

**LONGVIEW PARTNERS (GUERNSEY) LIMITED  
LONGVIEW PARTNERS L. P.**

**BROCHURE**

**March 1, 2011**

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

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

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

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## **Item 4. Advisory Business**

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

Longview Guernsey, a Guernsey limited company, is an investment adviser with its principal place of business in St. Peter Port, Guernsey. Longview Guernsey commenced operations on November 1, 2001 and has been registered with the SEC since December 2007. In addition to being an SEC-registered investment adviser, Longview Guernsey is licensed and regulated by the Guernsey Financial Services Commission ("GFSC"). The primary role of Longview Guernsey is to provide management and compliance oversight. The Board of Longview Guernsey comprises four Directors, two executive and two non-executive. Longview Guernsey is approximately 30% owned by Rabobank, a Dutch Bank. The remaining 70%, and controlling portion of the business, is owned by founding Partners Keith McDermott and Ramzi Rishani and their family trusts, and eight other employees of the General Partner. For further background details on the structure and Directors please refer to the Longview Partners website.

Longview London, an English limited partnership, is an investment adviser with its principal place of business in London, England. Longview London commenced operations on November 1, 2001 and has been registered with the SEC since April 2006. In addition to being an SEC-registered investment adviser, Longview London is also authorized and regulated by the Financial Services Authority ("FSA") of the United Kingdom. The General Partner of Longview London is Longview Partners Limited (the "General Partner"), which is wholly owned by Longview Guernsey.

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

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

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

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

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

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

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

### *Client Assets Under Management*

As of December 31, 2010, Longview Partners had approximately \$8.0 billion client assets under management. As of that date, Longview Partners managed approximately \$7.8 billion on a discretionary basis and \$0.2 billion on a non-discretionary basis.

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

### *Advisory Fees and Compensation*

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

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

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

### *Payment of Fees*

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

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

### *Other Fees and Expenses*

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

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

Longview Partners and its investment personnel provide investment management services to multiple portfolios for multiple clients. As discussed above in Item 5, Longview Partners is paid performance-

based compensation by some of its clients. Longview Partners has adopted and implemented policies and procedures intended to address possible conflicts of interest relating to the management of multiple accounts.

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

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

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

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

### *Methods of Analysis and Investment Strategies*

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

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

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

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

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

Equity investments are exposed to both market (systematic) and stock specific (non-systematic) risk, and performance may go down as well as up. Fixed Income investments are similarly exposed to risks such

as country (emerging markets) risk or interest rate variability. Such risks are expanded further in the section below entitled “Material Risks (Including Significant, or Unusual Risks) relating to Investment Strategies”.

Longview Partners’ risk philosophy is to incorporate risk management principles within the whole investment process, rather than just as an adjunct. The security selection process incorporates risk analysis into every step. This process is extremely disciplined and well structured. The discipline is enforced through daily research meetings and tight implementation procedures. Part of the process is to invest in predictable companies and to avoid investing in companies that are sensitive to external factors (such as macro factors). Finally, Longview Partners’ sell discipline is very strict. A stock is sold immediately if it reaches its price target, or if its business fundamentals start to deteriorate.

The next level of risk management is in portfolio construction. Longview Partners strives to recognize and identify any concentrations developing around ‘risk clusters’. These ‘risk clusters’ consider macro factors, business drivers and end-market exposures as well as geo-political developments. Finally, Longview Partners uses proprietary tools, along with Style Research (a system that analyzes risk in relation to held stock positions against a specified benchmark), that enable the monitoring of:

- Style biases
- Expected volatility
- Expected beta
- Correlation between securities

Longview Partners also endeavors to avoid systemic risk by limiting exposure to any one industry, business driver, end market or risk factor. Within the equity portion of the portfolio and in order to avoid systemic risk, Longview Partners uses a guideline minimum allocation of 30% in selecting securities of issuers in North America, a minimum allocation of 25% to those in Europe, a maximum allocation of 20% to Japan, and a maximum allocation of 12% to emerging markets within our equity portfolio. Within the Fixed Income universe, the strategy invests in Government bonds, Corporate bonds and Emerging Market bonds (hard currency only).

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

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

##### *All Strategies*

- Lack of Diversification. Client accounts will not be diversified among a wide range of types of securities, countries or industry sectors. Accordingly, client portfolios could be subject to more rapid change in value than would be the case if Longview Partners were required to maintain a wider diversification among types of securities and other instruments.
- Issuer-Specific Changes. Changes in the financial condition of an issuer or counterparty, changes in specific economic or political conditions that affect a particular type of security or issuer, and changes in general economic or political conditions can increase the risk of default by an issuer or counterparty, which can affect a security’s or instrument’s value. The value of securities of smaller, less well-known issuers can be more volatile than that of larger issuers. Smaller issuers can have more limited product lines, markets, or financial resources.
- Non-U.S. Securities. Foreign securities, foreign currencies, and securities issued by U.S. entities with substantial foreign operations can involve additional risks relating to political, economic, or regulatory conditions in foreign countries. These risks include fluctuations in foreign currencies; withholding or other taxes; trading, settlement, custodial, and other operational risks; and the less stringent investor protection and disclosure standards of some foreign markets. All of these

factors can make foreign investments, especially those in emerging markets, more volatile and potentially less liquid than U.S. investments. In addition, foreign markets can perform differently from the U.S. market.

- Hedging. Longview Partners may enter into hedging transactions at the direction of the client, such transactions may result in poorer overall performance for Longview Partners' investment portfolios than if Longview Partners did not engage in any such hedging transactions. There can be no assurances that a particular hedge is appropriate, or that a certain risk is measured properly.

#### *Global Equity Strategy*

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

#### *Fixed Income Strategy*

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

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

This Item is not applicable.

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

### *Material Relationships or Arrangements with Industry Participants*

As stated above in Item 4, the General Partner of Longview London is wholly owned by Longview Guernsey. Longview Guernsey is approximately 30% owned by Rabobank. The remaining 70%, and controlling portion of the business, is owned by founding Partners Keith McDermott and Ramzi Rishani and their family trusts, and nine other employees of the General Partner.

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

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

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

Subject to internal compliance policies and approval procedures, members, officers and employees of the Manager and its affiliates, including the Investment Manager, may engage, from time to time, in personal trading of securities and other instruments, including securities and instruments in which one or more of the Funds may invest. Further information regarding Longview Partners' Personal Account Dealing Policy is provided below in Item 11. Clients or prospective clients may upon request obtain a copy of the Personal Account Dealing Policy by contacting Client Services by email at [clientservices@longview-partners.com](mailto:clientservices@longview-partners.com) or by telephone at +44 1481 712 414 or +44 207 809 4100.

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

### *Code of Ethics*

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

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



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

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

Longview Guernsey owns Longview Partners USA LLC. Longview Partners USA LLC is the General Partner of LVP Fund LP, a partnership into which Longview Partners solicits investments. In addition, the founding partners of Longview Partners and their family trusts, along with several employees, hold an interest in the Luxembourg SICAV.

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

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

**Item 12. Brokerage Practices**

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

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

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

Longview Partners believes it is important to its investment decision-making processes to have access to independent research. As such, from time to time, Longview Partners may pay a broker-dealer, in recognition of the value of the brokerage and research services provided by such broker-dealer, commissions for effecting transactions in excess of that which another broker-dealer might have charged for effecting the transaction. In effecting such transactions, Longview Partners operates within the safe harbor created by section 28(e) of the Securities Exchange Act of 1934 as interpreted by the SEC.

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

To counter this potential conflict, Longview Partners' CIO, research analysts and trading team meet periodically to review whether, with respect to any research or other products or services received from a broker-dealer, the commissions used to obtain those products and services were reasonable in relation to the value of the brokerage, research or other services provided by the broker-dealer. The Compliance team is provided with a report on commission rates and commission paid to each broker on a quarterly basis. On an annual basis, the Compliance team is provided with an analysis by the investment team of the performance of each broker in relation to our original broker selection criteria.

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

Longview Partners does not currently have any clients that direct Longview Partners to execute the client's trades with a specified broker-dealer.

#### *Order Aggregation*

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

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

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

#### *Frequency and Nature of Review*

##### Investment review

Regular meetings are held by our team of research analysts, managed by Alistair Graham (Partner and Head of Research), and ultimately reporting to Ramzi Rishani (Partner and CIO), to determine whether securities positions should be maintained in view of current market conditions and any changes to the situation of the underlying companies in which Longview Partners invests.

### Risk review

Longview Partners has a dedicated risk management team which provides daily oversight and support. Ramzi Rishani (Partner and CIO), is ultimately responsible for risk management. A qualified Financial Risk Manager, Mark Chapman, works alongside Ramzi Rishani of the trading team to oversee daily investment activities in areas such as the portfolio performance of each client account, asset allocation, exposure, volatility and liquidity. As such, securities positions for all accounts are subject to review on a daily basis.

### Operations review

Longview Partners has an experienced operations department, managed by the co-Heads of Operations, Ben Turley (Partner) and Ben Welshe (Partner), which carries out daily full cash and security holdings reconciliations of all client accounts with the applicable custodian bank.

### Compliance review

Longview Partners has an established and experienced Compliance department, headed by the Chief Compliance Officer, Dan Langan (Partner and CCO), which regularly assesses and monitors all areas of business activity to ensure compliance with internal procedures and external regulatory requirements.

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

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

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

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

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

Longview Partners also provides clients with a full quarterly institutional client report, containing the following, in addition to the information included above:

- Quarterly Portfolio Performance
- Market Review and Outlook
- Quarterly Buys and Sells (giving reasons)
- Update on Corporate Governance matters
- Changes to our People or Processes
- Portfolio Contributors and Detractors
- Performance Attribution (by sector)

- Asset Allocation and Holdings
- Sector and Geographic Allocation vs the Index used

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

For client accounts that are pooled vehicles, investors receive reports from the client pursuant to the terms of each client's offering memoranda or as otherwise described in the offering document of the client. However, Longview Partners can also provide versions of the monthly and quarterly reports described above to our Fund investors, as may be agreed between the investor and Longview Partners.

All such reports may be delivered electronically or otherwise by hard copy to the client in accordance with the client's agreement with Longview Partners.

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

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

Longview Partners makes cash payments to third-party introducers for client referrals, as permitted by applicable law. Where applicable, cash payments for client solicitations are structured to comply fully with the requirements of Rule 206(4)-3 under the Advisers Act and related SEC staff interpretations.

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

Clients will receive account statements from a broker-dealer, bank or other qualified custodian according to separate agreements clients may have in place with such parties. Clients should carefully review those statements.

Longview Partners may also send statements as described in Item 13 directly to clients, in addition to those statements sent by the qualified custodian. Clients should compare any statements they receive from the custodian with those received from Longview Partners.

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

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

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

Unless otherwise instructed or directed by a discretionary client, Longview Partners has the authority to determine (i) the securities to be purchased and sold for the client account (subject to restrictions on its

activities set forth in the applicable investment management agreement and any written investment guidelines) (ii) the amount of securities to be purchased or sold for the client account.

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

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

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

#### **Item 17. Voting Client Securities**

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

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

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

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

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

#### **Item 18. Financial Information**

This Item is not applicable.

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

This Item is not applicable.

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**Appendix: Item 2. Material Changes**

This Item is not applicable.