that broker, viewed in terms of either the specific transaction or SailingStone’s overall responsibilities to the portfolios over which SailingStone exercises investment authority.

Although certain soft dollar allocations are connected to particular Clients or groups of Clients, soft dollar items are not limited to those Clients who may have generated a particular benefit. Soft dollar benefits are not proportionally allocated to any accounts that may generate different amounts of the soft dollar benefits. SailingStone may receive soft dollar credits based on principal and agency securities transactions with brokerage firms.

A broker from which SailingStone obtains soft dollar services generally establishes “credits” based on past transactional business (including markups and markdowns on principal transactions), which may be used to pay for specified expenses. In some cases the process is less formal and a broker simply may suggest a level of future business that would fully compensate the broker for services or products it provides. SailingStone monitors the soft dollar services provided to ensure that appropriate transactions are executed with a soft dollar provider.

2. Brokerage for Client Referrals

In selecting or recommending broker-dealers, SailingStone does not consider Client referrals from a broker-dealer. SailingStone may receive referrals in the future, and if so, it will appropriately amend this Brochure.

3. Directed Brokerage

SailingStone does not permit Clients to direct brokerage; however, SailingStone permits Clients to impose limited restrictions on the brokers that SailingStone may use to execute transactions for a Client's portfolio. When SailingStone is subject to such restrictions, it may not be able to achieve the most favorable execution for the Client.

B. Aggregating Trading for Multiple Client Accounts

SailingStone may aggregate Client sale and purchase orders for securities with similar orders being made simultaneously for other Clients, if, in SailingStone's reasonable judgment, such aggregation is reasonably likely to result in reduced market impact and/or lower per-share brokerage commission costs. In many instances, the purchase or sale of securities for some of SailingStone's Clients will be effected simultaneously with the purchase or sale of like securities for other of SailingStone's Clients. Such transactions may be made at slightly different prices, due to the volume of securities purchased or sold. Pursuant to SailingStone's policies regarding the aggregation of transactions for Clients' accounts, each Client may be charged or credited, as the case may be, the average transaction price of all securities purchased or sold in such transactions. As a result, the transaction price may be more or less favorable to a Client than it would have been if similar transactions were not being executed concurrently for other accounts or if the Client paid the actual (as opposed to average) transaction price for its purchase or sale.

If an order is only partially filled, it is allocated among the participating accounts pro-rata based upon each account's portion of the original order amount. Under certain circumstances, orders that result in small allocations can cause a Client's account to incur additional trade ticket charges from its custodian bank if it receives multiple partial allocations. In seeking best execution, SailingStone does not consider fees that may be assessed by a Client's custodian.

SailingStone may, subject to Manager's duty to seek to obtain best execution and consistent with Manager's relevant policies and procedures, as the same may be amended from time to time, effect purchase and sale transactions between or among accounts (including the Account) managed by Manager, in accordance with applicable law, including section 206(3) of the Advisers Act and Section 17 of the Investment Company Act for clients that are mutual funds. Certain accounts may be subject to additional cross trading restrictions under other law (e.g. ERISA, which may adversely impact execution quality).

## **Item 13 – Review of Accounts**

A. Frequency and Nature of Periodic Review and Who Makes those Reviews

SailingStone regularly reviews Client accounts to determine whether to take any actions for that portfolio, based on its investment objectives, policies, and assets, and more generally, based on SailingStone's review of economic and market conditions. The reviews are conducted by the Portfolio Managers.



**B. Factors that Will Trigger a Non-Periodic Review of Client Accounts**

Reviews may take place more frequently if triggered by economic, market, or political conditions.

**C. Content and Frequency of Regular Reports**

SailingStone generally provides separately managed account Clients with quarterly written reports. Quarterly reports may contain portfolio commentary, a portfolio appraisal, transaction reports, a realized gains and losses report, and a commission report.

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

**A. Economic Benefits Provided by Third Parties**

SailingStone does not receive any economic benefit, directly or indirectly, from any third party for advice rendered to the Client.

**B. Compensation to Non-Advisory Personnel for Client Referrals**

SailingStone may engage solicitors to perform market research, engage in strategic planning, and market SailingStone's advisory services. SailingStone may pay a solicitor a cash retainer fee, a cash referral fee, a combination of both types of fees, or a portion of the advisory fee (typically calculated based on assets under SailingStone's management) paid by the Client who was referred to SailingStone by the solicitor. To the extent applicable, SailingStone complies with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, as amended.

## **Item 15 – Custody**

Clients should expect to receive quarterly or more frequent account statements from their custodians. SailingStone generally provides separately managed account Clients with quarterly written reports. Quarterly reports may contain portfolio commentary, a portfolio appraisal, transaction reports, a realized gains and losses report, and a commission report. Clients should compare the account statements received from their custodians with the reports received from SailingStone and should contact SailingStone if custodian's statements are not received quarterly.

## **Item 16 – Investment Discretion**

SailingStone accepts discretionary authority to manage securities accounts on behalf of its Clients. Before accepting discretionary authority, SailingStone generally enters into a written agreement with Clients. In the case of a Client with a separately managed account, this agreement typically includes investment guidelines describing the strategy, the Client's investment objective, any restrictions on SailingStone's management of the account, and a benchmark. See Item 4, "Advisory Business," for examples of the types of restrictions that a Client may impose. Certain investment restrictions may limit SailingStone's ability to execute the Strategies and may reduce performance as a result. SailingStone will exercise

discretionary authority with respect to the mutual funds for which it intends to serve as the sub-adviser in accordance with the strategy, objective, restrictions, and benchmark set forth in each such mutual fund's prospectus.

### **Item 17 – Voting Client Securities**

SailingStone has adopted policies and procedures ("Proxy Voting Policies") that govern how it votes proxies ("Proxies") relating to securities owned by Clients who have delegated voting authority and discretion to SailingStone. The Proxy Voting Policies do not apply to securities held by any Client that has not delegated to SailingStone voting authority and discretion with respect to securities held in the Client's account. When voting on matters submitted to security holders, SailingStone seeks to act in a manner consistent with the best interests of its Clients, without subrogating the Clients' interests to those of SailingStone. SailingStone has adopted detailed proxy voting guidelines (the "Guidelines") that set forth how SailingStone plans to vote on specific matters presented for shareholder vote. In most cases, the Guidelines state specifically whether Proxies will be voted by SailingStone for or against a particular type of proposal. The indicated vote in the Guidelines is the governing position on any matter specifically addressed by the Guidelines.

In certain circumstances, however, a conflict of interest may exist between SailingStone and its Clients with respect to a matter that is submitted to shareholders. Since the Guidelines have been pre-established by SailingStone, voting of Proxies in accordance with the Guidelines is intended to limit the possibility that any conflict of interest might motivate SailingStone's voting decision with respect to a proposal. However, SailingStone is permitted to override the Guidelines (an "Override") with respect to a particular shareholder vote when SailingStone believes the Override to be in a Client's best interest. In addition, there may be situations involving matters presented for shareholder vote that are not governed by the Guidelines (any such vote a "Special Vote"). In connection with any Override or Special Vote, a determination is made by SailingStone's Chief Compliance Officer and/or an internal committee of senior management and compliance personnel responsible for the administration of the Proxy Voting Policies as to whether there is any material conflict of interest between SailingStone and the relevant Client(s). SailingStone has retained a service provider to handle the administrative aspects of voting Proxies for Client accounts. The service provider monitors the accounts and their holdings for purposes of confirming that all Proxies have been received and votes are cast. Clients may obtain a copy of SailingStone's complete proxy voting policies and procedures upon request. Clients may also obtain information from SailingStone about how SailingStone voted any proxies on behalf of their account(s). In addition, SailingStone regularly monitors matters presented for shareholder votes and tracks the voting of the Proxies.

### **Item 18 – Financial Information**

No applicable.