

Form ADV, Part 2A

Firm Brochure

Ruane, Cunniff & Goldfarb L.P.

July 12, 2019

This brochure provides information about the qualifications and business practices of Ruane, Cunniff & Goldfarb L.P. (“Adviser”). If you have any questions about the contents of this brochure, please contact us at (212) 832-5280. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

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

Additional information about the Adviser also is available on the SEC’s website at www.adviserinfo.sec.gov.

Ruane, Cunniff & Goldfarb L.P.
9 West 57th Street, Suite 5000
New York, New York 10019-2701
Tel: (212) 832-5280
Fax: (212) 832-5298

Item 2. Material Changes

The following summary discloses only material changes made to the Brochure since the Adviser's last annual update, which was filed on March 29, 2019.

The Adviser's affiliated broker-dealer ceased operations effective June 14, 2019. The Adviser's disclosures throughout this Brochure have been updated, as applicable, to reflect the affiliated broker-dealer's cessation of operations and to reflect the Adviser's soft dollar practices. Additionally, the Adviser's disclosures throughout this Brochure have been updated, as applicable, to reflect that it has ceased providing discretionary advisory services to the clients of Conifer Management, LLC and Wishbone Management, LP.

Item 3. Table of Contents

TABLE OF CONTENTS

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

Item 4. Advisory Business

Ruane, Cunniff & Goldfarb L.P. is an SEC-registered investment adviser with its principal place of business in New York, New York. The Adviser is a Delaware limited partnership that was established on November 2, 2016. The Adviser is a wholly-owned subsidiary of Ruane, Cunniff & Goldfarb Inc. (the “Parent”), and the Adviser’s business and affairs are managed by RCG-GP LLC, its general partner. RCG-GP LLC has established a Management Committee that has the authority to make certain decisions with respect to the Adviser’s business and operations. The Adviser commenced operations as an investment adviser on February 12, 2018.

The Adviser provides investment advisory services on a discretionary basis to its clients, which include individuals and institutions with separately managed accounts and a registered investment company. Certain supervised persons of the Adviser provide advisory services to private funds intended for sophisticated investors and institutional investors.

The Adviser typically manages accounts in accordance with its overall investment objective and strategy, which seeks long-term growth of capital. The Adviser seeks to meet this overall objective and strategy by investing in equity and debt securities of issuers identified by the Adviser through its fundamental, bottom-up analysis of issuers. Managed account clients may impose restrictions on investing in certain securities or certain types of securities and on the manner in which the investments are effected.

The Adviser has established an Investment Committee with the authority to make investment decisions for certain client accounts (“covered accounts”). The Committee consists of four voting members and one non-voting member. With respect to covered accounts, the purchase of a new investment for the account or material modification of the weightings of existing investments for the account requires the approval of three members of the Committee. The portfolio manager of any covered account has, however, the authority (in between meetings of the Committee and in the event of material events or circumstances) to take actions with respect to the account with the approval of one other member of the Committee. The portfolio manager also has discretion, without prior or subsequent Committee approval, to take any action necessary to prevent any security, subject to certain exceptions, from accounting for more than 20% of the balance of any covered account.

The Investment Committee also has the authority to make investment decisions for Sequoia (defined below) as described in its prospectus.

The Adviser manages client assets that as of May 31, 2019 had an aggregate value of approximately \$10,662,779,939, all of which are managed on a discretionary basis.

Item 5. Fees and Compensation

The Adviser charges each separately managed client account an investment advisory fee based on the market value of the account’s assets under management. For managed account clients, the Adviser typically charges an advisory fee at an annual rate of 1.0%. The fee is payable in quarterly installments in advance on the first day of each calendar quarter and is based on the market value of the assets under management in the account as of the close of business on the preceding business day. The fee will be prorated for any partial quarter during which the account is established.

A managed account client may terminate the investment management agreement with the Adviser at any time. Upon termination of an account during a quarter, advisory fees will be prorated and any prepaid, unearned advisory fees will be promptly refunded.

The Adviser reserves the right to determine the annual advisory fee rate and/or the manner of payment with any managed account client or prospective managed account client. As a result, fees may be negotiable under certain circumstances or for certain managed account clients. The Adviser bills managed account clients and deducts the fee automatically from their accounts when agreed upon with the clients.

For Sequoia Fund, Inc. (“Sequoia”), the registered investment company for which the Adviser provides advisory services, the Adviser receives an advisory fee at an annual rate of 1.0%, which is based on the average daily net asset values of Sequoia. The fee is accrued daily and paid monthly.

In addition to paying advisory fees, clients are subject to other expenses such as brokerage commissions and costs associated with foreign exchange transactions, among others. Client assets may be invested in money market mutual funds or other registered or unregistered investment companies, private funds or other investment entities. In these cases, the client bears its pro rata share of the investment management fee and other fees of the fund in which the assets are invested. The management and other fees of the fund in which assets are invested are described in the fund’s legal documentation, and are in addition to the advisory fee paid to the Adviser. Please refer to Item 12 of this Firm Brochure for a discussion of the Adviser’s brokerage practices.

Item 6. Performance-Based Fees and Side-By-Side Management

The Adviser and certain of its supervised persons provide investment management services to multiple portfolios for multiple clients. Certain supervised persons of the Adviser also receive, through Conifer Management, LLC (“Conifer Management”) and Wishbone Management, LP (“Wishbone Management”, and together with Conifer Management, each a “Related Adviser” and together the “Related Advisers”) and their affiliates, performance-based compensation from private funds for which they provide advisory and other services. Because the Adviser and its supervised persons manage portfolios for many different clients, potential conflicts exist for one client account to be favored over another client account. The Adviser and its investment personnel have, for example, a greater incentive to favor client accounts from which they receive (or potentially receive) higher compensation.

The Adviser has adopted and implemented policies and procedures that are intended to address conflicts of interest relating to managing multiple accounts and the allocation of investment opportunities. The Adviser reviews investment decisions for the purpose of seeking to ensure that all accounts with substantially similar investment objectives are treated equitably over time. The Adviser’s procedures relating to the allocation of investment opportunities require that similarly-managed accounts participate in investment opportunities pro rata based on asset size (based on the value of the assets of each participating account relative to the value of the assets of all participating accounts), however the Adviser may allocate investment opportunities on a non-pro rata basis due to a consideration of the factors described in Item 16. The Adviser’s procedures also require that, to the extent orders are aggregated, the orders are price averaged. These areas are monitored by the Adviser’s Chief Compliance Officer.

Item 7. Types of Clients

The Adviser's clients consist of individuals, an investment company, pension and profit sharing plans, trusts, estates, and charitable organizations, corporations and other business entities. There are no minimum investment requirements for opening or maintaining a managed account. With respect to Sequoia, any initial and additional investment minimums are disclosed in its offering documents.

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

The Adviser typically manages accounts in accordance with its overall investment objective and strategy, which seeks long-term growth of capital. The Adviser uses fundamental analysis in formulating investment advice and managing client assets. Fundamental analysis of issuers involves analyzing an issuer's financial statements, management and competitive advantages, and competitors and markets. The Adviser typically employs bottom-up fundamental analysis.

The Adviser employs a variety of investment strategies or techniques, including the following investment strategies, in providing advisory services to clients:

- *Buy and Hold.* The Adviser typically engages in a buy and hold investment strategy wherein the Adviser acquires securities for its clients and holds them for relatively longer periods of time, regardless of short-term factors such as fluctuations in the market or volatility of the stock price.
- *Focused Portfolio/Non-diversification.* The Adviser focuses its investments on a limited number of issuers and does not seek to diversify investments among types of securities, countries or industry sectors.
- *Margin transactions.* The Adviser or its supervised persons may acquire securities for a client's portfolio with money borrowed against the value of the assets in the client's custodial account. Margin transactions permit an account, for example, to acquire more securities than the client otherwise could if using available cash only.
- *Hedging.* For certain managed accounts, the Adviser utilizes a variety of financial instruments such as derivatives, options, interest rate swaps, caps and floors, futures and forward contracts for speculation and/or risk management purposes.
- *Derivatives.* For certain managed accounts, the Adviser or its supervised persons may purchase or sell derivative instruments, including options, warrants, forwards, futures and swaps. Derivatives are used as a form of hedging, in order to maintain flexibility, and for speculation.

These methods, strategies, and investments involve risk of loss to clients, and clients must be prepared to bear the loss of their entire investment. The material risks relating to the Adviser's investment strategies include the following:

- *Market and Manager Risks.* Securities in which the Adviser invests on behalf of its clients will fluctuate as the markets for those securities fluctuate. The prices of these securities will decline, perhaps severely, over short-term or long-term periods. Performance of individual securities can vary widely. In addition, the investment decisions of the Adviser may cause the strategy or an account to underperform other strategies, investments or benchmark indices. The Adviser may be incorrect in assessing a particular industry or a company, including the anticipated earnings

growth of the company. The Adviser may not buy chosen securities at the lowest possible prices or sell securities at the highest possible prices.

- *Buy and Hold.* Buy and hold investment strategies bring specific risks to a securities portfolio. Under a buy and hold investment strategy, the Adviser may not take advantage of short-term gains in a security that could be profitable to a client. Moreover, if the Adviser's predictions are incorrect, a security may decline sharply in value before the security is sold.
- *Focused Portfolio/Lack of Diversification.* Client accounts will not be diversified among a wide range of types of securities, countries or industry sectors. Accordingly, client portfolios may be subject to more rapid change in value than might be the case if the Adviser were to maintain a wider diversification among types of securities and other instruments, countries or industry sectors.
- *Margin.* The performance of the accounts utilizing margin may be more volatile. Margin trading increases exposure to market risk. In addition, the downside of trading on margin is not limited to the value of collateral in the margin account. When the value of securities acquired on margin falls below maintenance margin requirements or other applicable requirements, the lender may make a margin call or sell securities from the account. If the sale does not cover the deficiency, the investor will be responsible for the shortfall.
- *Derivatives.* Derivative transactions for client accounts may expose an account's portfolio to the risk of loss in an amount greater than the initial investment, and such losses can increase rapidly and without effective limit. The performance of client accounts utilizing derivative transactions may be more volatile.
- *Hedging.* There can be no assurance that a particular hedge is appropriate, or that certain risk is measured properly. Further, while the Adviser may enter into hedging transactions to seek to reduce risk, such transactions may result in poorer overall performance and increased (rather than reduced) risk for the managed accounts than if the Adviser did not engage in any such hedging transactions.

The Adviser invests in equity securities of U.S. and non-U.S. issuers on behalf of its clients. The Adviser also invests in fixed-income and debt securities on behalf of its clients. In connection with managing some managed accounts, the Adviser or its supervised persons may also invest in other securities and instruments, including derivatives. The following risks are those most commonly associated with the types of securities and instruments in which the Adviser primarily invests for its clients.

- *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. For example, large cap stocks can react differently from small cap stocks, and "growth" stocks can react differently from "value" stocks. 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. Terrorism and related 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 and Debt Securities.* Investment in fixed-income and debt securities, such as asset-backed securities, residential mortgage backed securities, commercial mortgage backed securities, investment grade corporate bonds, non-investment grade corporate bonds, loans, sovereign bonds and U.S. government debt securities and financial instruments that reference the price or interest rate associated with these fixed-income securities, subject a client's portfolios to the risk that the value of these securities overall will decline because of rising interest rates. Similarly, portfolios that hold such securities are subject to the risk that the portfolio's income will decline because of falling 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 the debt to decline. The Adviser may also invest in debt securities on behalf of its clients which are not protected by financial covenants or limitations on additional indebtedness. Most fixed-income instruments trade in over-the-counter transactions and lack the benefit of transparent exchange pricing. Bid and asks for these instruments are generally wider than equity securities, and trading is less frequent. These factors may cause distortions and/or volatility in the prices of fixed income-related instruments. Lastly, investments in debt securities may fluctuate more in price, and be 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.
- *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. The risk is greater for long-term securities than for short-term securities.
- *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, potentially more volatile and less liquid than U.S. investments. In addition, foreign markets can perform differently from the U.S. market.
- *Emerging Markets.* There are greater risks associated with investments in securities of issuers located in less developed countries than investments in securities of issuers located in the U.S. and other developed markets. Political risk for many developing countries is a significant factor. During certain social and political circumstances, governments may be involved in policies of expropriation, confiscatory taxation, nationalization, intervention in the securities market and trade settlement, and imposition of foreign investment restrictions and exchange controls. In comparison to more developed markets, trading volumes in emerging markets may be lower, which can result in a lack of liquidity and greater price volatility.
- *Derivatives.* Derivative instruments, including options, warrants, forwards, futures and swaps, in which some managed accounts invest are subject to the risk of nonperformance by the counterparty to such instrument, including risks relating to the financial soundness and creditworthiness of the counterparty. In addition, investments in derivative instruments may require a high degree of leverage, meaning the overall contract value (and, accordingly, the

potential for profits or losses in that value) is much greater than the modest deposit used to buy the position in the derivative contract. Derivative securities can also be highly volatile. The prices of derivative instruments and the investments underlying the derivative instruments may fluctuate rapidly and over wide ranges and may reflect unforeseeable events or changes in conditions, none of which can be controlled by a client or the Adviser. Further, transactions in derivative instruments may not be undertaken on recognized exchanges, which could expose the client's account to greater risks than regulated exchange transactions that provide greater liquidity and more accurate valuation of securities.

- *Illiquid Instruments.* Certain instruments may have no readily available market or third-party pricing. Reduced liquidity may have an adverse impact on market price and the ability to sell particular securities when necessary to meet liquidity needs or in response to a specific economic event, such as the deterioration of creditworthiness of an issuer. Reduced liquidity in the secondary market for certain securities may also make it more difficult for the Adviser to obtain market quotations based on actual trades for the purpose of valuing a fund's portfolio. In some cases, the relevant portfolio may be contractually prohibited from disposing of these securities for a specified period of time.

For more information relating to risks associated with Sequoia, please refer to the Prospectus and the Statement of Additional Information.

Cybersecurity Risk. The information and technology systems of the Adviser and of key service providers to the Adviser and its clients may be vulnerable to potential damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. Although the Adviser has implemented various measures designed to manage risks relating to these types of events, if these systems are compromised, become inoperable for extended periods of time or cease to function properly, it may be necessary for the Adviser to make a significant investment to fix or replace them and to seek to remedy the effect of these issues. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in the operations of the Adviser or its client accounts and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information.

Item 9. Disciplinary Information

This item is not applicable.

Item 10. Other Financial Industry Activities and Affiliations

The Adviser serves as investment adviser to Sequoia, a non-diversified, open-end registered investment company. Certain officers of the Adviser and RCG-GP LLC are also officers and directors of Sequoia. Managed account clients investing in Sequoia through their managed accounts pay only those fees charged to shareholders of Sequoia with respect to their assets invested in Sequoia. Such arrangement means that the value of the client's investment in Sequoia is excluded from the Adviser's quarterly portfolio management fee calculation for the managed account.

The Adviser and the Parent have entered into contractual relationships with the Related Advisers, pursuant to which the Adviser and the Parent provide support services to, and share certain personnel

with, the Related Advisers. The support services include, but are not limited to, the use of certain facilities and office space of the Adviser, and certain general and administrative services. Each Related Adviser provides consideration to the Adviser for these services as agreed upon by the parties. In addition, the compliance programs of the Adviser and the Related Advisers are administered by the same compliance personnel.

Conifer Management is controlled by Mr. Gregory Alexander, and Wishbone Management is controlled by Mr. John Harris. Mr. Harris is a Managing Director of the Adviser and the Managing Partner of RCG-GP LLC, the Adviser's general partner. Messrs. Alexander and Harris are members of the Management Committee of RCG-GP LLC. Messrs. Alexander and Harris are shareholders of the Parent and members of RCG-GP LLC, and are research analysts of the Adviser.

Mr. Alexander is the managing member of Conifer Capital Management, LLC ("Conifer Capital"). Conifer Capital serves as the general partner of one or more pooled investment vehicles or private funds for which Conifer Management serves as investment adviser.

Mr. Harris is the managing member of Wishbone Investors, LLC ("Wishbone Investors"). Wishbone Investors serves as the general partner of one or more pooled investment vehicles or private funds for which Wishbone Management serves as investment adviser.

These arrangements among the Adviser and the Related Advisers and their affiliates may give rise to potential conflicts of interest. For example, a supervised person of the Adviser who is shared with a Related Adviser may have an incentive to favor clients of the Related Adviser over clients of the Adviser. The Adviser has adopted and implemented policies and procedures that are intended to address such conflicts of interest. Personnel of the Adviser who are shared with a Related Adviser are subject to the compliance programs of the Adviser and the Related Advisers, including the Codes of Ethics, and are considered "associated persons," as such term is defined under the Advisers Act, of the Adviser and such Related Adviser.

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

The Adviser has adopted a Code of Ethics (the "Code") that obligates it and its supervised persons to maintain high ethical standards, to put the interests of the Adviser's clients before their own interests and to act honestly and fairly in all respects in their dealings with clients. Under the Code, supervised persons are required to comply with applicable federal securities laws, to preclear personal securities transactions, including transactions in shares of Sequoia and in shares of the private funds that receive investment advice from the Related Advisers, and to disclose their securities transactions on a quarterly basis and holdings initially and on an annual basis. Clients or prospective clients may obtain a copy of the Code by contacting Michael Sloyer, Chief Compliance Officer of the Adviser, by mail at 9 West 57th Street, Suite 5000, New York, NY 10019-2701 or by telephone at (212) 832-5280.

As noted above, the Adviser invests assets of managed account clients in Sequoia. This practice creates a conflict of interest because the Adviser has an incentive to recommend investing in Sequoia based on its own financial interests, rather than solely the interests of a client. The Adviser addresses this conflict (i) by excluding assets invested in Sequoia from the assets used to determine the amount of investment advisory fees payable to the Adviser by the managed accounts and (ii) by only making recommendations for such investments when those recommendations are consistent with the client's stated investment objectives, tolerance for risk, liquidity, and suitability.

The Adviser and its supervised persons invest in securities that they recommend to clients. This practice presents a conflict because the Adviser or its supervised persons are in a position to trade in a manner that could adversely affect clients. The Adviser requires its supervised persons to preclear personal transactions in covered securities (and in cases of the acquisition of the beneficial ownership of any security through an initial public offering (“IPO”) or Limited Offering) with a designated supervisory person. A preclearance request may be denied if the requested transaction may have any adverse impact on clients. To the extent the Adviser or its related person owns securities that the Adviser or the related person also recommends to clients, such clients’ proxies will be voted according to predetermined guidelines rather than subject to the Adviser’s (or its related person’s) discretion. Please refer to Item 17 for further information regarding the Adviser’s proxy voting policy and procedures.

Although orders for the Adviser’s clients are not aggregated with orders for the Related Advisers’ clients or with personal trades of the Adviser’s supervised persons, the Adviser may from time to time buy or sell securities for client accounts at or about the same time that a Related Adviser buys or sells the same securities for its clients. In these situations, orders are processed when received. While this practice may adversely affect the price at which a later order is executed, the Adviser seeks to minimize the conflicts stemming from these situations and to ensure that its clients are treated fairly.

The Adviser, in the course of its investment advisory and other activities (e.g., board or creditor committee service or service as officers or directors of publicly traded companies by some of the Adviser’s supervised persons), may come into possession of confidential or material nonpublic information about public issuers, including issuers in which the Adviser, the Related Advisers or their supervised persons have invested or seek to invest on behalf of clients. The Adviser is prohibited from improperly disclosing or using such information for its own benefit or for the benefit of any other person, regardless of whether such other person is a client. As part of its Code of Ethics, the Adviser maintains and enforces an Insider Trading Policy with written policies and procedures that prohibit the misuse of such information, or the communication of such information to persons who do not have a legitimate need to know such information and to assure that the Adviser is meeting its obligations to clients and remains in compliance with applicable law. In certain circumstances, the Adviser may possess certain confidential or material, nonpublic information (including as a result of its arrangements with the Related Advisers) that, if disclosed, might be material to a decision to buy, sell or hold a security, but the Adviser will be prohibited from communicating such information to the client or using such information for the client’s benefit. In such circumstances, the Adviser will have no responsibility or liability to the client for not disclosing such information to the client (or the fact that the Adviser possesses such information), or not using such information for the client’s benefit, as a result of following the Adviser’s policies and procedures designed to provide reasonable assurances that it is complying with applicable law.

Item 12. Brokerage Practices

The Adviser requires that it be provided with written authority to determine the broker-dealer to use for client transactions and the commission costs that will be charged to clients for these transactions. Clients must include any limitations on this discretionary authority in the written authority statement. Clients may amend these limitations. Such amendments must be provided to the Adviser in writing.

The Adviser considers a number of factors in selecting a broker-dealer to execute transactions (or series of transactions) and determining the reasonableness of the broker-dealer’s compensation. Such factors include net price, reputation, financial strength and stability and efficiency of execution. In accordance with Rule 12b-1(h) under the Investment Company Act of 1940, the Adviser does not consider the promotion and sale of shares of Sequoia when selecting a broker to effect portfolio transactions for

Sequoia. In selecting a broker-dealer to execute transactions (or series of transactions) and determining the reasonableness of the broker-dealer's compensation, the Adviser need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost. It is not the Adviser's 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. The Adviser's Best Execution and Soft Dollar Committee meets periodically to evaluate the broker-dealers used by the Adviser to execute client trades using the foregoing factors.

The Adviser has entered into arrangements with Pershing Advisor Solutions LLC ("PAS") and its affiliate Pershing LLC ("Pershing") to provide services to the Adviser's separately managed accounts. When selecting broker-dealers to execute foreign transactions for separately managed accounts custodied outside of Pershing, if a client's custodian is unable to perform foreign exchange transactions for the client's account, the Adviser will arrange to have such transactions executed separately by PAS, and when selecting broker-dealers to execute transactions in smaller separately managed accounts, the Adviser will arrange to have such transactions executed separately by PAS due to PAS' policies.

The Adviser receives research and research-related services other than execution from broker-dealers and third parties in connection with client securities transactions. This is known as a "soft dollar" relationship. The Adviser limits its use of "soft dollars" to obtain research and research-related services to services that constitute research within the meaning of Section 28(e) of the Securities Exchange Act of 1934, as amended ("Section 28(e)"). Research services within Section 28(e) may include, but are not limited to, research reports (including market research); certain financial newsletters and trade journals; software providing analysis of securities portfolios; corporate governance research and rating services; attendance at certain seminars and conferences; discussions with research analysts; meetings with corporate executives; consultants' advice on portfolio strategy; and data services (including services providing market data, company financial data and economic data).

The Adviser has entered into client commission arrangements pursuant to which the Adviser may execute transactions through a broker-dealer and request that the broker-dealer allocate a portion of the commissions or commission credits to another firm that provides research and research-related services to the Adviser. Research and research-related services obtained by the Adviser using client commissions are used by the Adviser in its other investment activities, including for the benefit of other client accounts. The Adviser does not seek to allocate soft dollar benefits to client accounts proportionately to the soft dollar credits the accounts generate.

When the Adviser uses client commissions to obtain Section 28(e) eligible research and research-related services, the Adviser's Best Execution and Soft Dollar Committee meets periodically to review and evaluate its soft dollar practices and to determine in good faith whether, with respect to any research or research-related services received, the commissions used to obtain those services were reasonable in relation to the value of the research or research-related services. This determination will be viewed in terms of either the specific transaction or the Adviser's overall responsibilities to the accounts or portfolios over which the Adviser exercises investment discretion.

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

Under certain circumstances, the Adviser may permit clients to direct the Adviser to execute the client's trades with a specified broker-dealer. When a client directs the Adviser to use a specified broker-dealer

to execute all or a portion of the client's securities transactions, the Adviser treats the direction as a decision by the client to retain, to the extent of the direction, the discretion the Adviser would otherwise have in selecting broker-dealers to effect transactions and in negotiating commissions for the client's account. Although the Adviser attempts to effect such transactions in a manner consistent with its policy of seeking best execution, there may be occasions where it is unable to do so, in which case the Adviser will continue to comply with the client's instructions. When the directed broker-dealer is unable to execute a trade, the Adviser will select broker-dealers other than the directed broker-dealer to effect client securities transactions.

A client who directs the Adviser to use a particular broker-dealer to effect transactions should consider whether such direction may result in certain costs or disadvantages to the client. Such costs may include higher brokerage commissions (because the Adviser may not be able to aggregate orders to reduce transaction costs), less favorable execution of transactions, and the potential of exclusion from the client's portfolio of certain foreign ordinary shares and/or small capitalization or illiquid securities due to the inability of the particular broker-dealer in question to provide adequate price and execution of all types of securities transactions. By permitting a client to direct the Adviser to execute the client's trades through a specified broker-dealer, the Adviser will make no attempt to negotiate commissions on behalf of the client and, as a result, in some transactions such clients may pay materially disparate commissions depending on their commission arrangement with the specified broker-dealer and upon other factors such as number of shares, round and odd lots and the market for the security. The commissions charged to clients that direct the Adviser to execute the client's trades through a specified broker-dealer may in some transactions be materially different than those of clients who do not direct the execution of their trades. Clients that direct the Adviser to execute their trades through a specified broker-dealer may also lose the ability to negotiate volume commission discounts on batched transactions that may otherwise be available to other clients of the Adviser.

The Adviser seeks to aggregate client trades where possible and when advantageous to clients. The average price is obtained and applied to those accounts participating in an aggregated trade, but commissions for each participating account are charged separately. The Adviser has various procedures regarding the aggregation of trades, including, among others, seeking best execution, not favoring any client(s) over any others and preparing allocation tickets for each trade.

The Adviser may effect cross transactions between discretionary client accounts. A cross transaction is a transaction between two discretionary advisory clients for which the Adviser acts as an investment adviser for each client on both sides of the transaction and for which the Adviser receives no compensation in connection with the transactions other than the receipt of its advisory fee. The Adviser has potentially conflicting division of loyalties and responsibilities regarding both parties to cross transactions.

As a matter of policy, the Adviser does not engage in principal transactions with its advisory clients.

Item 13. Review of Accounts

The Investment Committee of the Adviser and the applicable portfolio manager make investment decisions for and continually review covered accounts. The portfolio manager(s) responsible for non-covered accounts make investment decisions for and continually review those accounts. The accounts are reviewed to determine if cash is available for investment, the proper allocation among equities and among fixed-income securities. Account performance is also reviewed periodically.

Each separately managed account client receives a confirmation of each security transaction from the clearing broker for the account. At the end of each month, the client receives a written statement from the qualified custodian detailing all cash and security transactions for the month, the cash balance and securities with market values held by the custodian. As of the end of each calendar quarter, the client also receives a written statement from the Adviser indicating all portfolio securities at cost and market and total cash balance. Clients may also receive quarterly written performance results, and may request performance results from the Adviser at any time.

Item 14. Client Referrals and Other Compensation

The Adviser receives certain research or other products or services from broker-dealers through “soft-dollar” arrangements. These “soft-dollar” arrangements create an incentive for the Adviser to select or recommend broker-dealers based on the Adviser’s interest in receiving research or other products or services and may result in the selection of a broker-dealer on the basis of considerations that are not limited to the lowest commission rates and may result in higher transaction costs than would otherwise be obtainable by the Adviser on behalf of its clients. Please see Item 12 for further information on the Adviser’s use of soft-dollars, including the Adviser’s procedures for addressing conflicts of interest that arise from such practices.

Item 15. Custody

Managed account clients receive account statements from the qualified custodian of the account. Clients should carefully review those statements.

To the extent the Adviser sends statements directly to a client in addition to those sent by the qualified custodian, the client should compare the statements received from the custodian with the statements received from the Adviser.

Item 16. Investment Discretion

The Adviser provides investment advisory services on a discretionary basis to clients. Prior to assuming discretion in managing a client’s assets, the Adviser enters into an investment management agreement or other agreement that sets forth the scope of the Adviser’s discretion. Unless otherwise instructed or directed by a discretionary client, the Adviser 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, (iii) the broker-dealer to be used for the purchase or sale of securities for a client’s account, and (iv) the commission rates to be paid to a broker-dealer for a client’s securities transactions. Please see Item 4 for a description of any limitations clients may place on the Adviser’s discretionary authority.

There may be differences among clients in invested positions and securities held. The Adviser’s portfolio managers submit an allocation statement to the Adviser’s trading desk describing the allocation of securities to (or from) client accounts for each trade or order submitted. The portfolio managers, together with the Investment Committee (for covered accounts), may consider the following factors, among others, in allocating securities among clients: (i) client investment objectives and strategies; (ii) client risk profiles; (iii) tax status and restrictions placed on a client’s portfolio by the client or by applicable law; (iv) size of the client account; (v) nature and liquidity of the security to be allocated; (vi) size of available position; (vii) current market conditions; and (viii) account liquidity, account requirements for

liquidity and timing of cash flows. Although it is the Adviser's policy to generally allocate investment opportunities to eligible client accounts on a pro rata basis (based on the value of the assets of each participating account relative to the value of the assets of all participating accounts), the above-listed factors and other factors, which are relevant at the time of an allocation, may lead the portfolio manager, together with the Investment Committee (for covered accounts), to allocate securities to client accounts in varying amounts or to determine that a client account should not receive an allocation of securities. Even client accounts that are typically managed on a pari passu basis may from time to time receive differing allocations of securities.

Allocations of securities received in initial public offerings, secondary offerings or limited offerings will be made among eligible investors as described in the paragraph above and in accordance with the Adviser's policies and procedures.

If it appears that a trade error has occurred, the Adviser will review the relevant facts and circumstances to determine an appropriate course of action. To the extent that trade errors occur, the Adviser seeks to ensure that its clients' best interests are served.

Item 17. Voting Client Securities

The Adviser votes proxies only with respect to securities in accounts for which the Adviser exercises investment discretion. The Adviser has adopted Proxy Voting Policies and Procedures ("Procedures") that are designed to address how the Adviser votes proxies. The Procedures require that the Adviser identify and address conflicts of interest between the Adviser and its clients in connection with voting proxies. If a material conflict of interest exists, the Adviser will determine whether voting in accordance with the guidelines set forth in the Procedures is in the best interests of the client or whether to take some other appropriate action.

The Adviser generally votes in favor of routine corporate housekeeping proposals, including the election of directors (where no corporate governance issues are implicated). The Adviser generally votes against poison pills and proposals for compensation plans deemed to be excessive. For all other proposals, the Adviser will determine whether a proposal is in the best interests of its clients and may take into account, among others, the following factors: (i) whether the proposal was recommended by management and the Adviser's opinion of management; (ii) whether the proposal acts to entrench existing management; and (iii) whether the proposal fairly compensates management for past and future performance.

Clients may obtain a copy of the Adviser's Procedures and information about how the Adviser voted a client's proxies by contacting Michael Sloyer by mail at Ruane, Cunniff & Goldfarb L.P., 9 West 57th Street, Suite 5000, New York, NY 10019-2701 or by telephone at (212) 832-5280.

Item 18. Financial Information

This Item is not applicable.