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Registered Investment Adviser

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Investment Adviser Brochure

(Form ADV Part 2A)

MARCH 2024

This brochure provides information about the qualifications and business practices of Kahn Brothers Advisors LLC. If you have any questions about the contents of this brochure, please contact Kahn Brothers Advisors LLC at 212-980-5050 or inquiry@kahnbrothers.com. Neither the United States Securities and Exchange Commission ("SEC") nor any state securities authority have approved or disapproved the information in this brochure. Registration as an investment adviser does not imply a certain level of skill or training. You should rely only on information contained in this document or that we have referred you to. We have not authorized anyone to provide you with information that is different.

ITEM 2: Material Changes

Since our last annual amendment of this ADV Part 2A in March of 2023, we have made material changes to Item 8: Methods of Analysis, Investment Strategies and Risk of Loss that removes or edits the risks concerning pandemics, world conditions and events, and specific types of securities and investments and to Item 10: Other Financial Industry Activities and Affiliations that adds a management person.

ITEM 3: Table of Contents

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

ITEM 4: Advisory Business

Kahn Brothers Advisors LLC (“we” or “the Firm”) is a Registered Investment Adviser founded and registered with the SEC in 1978. We are privately held and principally owned by Kahn Brothers Group Inc., Thomas Graham Kahn and Phyllis Kahn. As of December 31, 2023, we had approximately \$621,500,000 of assets under management, comprising approximately \$610,300,000 on a discretionary basis and approximately \$11,200,000 on a non-discretionary basis.

We serve both non-institutional and institutional clients. For discretionary accounts, we allow considerable customization within our value investing framework, as well as customization on a non-discretionary basis. However, you must be familiar and comfortable with our investment approach. For more information on our approach, please see Item 8: Methods of Analysis, Investment Strategies & Risk of Loss.

We primarily invest in publicly traded equities. We employ a modified Graham and Dodd value investing style that we have developed over time since our inception in 1978. Our strategy traces its roots to our founding chairman, Irving Kahn, who was a teaching assistant at Columbia Business School to Benjamin Graham, an early proponent of value investing and fundamental analysis. Our principals have been using investment strategies evolved from this fundamental value approach throughout their professional careers.

Our investment strategy seeks long-term total returns exceeding our benchmark with reasonable protections against permanent loss of capital. Our managers focus on long-term performance over many years and across market cycles. The time horizon of a typical investment is three to five years or longer.

Although we do not sponsor wrap fee programs, our clients who engage outside financial institutions for various bundled services including brokerage services may be subject to wrap fee programs. We currently manage accounts pursuant to wrap fee programs sponsored by Morgan Stanley Smith Barney LLC. We charge these clients our customary advisory fees, which may be in addition to fees charged by the outside financial institution. Additionally, we manage portfolios at individually contracted rates for clients who have been referred by financial consultants. There is no difference in the manner in which we manage accounts with wrap fee programs or individually contracted rates and accounts without such programs or rates.

ITEM 5: Fees and Compensation

We provide investment advisory services to discretionary and non-discretionary accounts for which we charge an advisory fee based upon a percentage of assets in the portfolio. We generally charge up to 1% of assets under management, but the specific terms of each client's fee schedule are outlined in their investment advisory agreements. Fees are negotiable, may be larger or smaller than 1% and may, in some instances, exclude cash and equivalents, unsupervised assets or other types of holdings. The assets are appraised at market value at the end of each calendar quarter.

Advisory fees will generally be paid by you at the start of the calendar quarter. Your portfolio's assets are appraised at the market value at the end of each preceding calendar quarter. Although not typical, you may pay advisory fees in arrears or at a cycle date mutually agreed between you and us. Advisory fees are computed by applying one-quarter of the annual rate to the preceding quarter-end market value. Advisory fees may be deducted directly from your portfolio or can be billed to you and paid by check or in a manner mutually agreed between you and us.

Although not typical, we may assess performance-based fees in some client accounts. If applicable, such fees are negotiated per mutual agreement between you and us as a part of your overall billing arrangement. For more information, please see Item 6: Performance-Based Fees and Side-By-Side Management.

If you wish to terminate your advisory contract with us, you must present a written termination notice to us. Our advisory contracts generally specify a requirement of 60 days' advance written notice to receive a prorated reimbursement of the current quarter's advisory fee. However, at our sole discretion, we may waive the required notice period.

You may incur additional fees or expenses charged by outside institutions in connection with our services. These may include but are not limited to custodian fees from your custodian institution and mutual fund expenses from any mutual funds you are invested in. We have no control over these expenses, should they be charged. If you are not in a wrap fee program, you may incur separate brokerage commissions from your broker-dealer, pursuant to your agreement with them, when securities transactions occur.

Although many of our clients direct us to execute securities transactions with our affiliated broker-dealer, Kahn Brothers LLC, you may engage any broker-dealer of your choosing, including a broker-dealer that is not affiliated with us. If you use the brokerage services of Kahn Brothers LLC, that firm will receive commissions pursuant to the commission arrangement between it and you. Neither we nor Kahn Brothers LLC charge "mark-ups." For more information on our brokerage arrangements, please see Item 12: Brokerage Practices.

If you employ an outside institution for certain bundled financial services like custodian, brokerage and advisory services, you may be engaged in a wrap fee program. A wrap fee program is a financial services product sponsored by a financial institution that generally carries a single fee covering a variety of "wrapped" services such as custodian, brokerage and advisory. We do not sponsor a wrap fee program, but clients of other firms' wrap fee programs may engage us as an

investment manager or sub-advisor. We currently manage or sub-advise accounts pursuant to wrap fee programs sponsored by Morgan Stanley Smith Barney LLC. We charge all accounts subject to such programs our customary advisory fees in addition to any fees charged by the institution sponsoring the wrap fee program. In addition to these types of accounts, we manage portfolios at individually contracted rates for clients who have been referred by financial consultants. There is no difference in the manner in which we manage accounts under wrap fee programs or individually contracted rates and accounts without such programs or rates.

We and our affiliated businesses do not provide our employees with special compensation for the sales practice of promoting particular securities or investment products.

When acting as investment adviser or in other fiduciary capacities, we may hold or invest your assets in mutual funds, money market funds, annuities or other pooled investments ("Funds"). Such Funds are generally bought and sold at net asset value, resulting in no direct sales charge to the client account. The Fund management companies and their affiliates charge various commissions or management fees for their services, as described in their prospectuses. These commissions and fees are separate from, and in addition to, the fees that you pay to us.

For clients who engage our affiliated broker-dealer, Kahn Brothers LLC, a portion of the commissions or fees charged by Fund management companies or their affiliates for investments in certain share classes may be paid to Kahn Brothers LLC or to third-party service providers for administrative services. Such payments are governed by Rule 12b-1 of the Investment Company Act of 1940, as amended. The fees (known as "12b-1 fees") are generally less than 1.0% of the average annual share value of Fund shares. When 12b-1 fees arise from fund assets, or assets held in the subaccounts of annuities, life insurance policies or other similar products, they are retained or credited to Kahn Brothers LLC or our third-party service providers, for our or their own account(s).

For clients engaging Kahn Brothers LLC, we invest your assets in Funds carried on Pershing's platform. Currently, each Fund carried on Pershing's platform in which we may invest your assets has only a single share class available on the platform. In the event that we invest your assets in Funds for which there are multiple available share classes, we have a financial incentive to recommend or select those share classes that result in higher compensation to us through the payment of 12b-1 fees when you may otherwise be eligible for a lower fee-paying share class in the same Fund. This creates a conflict of interest between us, the investment manager whose affiliated broker-dealer may receive fees connected to a particular share class, and you, the client, for whom the recommendation or selection is being made. To mitigate such conflict of interest, we will take measures to ensure the appropriateness of the Fund share class selection, based upon your particular investment objectives and any other appropriate considerations relevant to such share class selection. In taking such measures, we will seek to place your funds in the share class with lower fees, absent extenuating factors that make a higher fee share class more appropriate for you.

ITEM 6: Performance-Based Fees and Side-By-Side Management

A performance-based fee is a form of compensation that an investment manager assesses in proportion to the profits earned in a client's portfolio. These fees may be subject to certain limitations specified in the agreement between you and the investment manager.

We currently assess performance-based fees in a small number of accounts. Each of these fee arrangements varies based on the individualized compensation terms negotiated between us and the client. However, it is generally a negotiated percentage of the net profits of the account adjusted for contributions and withdrawals, and it may be subject to limitations, such as a high water mark and/or performance hurdle.

Performance-based fees can incentivize managers to perform well for their clients. However, they can also encourage managers to speculate or to take greater risks than they would take in the absence of such fees. Performance-based fees also create a conflict of interest when an investment manager manages accounts with performance-based fees alongside accounts without such fees. When this side-by-side management exists, managers are financially incentivized to give favor or offer more or better services to accounts that are charged a performance-based fee.

In addition, because management fees and performance-based fees are based directly on the value of your portfolio, we have a conflict of interest in valuing the assets held. In order to mitigate this conflict, we have established formal policies governing the valuation of the assets in client accounts, and will routinely consult recognized and independent pricing services for timely and accurate valuations.

We and our affiliated businesses are aware of these potential and existing conflicts, and it is our policy to manage all accounts on an equal basis regardless of the presence or absence of performance-based fees. Our principals, Chief Compliance Officer and supervisory employees monitor our personnel to ensure that this policy is followed.

ITEM 7: Types of Clients

We work with a range of types of clients that may include individuals and high net worth individuals and their families, pension funds, foundations, endowments, trusts and retirement accounts, among others. Historically, we have low client turnover, and new clients are admitted at our discretion. Although we have no formal restrictions on the size of new portfolios, we prefer incoming clients to have a minimum of mid-seven-figures in investable assets. We may waive this policy at our sole discretion and may also admit smaller accounts that are associated with an existing relationship. Our incoming client policies allow us to continue to provide our current clients with personalized service and valuable one-on-one meetings with our investment management team.

ITEM 8: Methods of Analysis, Investment Strategies and Risk of Loss

We employ a modified value investing style that seeks to protect against permanent loss of capital while achieving long-term total returns exceeding our benchmark.

Our late founding chairman, Irving Kahn, was a colleague and disciple of Benjamin Graham, one of the first theorists to articulate the principles of value investing and fundamental analysis. Our investment strategy has been deeply influenced by his and his disciples' original principles.

We manage investments primarily in publicly-traded equities but may also transact other securities, such as (but not limited to) American Depositary Receipts, investment fund shares, warrants, rights and fixed income and derivative securities. We may engage in long or short transactions, although short selling is generally not employed. We focus on long-term performance over many years. The duration of a typical investment is three to five years or longer.

Our investment decisions are based on a modified value investing strategy which relies primarily on a bottom-up process of fundamental analysis of securities. Our managers seek a detailed understanding of target companies, their industries and the positions of these companies relative to competitors. When possible, our managers engage in direct dialog with company managements and other primary sources. Our managers review and analyze many sources of information including company filings and varied outside resources. We do not employ technical analysis. Macroeconomic factors are considered in the investment process but do not drive decision-making.

Within our modified value investing strategy, we use many sources and methods to find investment opportunities. We seek businesses that we believe are undervalued, have downside protection and may have strong competitive positions or attractive positioning within their markets. We seek stocks whose prices we believe to be underpriced relative to "intrinsic value." The most important criterion in making a new investment is an attractive price to intrinsic value ratio.

We employ a variety of methods and metrics to determine intrinsic value, including (but not limited to) income-derived and cash-flow-derived multiples, discounted cash flow models, earnings power value, book value, tangible book value, sum-of-the-parts value and replacement value. Our managers select securities, one at a time, based on equity valuations, operating performance metrics and long-term fundamental business prospects, among other characteristics. After we have identified a security that trades at a discounted or acceptable price as compared to its intrinsic value, we look for circumstances that might unlock that value and cause the price to rise to a reasonable or fully-priced level as compared to that value.

If there are very few values to be found in a given period, we are comfortable holding cash and equivalents, rather than placing your capital in speculative, overpriced securities. We will not invest in an overpriced market simply to have you "fully invested." We would rather wait patiently for attractive situations to arise.

Our managers may seek value opportunities wherever they may find them, in companies large and small and across industries, but we tend to focus on securities trading in U.S. markets.

We prefer companies whose managements hold meaningful stakes in their company shares and are thus more inclined to protect their own, as well as the shareholders', interests. We are less comfortable with situations in which management has poorly aligned compensation packages or nominal ownership interests.

Our investment process may often be characterized as "contrarian." Our managers may look for out-of-favor stocks or stocks in undervalued economic sectors, rather than seeking out popular industries or industry leaders of the day. This means that we may invest in companies that, at the time of purchase, appear to be unattractive from the perspective of the prevailing mainstream public or broad market viewpoint. Buying at undervalued levels is a hallmark of successful value investing. As a result, we often look for situations in which our analysis suggests the downturn affecting a company is temporary. Such situations may include investments in what are termed "fallen angels," which are companies that have been successful in the past but have suffered what we believe to be temporary and resolvable problems while maintaining the capacity for material improvement in the future. We may also invest in "special situations" in which the potential upside of the investment is heavily dependent on a material corporate action.

We may purchase stock in micro, small or medium capitalization companies or in companies with large amounts of closely-held shares. Such securities may be traded more infrequently, in smaller quantities, or in the less liquid over-the-counter market. These companies often have a smaller following among securities analysts and institutional investors. A low level of institutional ownership increases the likelihood of inefficient pricing, which can help to create the bargain opportunities we seek. As with all investments, you should be familiar with the characteristics and trading liquidity of these securities if they are ever recommended or purchased. You will find information on the risks of small and illiquid securities below.

All investments in securities, including those transacted by us, involve a risk of realized loss of capital that clients should be prepared to bear. We strive to mitigate this risk by refraining from the purchase of securities that we deem to be overpriced and by employing a long-term investment strategy that can help to safeguard against permanent loss in periods of short-term volatility. However, there is no guarantee that our strategy or our analysis of an investment will be correct, and realized losses may occur.

In general, investing is subject to many risk factors, some of which are within our control and some of which are not. Factors out of our control include varied economic, political and social events that may negatively affect investments. Increased volatility of the markets may lead to adverse investment performance for periods of time. If investors are forced to or elect to liquidate investments when volatility has driven a stock's price below cost, this will result in a realized loss.

Some types of investments that we may infrequently make have inherent risks particular to them as described below:

- Short sales, although generally not used, carry risks that include but are not limited to a risk of loss that is theoretically unlimited. Potential monetary losses on short sales have no upward bounds.

- Fixed-income investments carry varied risks, including but not limited to interest rate risk, credit risk and reinvestment risk, among others types of risk.
- Interest-rate sensitive securities, including preferred equity securities, have risks including but not limited to interest-rate risk.
- Investments in options contracts carry various risks including but not limited to, for long positions, the potential for 100% loss of premium; for uncovered short calls, a potential for loss that is theoretically unlimited; and, for options in general, a potential for losses that are significantly levered relative to the amount of one's original investment.

We employ a modified value investing strategy. Although value investing seeks to mitigate risk by avoiding the purchase of aggressively priced securities, you should be aware that there are risks particular to this strategy. It is possible that the market may underprice an investment for an indefinite or unacceptably long period of time. This can negatively impact the investment's desired return or lead to losses. Additionally, when investing in "fallen angels" or out-of-favor companies and industries, there is a risk that these companies or industries may not make the desired improvements and may fail to regain favor and that this will negatively impact returns or lead to losses. There is a risk that investments in "special situations" will not produce the desired return or will lead to losses if the anticipated corporate action does not materialize, takes a different form than anticipated, or materializes after an unacceptably long period of time. All of these risks may be greater for investments in small or illiquid companies.

Our modified value investing approach is just one particular investment style. There is a broad universe of different styles, each with its own advantages and disadvantages. There is a wide array of opinions on the strengths and weaknesses of each style. You should be aware that any discretionary investment with us will be made according to our modified value investing style—other styles will not be employed. Therefore, discretionary investments with us will not be diversified by investment methodology. We invest most often in the public equities markets. Accordingly, discretionary investments with us will most likely not be diversified by asset class. However, you may always diversify your investments with us by style or asset class on a non-discretionary basis.

There will be times when the market becomes overpriced as a whole, and, during these times, underpriced and attractive investments may become harder to identify. In such markets, we may prefer to hold large amounts of cash and equivalents in your account rather than investing in securities that we believe to be risky due to overvaluation in the market. You should understand that, during these periods, your cash and equivalents may produce little to no return depending on prevailing interest and inflation rates. We are more comfortable holding cash and equivalents that earn little to no return than purchasing securities we believe to be overvalued and risky.

As with any long-term investment, there is the potential for your holdings to incur unrealized losses for periods of time and for your portfolios to underperform benchmark indices for periods of time or indefinitely. There will be times, particularly early in an investment, when a security's price may be low enough to be unattractive to sell. There may also be times when the price will be low enough to produce a realized loss if sold. Absent highly unusual circumstances, we will not recommend exiting investments during these periods. Accordingly, you should be prepared to

hold your investments during these periods and, in some cases, at our recommendation, to increase your holdings at the reduced prices that have presented themselves. If, against our advice, you instruct us not to increase your position when a security's price has decreased, you may realize a return below expectations. If you choose to exit an investment during a period of underperformance, you may incur a realized loss or a return below expectations that you should be prepared to sustain.

Cybersecurity Risk

The increased use of technologies to conduct business increases operational, information security and related risks. Cyber incidents can result from deliberate attacks or unintentional events and include, but are not limited to, gaining unauthorized access to digital systems for the purposes of misappropriating assets or sensitive information, corrupting data, or causing operational disruption. Cybersecurity failures or breaches by issuers of securities or the exchanges on which they are traded have the ability to cause disruptions and impact business operations, potentially resulting in financial losses, interference with or impediments to trading, the inability to transact business, violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, and reimbursement or other compensation costs.

Pandemics, COVID-19 and Global Economic Impacts

The outbreak of a novel and highly contagious form of coronavirus ("COVID-19"), which the World Health Organization declared a global pandemic from March 11, 2020 to May 11, 2023, caused a worldwide public health emergency with a substantial number of hospitalizations and deaths and has significantly adversely impacted global commercial activity and contributed to both volatility and material declines in commodity, equity and debt markets. Should the effects of COVID-19 resurface or a pandemic once again be declared, this may pose unanticipated risks for the Firm's ability to achieve its investment objectives, which could result in losses to the Firm's clients.

Remote Working Environment

Although the Firm is not currently working remotely on a firmwide basis, many businesses, including the Firm, have from time to time on a temporary basis encouraged or mandated that their personnel work from home as a responsive measure to occurrences of COVID-19 infection in an effort to protect its personnel and help slow the spread of the virus. To the extent personnel, as a result of working remotely for this or any other reason, whether health related or not, rely more heavily on external sources for information and technology systems for their business-related communications and information sharing, that business may be more vulnerable to cybersecurity incidents and cyberattacks. The Firm has adopted and implemented policies and procedures to mitigate its cybersecurity risk and maintains the ability to operate remotely.

World Conditions and Events

Social, political, economic and other conditions and events (such as natural disasters, epidemics and pandemics, terrorism, conflicts and social unrest) will occur that have significant impacts on issuers, industries, governments and other systems, including the financial markets. As global systems, economies and financial markets are increasingly interconnected, events that once had only local impact are now more likely to have regional or even global effects,

especially if such events persist for an extended period of time. Events that occur in one country, region or financial market will, more frequently, adversely impact issuers in other countries, regions or markets. These impacts can be exacerbated by failures of governments and societies to adequately respond to an emerging event or threat. Clients will be negatively impacted if the value of their portfolio holdings decreases as a result of such events, if these events adversely impact the operations and effectiveness of the Advisers or key service providers, or if these events disrupt systems and processes necessary or beneficial to the management of accounts.

Business, Terrorism and Catastrophe Risks

Clients will be subject to the risk of loss arising from exposure that it may incur, indirectly, due to the occurrence of various events, including hurricanes, earthquakes, and other natural disasters, terrorism and other catastrophic events such as a pandemic. These catastrophic risks of loss can be substantial and could have a material adverse effect on the firm's business and Clients' portfolios including investments made by the firm.

Bank related risk

Deposits maintained at an FDIC-insured bank are covered up to \$250,000 per depositor, per insured bank, for each account ownership category, in the event of a bank failure. Funds using a single bank could potentially lose any deposits over \$250,000 in cash in the event the bank fails. Diversifying banking relationships could serve to minimize the potential uncertainty and destabilizing effect on the Firm's operations because of concern regarding the financial viability of a single banking institution. These risks may apply to any investments in bank securities we make on your behalf or at your direction.

ITEM 9: Disciplinary Information

On June 6, 2022, the Firm and Thomas Kahn agreed to a settlement with the SEC through an Order Instituting Administrative Proceedings File 3-2880 in which the parties neither admitted nor denied a narrative of events concerning aggregation, disclosure and other procedures related to clients brokering with an affiliated broker-dealer. Pursuant to the order, the parties agreed to address the issues contended therein and to a penalty of \$250,000, a disgorgement of certain commissions of \$701,799 and prejudgment interest of \$146,100.

ITEM 10: Other Financial Industry Activities and Affiliations

The following management persons at our firm are registered as registered representatives of our affiliated broker-dealer, Kahn Brothers LLC: Thomas Kahn, Andrew Kahn and Patrick Stadelhofer.

Neither we nor any of our management personnel is registered or has a pending application to register as a futures commission merchant, commodity pool operator, commodity trading advisor or associated person of any of the foregoing entity types.

We may recommend or select other investment advisers for our clients (in particular, our registered investment adviser affiliates). If you elect to engage our affiliates for investment

advisory services, we will indirectly receive compensation in connection with any such arrangements.

We and our management personnel are affiliated with a number of entities that are relevant to our and their advisory business and/or clients. Please see the below relevant Items within this Brochure for information on the potential conflicts of interest that could arise in connection with these relationships:

- (1) related to brokerage and execution, see Item 12: Brokerage Practices;
- (2) related to investment recommendations, see Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading; and
- (3) related to fees, see Item 5: Fees and Compensation and Item 6: Performance-Based Fees and Side-By-Side Management.

Affiliated Entities:

- Kahn Brothers LLC, an affiliated broker-dealer, managed by our principals with many clients in common with us. Certain of our management personnel also maintain positions with Kahn Brothers LLC.
- KB Group Asset Management LLC, an affiliated investment entity with no clients. Certain of our management personnel also maintain positions with KB Group Asset Management LLC.
- Kahn Brothers Asset Management Corp., a Registered Investment Adviser to a limited partnership that is managed by our principals. Certain of our management personnel also maintain positions with Kahn Brothers Asset Management Corp.
- KB & Partners Management Co. LLC, a Registered Investment Adviser to a limited partnership that is managed by our principals. Certain of our management personnel also maintain positions with KB & Partners Management Co. LLC.

ITEM 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

We have a Code of Ethics that serves as a guide by our employees for understanding lawful and ethical conduct. Our principals believe that our good reputation is a direct reflection of the conduct and professionalism of our employees.

The Code of Ethics obligates our employees to maintain and follow our fiduciary responsibilities to our clients. This includes, among other things, the responsibility of our employees to *never* (a) serve their own personal interests ahead of your interests, (b) take advantage of their position with us to gain unauthorized forms of compensation, (c) exploit an actual or potential conflict of

interest or abuse of position of trust and responsibility, or (d) act or permit an action that creates the impression that one of the aforesaid violations has occurred.

Before entering into an investment advisory relationship with us, you are advised that we and our employees own or may own directly or indirectly the same securities that we will recommend and transacted for you. If we or our principals or employees have a material financial interest in a company that we are currently recommending, this interest will be disclosed to you before dispensing investment advice on that company or making a discretionary investment in that company.

Our employees must (a) provide independent, impartial advice; (b) ensure that our advice is suitable to your investment objectives, needs and circumstances; (c) provide favorable execution for your transactions when we, our employees or their families are also transacting in the same security in close temporal proximity; and (d) safeguard your personal, non-public information. The provisions relating to your personal, non-public information applies during and after the employment term of our employees.

The Code of Ethics also strictly prohibits any actions that are or can be construed as being unethical or illegal. This includes actions that are or may be interpreted as fraudulent, deceptive or manipulative. Trading on material, non-public information (also known as “insider information”) is strictly forbidden under our Code of Ethics as well as by U.S. federal securities laws.

Our Code of Ethics also describes our policies on personal securities transactions. It is our policy to allocate purchases and sales of securities fairly among our advisory clients and to always give the client priority over us, our affiliated entities and their related parties for transactions in close temporal proximity. When placing orders, our employees must be aware of other pending orders in that same security to ensure our policy is met. When possible, we prefer to have these trades executed on different days to remove a conflict of interest that can arise when placing these transactions in the same trading session. Our officers regularly review all transaction activity in advisory, employee and related entity accounts to ensure that this policy is honored.

We and our related persons will not recommend or transact for you securities in which we or they have material financial interest beyond that of an ordinary passive investor without first disclosing to you this fact and explaining the conflicts of interest that would exist in such a situation. We and our affiliated businesses and their related persons own or may own directly or indirectly shares of companies that we recommend as investments. Generally, an investment adviser may be biased towards recommending such investments regardless of their merits or suitability to the client. However, we believe that this conflict is mitigated in a number of ways. First, positions taken by us, our affiliated businesses and their related persons are typically done under the same modified value investing strategy we employ in your portfolio. Second, the positions taken by these entities are almost always passive. Third, these positions, as they relate to you, are in publicly-traded securities that are not materially affected by investments of the size that would generally be executed by you or on your behalf.

Regarding bias in the recommendation of such investments, we believe it is to your benefit to have your managers’ financial interests aligned with your financial interests to the greatest degree possible. Accordingly, we maintain a policy of “eating our own cooking,” which means we only

recommend investments to you that our principals and employees would invest in or have invested in themselves. We consider this policy to be in your best interest. However, to ensure that a conflict does not arise from such transactions, it is our practice that at least two of our senior officers review our daily transactions log for anomalies and transactions that suggest a conflict of interest has manifested.

All violations or observed violations of the Code of Ethics must be promptly reported to our Chief Compliance Officer who will take the required remedial actions.

Our Code of Ethics is available to you upon request.

We and our related persons do not buy or sell securities from or to our clients. Some of our principals are also principals of two other investment firms, Kahn Brothers Asset Management Corp. and KB & Partners Management Co. LLC, both of which serve as investment advisers for respective limited partnerships. Although not common, our principals may solicit you to make investments in these partnerships. These partnerships have largely the same investment strategies as the Firm's. There is a conflict of interest in that your fee structure for an investment in either one of these partnerships could be dissimilar to the fee structure of your client account with us. In some cases and in some billing periods, the fees may be higher; in others, they may be lower. We address this conflict by fully describing to the solicited client the two fee structures, their differences, if any, and the conflicts of interest that would be associated with them. More on this topic and how it is addressed can be found in Item 5: Fees and Compensation and Item 6: Performance-Based Fees and Side-By-Side Management.

ITEM 12: Brokerage Practices

Directed Brokerage

You may choose any broker-dealer with which to transact in your portfolio so long as that broker-dealer permits us, as the investment adviser, to manage your portfolio on your behalf. If engaging both us and our affiliated broker-dealer, Kahn Brothers LLC, you will receive information in your introductory materials on the relationship and conflicts of interest between the two firms. We generally do not recommend broker-dealers to our clients. However, if you request a broker-dealer recommendation, one will be provided. No compensation for referrals will be received by us in exchange for the recommendation.

For clients who broker with Kahn Brothers LLC, brokerage commissions, which are generally calculated on a cents-per-share or cost-per-trade basis, are typically negotiated at the inception of our investment advisory relationship and formalized in your investment advisory agreement. The practice of implementing client transactions separately for each account (as opposed to aggregating client trades in identical securities) does not impact the commission rates you would otherwise pay to Kahn Brothers LLC. Neither we nor our affiliated broker-dealer charges mark-ups. For clients brokering with unaffiliated broker-dealers, commissions are determined and set by the unaffiliated broker-dealer and the client, not by the Firm or its affiliates. In such cases, your investment advisory agreement will state the unaffiliated broker-dealer you have selected for brokerage transactions.

You are advised that if you commence a relationship with our affiliated broker-dealer, Kahn Brothers LLC, and direct us to trade through this affiliated broker-dealer, you will pay commissions that are higher than those that can be found at certain other third-party unaffiliated broker dealers, including commission-free trading at some, and the Firm and its principal(s) will receive greater compensation when you broker with our affiliated broker-dealer through any commissions received.

At the inception our relationship, should you wish to engage Kahn Brothers LLC, we will negotiate your commission arrangement and the commission we mutually agree upon will be formalized in your investment advisory agreement. Clients of the Firm are under no obligation to utilize the services of its affiliated broker dealer and may elect to use a third-party unaffiliated broker dealer and still retain the Firm to provide advisory services. Your choice of broker-dealer will not affect the investment advisory fee you will pay to us.

You are advised that using a broker-dealer that is affiliated with your own investment adviser can create incentives for that investment adviser to generate unnecessary trading activity in your account. We believe, however, that our investment strategy, which employs long holding periods and infrequent trading, strongly discourages this behavior and may actually result in a lower rate of turnover of securities than might be experienced with investment advisers that use more short-term-oriented investment strategies. As a precaution, our senior employees monitor transactions in client accounts to ensure appropriate trading frequencies and volumes.

In instances where the client has instructed the Firm to direct trades to a third-party unaffiliated broker dealer, the client is responsible for negotiating the terms and arrangements for their account with that broker-dealer. As a result, the Firm may not obtain best execution on behalf of a client with a directed brokerage arrangement, and the client may also pay materially disparate commissions, greater spreads or other transaction costs, or receive less favorable net prices on transactions for the account than would be the case at certain other broker dealers that may be available to the client. It is the client's responsibility to evaluate and select broker-dealers.

Trade Aggregation

As a matter of policy and practice, the Firm does not generally aggregate client trades even when doing so could result in a more favorable execution for clients, and, therefore, we generally implement client transactions separately for each account. Consequently, trades in a particular security for a particular client may be executed before or after trades in that security for other clients, at a different price and/or commission rate. For clients who broker with our affiliated broker-dealer, Kahn Brothers LLC, the practice of implementing client transactions separately for each account (as opposed to aggregating client trades in identical securities) does not impact the commission rates you would otherwise pay to Kahn Brothers LLC.

It is our policy to allocate purchases and sales of securities fairly among our advisory clients and to always instruct our broker-dealer to give our advisory clients priority in execution over us, our affiliated businesses, its related persons, and entities in which we, our affiliated businesses or related persons have a financial interest. Our officers regularly review all trading activity in advisory, employee and related party accounts to ensure that this policy is honored.

Soft Dollars

We do not purchase investment research, products or services using soft dollars or commission sharing arrangements. While we do have access to investment research through our relationships with data providers, we primarily generate our own internal research and may obtain source material from firms with which we do not have formal business relationships.

ITEM 13: Review of Accounts

Our senior officers make an effort to review all discretionary accounts on a frequent and periodic basis. Accounts are typically reviewed monthly, although some accounts may be reviewed more or less frequently at our managers' discretion. Although material events in our clients' holdings may trigger more frequent reviews, our principals believe that this interval is appropriate for the review of accounts following our long-term, low-turnover investment strategy.

Reviews are conducted by our president, Thomas Graham Kahn and our senior vice-president, Andrew Kahn. Evaluations involve, among other factors, the attractiveness of your current investment holdings, analyses of the timing and availability of other attractive investments that are suitable for you, your portfolio's cash position, and the concentration of company and sector positions relative to your total portfolio. Reviews consider these factors in the context of your investment goals, restrictions and short-term and long-term financial needs communicated to us.

General market conditions and company and industry-specific news are also tracked on a continuous, pro-active basis. Significant corporate events, as well as changes in your financial or social circumstances may trigger additional portfolio reviews.

You will receive printed quarterly portfolio appraisals that are generated by our internal portfolio reporting software. These appraisals display the account's holdings by name, weight, cost and current market value. If you wish to receive these appraisals more or less frequently or on a different cycle, this can be arranged at your request.

ITEM 14: Client Referrals and Other Compensation

We currently do not receive economic benefits from non-clients in exchange for investment advice to our clients. We also have no compensated referral arrangements with any consultants or solicitors. However, in the future, we may pay financial consultants or solicitors for referring clients to us. In such instances, this type of compensation will only occur if the relationship with such consultant or outside individual, as well as his or her compensation, is disclosed in the relevant client's investment advisory contract and Disclosure Document for such solicitor. Both of these documents will be signed by the referred client when such client begins an investment advisory relationship with us. Such client will also be advised that they may pay higher total fees for services obtained through a consultant or solicitor than through a direct relationship. Additional services provided by a consultant or solicitor, if any, must be negotiated between the client and the consultant or solicitor.

ITEM 15: Custody

Neither we nor our affiliated broker-dealer, Kahn Brothers LLC, will serve as custodian of your assets. All of our clients hold their assets at outside institutions. Our clients who broker with Kahn Brothers LLC typically hold assets at Pershing LLC, a subsidiary of The Bank of New York Mellon Corp. However, assets may be held at any qualified custodian. Clients who hold assets at Pershing LLC are not required to retain Kahn Brothers LLC for brokerage services.

In certain circumstances, however, we can access clients' funds only for the purpose of debiting fees pursuant to written contracts between our clients and us. For this reason, we are considered to have custody of certain assets in certain circumstances. In addition to receiving quarterly appraisals from us, you will also receive statements from your chosen custodian. You should carefully review these statements and appraisals, as well as all transaction confirmations from the broker-dealer. We urge you to compare and reconcile the appraisals you receive from us with the statements you receive from your custodian and broker-dealer.

ITEM 16: Investment Discretion

Our clients generally grant us broad discretionary authority over their portfolios. You may, however, place restrictions on this authority. For example, you may set parameters for investment, such as desired allocations, position sizes or bans on the purchase of individual companies, industries or asset classes. You may add the provision that investment decisions only be exercised after first contacting you or a third party that has been granted power of attorney over your account. You may specify any such parameters for your portfolio so long as those parameters do not unduly restrict us from implementing our investment strategy.

You must sign an Investment Advisory Agreement before we may take investment discretion over your portfolio. The Investment Advisory Agreement gives us limited power of attorney over your portfolio. If you were referred to us by a consultant or solicitor, you must also sign the Disclosure Document of such solicitor.

ITEM 17: Voting Client Securities

Our clients typically grant us the authority to vote proxy ballots of invested companies on their behalf. When granted this authority, we vote through electronic voting platforms provided by third-party providers (which are commonly used by publicly-traded companies) or by telephone or USPS mail. Clients who have not granted us this authority will receive their proxy ballots directly from their custodian or broker-dealer, not from us.

We follow our internal proxy voting policies when voting ballots on behalf of clients who have granted us voting authority. These policies instruct us to vote in a manner that, in our opinion, maximizes the long-term financial interests of the client with respect to their holdings in the company. We vote proxy ballots after a thorough review of the proxy material. After such review

and absent specific reasons or concerns to the contrary, we may vote as recommended by the management of the company.

If you grant us the authority to vote proxy ballots but wish to vote a particular ballot or proposal individually you may do so by notifying us at least five business days in advance of the vote at 212-980-5050. Upon receiving such notice, we will vote as you instruct, or will provide you with voting instructions to execute the vote on your own. We may refrain from voting proxies if we believe that voting would be inappropriate taking into consideration the cost of voting the proxy and the anticipated benefit to our clients.

If you would like to know how we voted a particular ballot or proposal, you may contact us at 212-980-5050.

If we believe that a material conflict of interest exists with respect to voting a proxy, we may resolve it in a number of ways. If the conflict pertains to a particular employee, then that employee may recuse him or herself from the process of voting that particular proxy. If the conflict pertains to us as a whole, then we may request that you vote your own proxy for that particular security.

Upon request, we will provide you with a copy of our proxy voting policies and procedures.

ITEM 18: Financial Information

We have no financial conditions that are reasonably likely to impair our ability to meet our contractual commitments to you. Neither we nor our predecessor company has ever been the subject of a bankruptcy petition. We do not require or solicit prepayment of fees six months or more in advance.