

Kahn Brothers Advisors LLC

Registered Investment Adviser

555 Madison Avenue
New York, New York 10022
<http://www.kahnbrothers.com>

212 980 5050
212 755 5330 (f)
accountservices@kahnbrothers.com

Investment Adviser Brochure

(Form ADV Part 2A)

MARCH 2018

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. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Registration as an investment adviser does not imply a certain level of skill or training.

ITEM 2: MATERIAL CHANGES

This item describes any material changes that have been made to this brochure since its last annual filing in March 2017.

There have been no material changes to this brochure since the last filing.

ITEM 3: TABLE OF CONTENTS

ITEM 1	COVER PAGE	1
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	6
ITEM 7	TYPES OF CLIENTS	6
ITEM 8	METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS	6
ITEM 9	DISCIPLINARY INFORMATION	9
ITEM 10	OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS	9
ITEM 11	CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS, AND PERSONAL TRADING	10
ITEM 12	BROKERAGE PRACTICES	12
ITEM 13	REVIEW OF ACCOUNTS	13
ITEM 14	CLIENT REFERRALS AND OTHER COMPENSATION	13
ITEM 15	CUSTODY	13
ITEM 16	INVESTMENT DISCRETION	14
ITEM 17	VOTING CLIENT SECURITIES	14
ITEM 18	FINANCIAL INFORMATION	14

ITEM 4: ADVISORY BUSINESS

Kahn Brothers Advisors LLC (the "Firm"), a wholly owned subsidiary of Kahn Brothers Group, Inc., is a Registered Investment Adviser founded in July of 1978 as Kahn Brothers & Co. Inc.

As of December 31, 2017, Kahn Brothers Advisors LLC managed \$715,599,350 of assets, \$687,516,707 on a discretionary basis and \$28,082,643 on a non-discretionary basis. All funds are custodied at outside institutions including Pershing LLC (a subsidiary of The Bank of New York Mellon Corp.), Charles Schwab & Co. Inc., J.P. Morgan and Morgan Stanley Smith Barney LLC. The Firm is privately held with one principal owner: Kahn Brothers Group, Inc.

The Firm's clients include individuals and families, as well as institutions like pension funds and foundations. For discretionary accounts, the Firm offers its clients substantial customization within its value investing framework and permits further customization on a non-discretionary basis. Although the Firm offers substantial flexibility, it prefers its discretionary clients not to restrict its ability to make investments. Clients must be familiar and comfortable with the Firm's investment approach. For more information, please see Item 8 ("Methods of Analysis, Investment Strategies & Risk of Loss").

Kahn Brothers Advisors LLC invests primarily in publically-traded equities. However, the Firm may transact other types of securities, including but not limited to American Depositary Receipts, investment fund shares, warrants, rights and fixed income and derivative securities.

The Firm employs a modified Graham and Dodd value investing style that it has developed and employed since its inception in 1978. The Firm's founding chairman, Irving Kahn, was a teaching assistant at Columbia University to Benjamin Graham, an early proponent of value investing and fundamental analysis. The Firm's principals have been using variations of Graham's approach throughout their professional careers.

The Firm's strategy seeks a long-term annualized total return that exceeds its benchmark while maintaining reasonable protections against permanent loss of capital. Its managers are not fixated on short-term results, instead focusing on long-term performance over years or decades. The duration of a typical investment may be three to five years or longer.

The Firm's managers seek securities that trade near to or below their "intrinsic values." Intrinsic value can be measured in many ways, and the Firm tends to use a variety of metrics dependent on the circumstances, including book value, tangible book value, earnings power value, discounted cash flow models, sum-of-the-parts value, replacement value, and income-derived and cash-flow-derived multiples, among others. The Firm seeks to invest in securities whose prices have been depressed in a manner that it believes to be disproportionate or abnormal in light of a particular company's prospects for improved financial condition and reasonable market expectations in a reasonable economic environment. After the Firm has identified a security that trades at an undervalued price, it may seek to identify potential catalysts that could unlock that value and cause the price to rise to a level more reflective of its true valuation.

The Firm primarily employs bottoms-up, fundamental analysis of investments. The managers seek a detailed understanding of target companies, their industries and the positions of those companies relative to competitors. The managers analyze multiple sources of information, including direct interaction with company managements, public filings and varied other sources. Macroeconomic factors are considered in the investment process but do not drive decision-making.

The Firm's managers seek value opportunities wherever they may find them, in companies large and small and across the spectrum of the world's industries. The most important criterion to the purchase of an investment is an attractive ratio of the security's price to its intrinsic value.

Depth of experience is also an essential part of the Firm's methodology. Experience over many market cycles imparts judgment essential to prudent and informed investing.

Clients that engage outside financial institutions for various services including brokerage services may be subject to wrap fee programs. The Firm currently manages accounts pursuant to such programs that reside at Morgan Stanley Smith Barney LLC. The Firm charges these clients its customary advisory fees, which may be in addition to fees charged by the outside financial institution. In addition to these types of accounts, the Firm also manages portfolios at individually contracted rates for clients who have been referred by financial consultants. There is no difference in the manner in which the Firm manages accounts with wrap fee programs or individually contracted rates and accounts without such programs or rates.

ITEM 5: Fees and Compensation

Kahn Brothers Advisors LLC provides investment advisory and management services to discretionary and non-discretionary accounts. It charges an advisory fee that is a percentage of assets in a client's portfolio. In most cases, this percentage is 1% of assets. The assets are appraised at market value at the end of each calendar quarter. The advisory fee is subject to negotiation between the client and the Firm. It may be larger or smaller than 1% and may, in some instances, exclude cash and equivalents.

Advisory fees are generally paid at the start of the calendar quarter. Although not typical, some clients may pay their advisory fees in arrears or at a cycle date mutually agreed between the client and the Firm. Advisory fees are computed at the beginning of each quarter by applying one-quarter of the annual rate to the aggregate value at the end of the previous quarter. Advisory fees may be deducted directly from a client's portfolio or can be billed to the client and paid in a manner of the client's choosing.

Although not typical, the Firm may assess performance-based fees in some client accounts. If applicable, such fees are negotiated per mutual agreement between the client and the Firm as a part of the client's overall billing arrangement. For more information, please see Item 6 ("Performance-Based Fees and Side-By-Side Management").

Clients wishing to terminate an advisory contract must present written notice to the Firm. Most advisory contracts specify a requirement of 60 days advance written notice to receive a prorated reimbursement of the current quarter's advisory fee. However, at the sole discretion of the Firm, the required notice period may be waived.

Although the Firm does not custody client assets, clients may incur additional fees or expenses, including but not limited to custodian fees or mutual fund expenses, charged by outside institutions in connection with the services offered by the Firm. All clients who are not within a wrap fee program will incur separate brokerage commissions from their respective broker-dealers when securities transactions occur.

Although Kahn Brothers Advisors LLC uses an affiliated broker-dealer, Kahn Brothers LLC, to transact many of its securities trades, clients may engage broker-dealers that are not affiliated with the Firm. When clients use the brokerage services of Kahn Brothers LLC, that firm receives commissions pursuant to the commission arrangement between it and the client. Neither Kahn Brothers LLC nor the Firm charges "mark-ups." For more information on the Firm's brokerage arrangements, please see Item 9 ("Brokerage Practices").

Clients that engage outside financial institutions for various services including brokerage services may be subject to wrap fee programs. The Firm currently manages accounts pursuant to such programs that reside at Morgan Stanley Smith Barney LLC. The Firm charges these clients its customary advisory fees, which may be in addition to fees charged by the outside financial institution. In addition to these types of accounts, the Firm also manages portfolios at individually contracted rates for clients who have been referred by financial consultants. There is no difference in the manner in which the Firm manages

accounts with wrap fee programs or individually contracted rates and accounts without such programs or rates.

Kahn Brothers Advisors LLC and its affiliated businesses do not provide employees with special compensation for promoting particular securities or investment products. Such compensation may present a conflict of interest and is against company policy.

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

Performance-based fees are forms of compensation that an investment adviser or fund manager assesses in proportion to the profits earned in a client's portfolio or in a limited partner's capital account. These fees may be subject to certain limitations specified in the agreement between the client or partner and the investment adviser or fund manager.

Kahn Brothers Advisors LLC currently assesses performance-based fees in a small number of accounts. Each of these fee arrangements varies from each other based on the individualized compensation terms negotiated between the Firm 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 a high water mark and/or a 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 in the absence of such fees. Performance-based fees can also, in some instances, create a conflict of interest. This can arise when an investment adviser manages accounts with performance-based fees alongside accounts without such fees. When this side-by-side management exists, investment advisers may be encouraged to give favor or offer better services to those accounts that have the performance-based fees.

The principals and employees of Kahn Brothers Advisors LLC and its affiliated businesses are aware of these potential conflicts and endeavor to manage all accounts on an equal basis regardless of the presence or absence of performance-based fees. The Firm's principals, chief compliance officer and supervisory employees continually monitor the Firm's personnel to ensure that this policy is followed.

ITEM 7: Types of Clients

Kahn Brothers Advisors LLC works with a range of types of clients that may include high net worth individuals and families, pension funds, foundations, endowments, trusts and retirement accounts, among others. The Firm has historically low client turnover, and new clients are admitted at the discretion of management. Although the Firm has no formal restrictions on the size of new portfolios, its principals prefer incoming clients to have a minimum of mid-seven-figures in investable assets. The Firm may waive this policy at its sole discretion and may also admit smaller accounts that exist as a part of a family or institutional group. These policies allow the Firm to continue to provide its current clients with high-quality and personalized investment advisory services, as well as with valuable one-on-one meetings with the Firm's investment management team.

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

Kahn Brothers Advisors LLC employs a modified Graham and Dodd value investing style that seeks a market-competitive total return on capital over long periods of time with reasonable protections against permanent loss of capital.

The Firm's late founding chairman, Irving Kahn, and its Chief Investment Officer, Thomas Graham Kahn, developed the modified value strategy from the original principles of Benjamin Graham. Graham, who was the first to articulate the theories of value investing and fundamental analysis, was a close colleague and professional mentor to Irving Kahn at Columbia Business School. The Firm's principals have used variations of Graham's approach throughout their professional careers.

Depth of investment experience is an important component of the Firm's methodology. Judgment gained from experience over numerous market cycles is critical to prudent and informed investing. The Firm's tenured managers draw on this judgment throughout the investment process.

Kahn Brothers Advisors LLC is not fixated on short-term results, instead focusing on long-term performance over years or decades. The duration of a typical investment of the Firm may be three to five years or longer.

The Firm manages investments primarily in publically-traded equities. However, it may also transact other types of securities—including but not limited to American Depositary Receipts, investment fund shares, warrants, rights and fixed income and derivative securities. The Firm may engage in long or short transactions, although shorts tend to be highly infrequent.

The Firm's investment decisions are based in its modified value investing strategy which relies on a primarily bottoms-up process of fundamental analysis of securities. The managers seek a detailed understanding of target companies, their industries and the positions of those companies relative to competitors. When possible, the managers engage in direct dialog with company managements. The managers review and analyze multiple sources of information including company filings and varied outside sources. Macroeconomic factors are considered in the investment process but do not drive decision-making. The Firm does not employ technical analysis and finds the technique largely without merit. Its analysts and managers prefer to study company, industry and economic information instead of looking for patterns in trading data that are not directly relevant to a company's business.

Within its modified value investing paradigm, the Firm uses many sources and methods to find investment opportunities. Its managers may look for investments in businesses with little to no long-term debt, reasonably high levels of cash and liquid assets, strong competitive positions and/or prices that are near to or below a company's "intrinsic value." Intrinsic value can be measured in many ways, and the Firm tends to use a variety of metrics, including, among others, book value, tangible book value, earnings power value, discounted cash flow models, sum-of-the-parts value, replacement value, and income-derived and cash-flow-derived multiples. The managers select securities, one at a time, based on asset valuations, operating performance metrics and long-term fundamental business prospects, among other characteristics. After they have identified a security that trades at a discounted or acceptable price as compared to its intrinsic value, they look for catalysts that might unlock that value and cause the price to rise to a reasonable level as compared to that value.

If there are very few values to be found in a given period, the Firm is perfectly comfortable holding cash and equivalents for its clients, rather than placing money in speculative, overpriced issues. The Firm will not invest in an overpriced market simply to have its clients "fully invested." Rather than risking client funds in frothy, overvalued securities, the Firm would rather wait patiently for attractive situations to arise.

The Firm's managers seek value opportunities wherever they may find them, in companies large and small and across the spectrum of the world's industries. The most important criterion to the purchase of an investment is an attractive ratio of the security's price to its intrinsic value.

The Firm prefers companies whose managements hold meaningful stakes in their company shares and are thus more inclined to protect their own, as well as their shareholders', interests. It is less comfortable with situations in which the managements have poorly aligned compensation packages and/or nominal ownership interests.

The Firm's investment process may be characterized as often being "contrarian." The Firm's managers will often look for out-of-favor stocks or stocks in depressed economic sectors, rather than seeking out the popular industries or names of the day. This means that the Firm may invest in companies that, at the time of purchase, may appear to be unattractive from the perspective of the prevailing mainstream public or broad market viewpoint. Buying at depressed levels is a hallmark of successful value investing. As a result, the Firm often looks for situations in which analysis suggests the downturn affecting a company is only temporary. Such situations may include investments in what are termed "fallen angels." These are companies that have been successful in the past but have suffered temporary and resolvable problems while maintaining the capacity for material improvement in the future. The Firm may also invest in "special situations," which are investments in which the upside potential is heavily dependent on a material corporate event such as a sale, merger, acquisition, tender, spin-off, bankruptcy or other relevant corporate action.

The Firm 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 that the Firm seeks. As a result, these stocks have a greater potential for mispricing and illiquidity. As with all investments, one should be familiar with the characteristics and trading liquidity of these securities if they are ever recommended or purchased.

All investments in securities, including those transacted by the Firm, involve a risk of realized loss of capital that clients should be prepared to bear. The Firm tries to mitigate this risk by refraining from the purchase of securities that it deems to be overpriced and by employing a long-term investment strategy that can lessen the impact of short-term volatility. However there is no guarantee that the Firm's strategy or its 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 the Firm's control and some of which are not. Factors out of the Firm's control include varied economic and political events that may negatively affect investments. Additionally, the increased volatility of the markets may lead to adverse investment performance for periods of time. If investors are forced or elect to liquidate investments when volatility has driven stock prices below cost, this will result in a realized loss.

Some types of investments that the Firm may make on a highly infrequent basis have inherent risks particular to them. Short sales, however rarely used, carry 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 interest rate risk, credit risk and reinvestment risk, among others types of risk. Interest-rate sensitive securities, including preferred equity securities, have interest-rate risk associated with them. Investments in option contracts, however rarely used, carry various risks including, 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 as compared to the amount of one's original investment.

Kahn Brothers Advisors LLC employs a modified value investing strategy. Although value investing seeks to mitigate risk by avoiding the purchase of overpriced securities, investors should be aware that there are risks particular to this strategy. It is possible that the market may undervalue 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 (i.e. contrarian investments), there is a risk that these companies and industries 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 event does not materialize or materializes after an unacceptably long period of time. All of the aforementioned risks may be greater for investments in small or illiquid companies.

The Firm's 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. Investors should be aware that any discretionary investment with Kahn Brothers Advisors LLC will be made according to its modified value style—other styles will not be employed. Therefore, discretionary investments with the Firm will not be diversified by investment methodology. The Firm invests most often in the public equities markets. Therefore, discretionary investments with the Firm may not be diversified by asset class. However, clients may always diversify their investments with respect to these characteristics on a non-discretionary basis.

As with any long-term investment, there is the potential for the Firm's investments on behalf of clients to incur unrealized losses for periods of time and for its clients' portfolios to underperform benchmark indices for periods of time. This is a natural part of a long-term investment's lifecycle. 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, the Firm will not recommend exiting investments during these periods. Therefore, clients should be prepared to hold their investments during these periods and, in some cases, at the Firm's recommendation, to increase their investments at the reduced prices that have presented themselves. If a client chooses to exit an investment during one of these periods of underperformance, there will be a realized loss or a return below expectations that the client should be prepared to sustain.

Inevitably, 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 a market, the Firm may prefer to hold larger amounts of cash and equivalents in a client's account rather than investing in securities that it deems excessively risky due to overpricing. Clients should understand that, during these periods, their cash and equivalents may produce little to no return depending on the prevailing interest and inflation rates. However, the Firm's managers are more comfortable holding cash and equivalents that earn little to no return than purchasing overpriced, risky securities.

ITEM 9: Disciplinary Information

There are no legal or disciplinary events that are material to the Firm, to a client's or prospective client's evaluation of our advisory business or to the integrity of the Firm's management.

ITEM 10: Other Financial Industry Activities and Affiliations

Neither Kahn Brothers Advisors LLC nor any of its management persons is registered or has a pending application to register as a broker-dealer, a registered representative of a broker-dealer, a futures commission merchant, a commodity pool operator, a commodity trading advisor or an associated person of any of the foregoing entity types.

The Firm does not recommend or select other investment advisers for its clients from which it receives directly or indirectly compensation that creates a material conflict of interest.

The Firm and its management persons are affiliated with a number of entities that are relevant to its advisory business and/or its clients. Please see the relevant Items within this document for information on the potential conflicts of interest that could arise in connection with these relationships: (1) related to brokerage and execution, see Item 9 ("Brokerage Practices"), (2) related to investment recommendations, see Item 8 ("Code of Ethics, Participation or Interest in Client Transactions and Personal Trading"); and (3) related to fees, see Item 2 and Item 3 ("Advisory Fees" and "Performance-Based Fees and Side-By-Side Management" respectively). The following affiliations may apply:

- Kahn Brothers LLC, a broker-dealer under the same parent company as the Firm that is managed by the Firm's principals and has many clients in common with the Firm. The following

management persons have positions: Thomas Graham Kahn, Chairman, President, Director and a significant investor; William DeLuca, Senior Vice-President and Secretary; Kenneth Rodwogin, Senior-Vice President and Director; William Knox, Senior Vice-President; Paula Cutrone, Senior Vice-President and Director, and Andrew Kahn, Vice-President and Director.

- KB Group Asset Management LLC, an investment entity with no clients that exists under the same parent company as the Firm. The following management persons have positions: Thomas Graham Kahn, Chairman, President, Director and a significant investor; William DeLuca, Senior Vice-President and Secretary; Kenneth Rodwogin, Senior-Vice President and Director; William Knox, Senior Vice-President; Paula Cutrone, Senior Vice-President and Director, and Andrew Kahn, Vice-President and Director.
- Kahn Brothers Asset Management Corp., a Registered Investment Adviser to a limited partnership that is managed by the Firm's principals. The following management persons have positions: Thomas Graham Kahn, Chairman, President, Director and a significant investor, and William DeLuca, Vice-President.
- KB & Partners Management Co. LLC, a Registered Investment Adviser to a limited partnership that is managed by the Firm's principals. The following management persons have positions: Thomas Graham Kahn, Chairman, President, Director and a significant investor, and William DeLuca, Vice-President.
- Sterling Bancorp Inc., a publicly traded bank holding company headquartered in Montebello, New York of which the Firm's chairman, president and chief investment officer, Thomas Graham Kahn, is a current director. Mr. Kahn was a director of its predecessor company, Provident New York Bancorp Inc., which was merged into Sterling Bancorp in 2013. The Firm has addressed the potential conflicts of interest that may arise as a result of this affiliation by strictly adhering to its investment methodology as the sole motivation for all transactions in Sterling Bancorp (and its predecessor), by transacting in these securities only during Mr. Kahn's authorized trading windows as an insider, by strictly enforcing the Firm's policies regarding insider information and by having the Firm's other principal and senior employees monitor Mr. Kahn's trading activity in these securities prior to execution.

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

Kahn Brothers Advisors LLC has a Code of Ethics that acts as a guide for lawful and ethical conduct by its employees. The principals of Kahn Brothers Advisors LLC believe that the Firm's good reputation is a direct reflection of the conduct and professionalism of its employees. Employees are therefore expected to comply with the Code of Ethics unconditionally.

The Code of Ethics obligates the Firm's employees to maintain and follow their fiduciary responsibilities to the clients of the Firm and its related entities. This includes, among other things, responsibility of the Firm's employees to *never* (a) serve their own personal interests ahead of clients' interests, (b) take advantage of their position with the Firm to gain unauthorized forms of compensation, (c) permit 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 the Firm, all prospective clients are advised that the Firm and its employees own or may own directly or indirectly the same securities that will be recommended and/or transacted for them. If the Firm, its principals and its employees have a material financial interest in a company that it is currently recommending, this interest will be disclosed before dispensing investment advice on that company or making a discretionary investment in that company.

Employees must provide independent, impartial advice; must ensure that advice is suitable to clients' respective investment objectives, needs and circumstances; must obtain best execution for clients' transactions when the Firm, its employees or their families are also transacting the same security; and

must safeguard all clients' personal, non-public information. The provision relating to clients' personal, non-public information applies during and after the employment term of the Firm's employees.

The Code of Ethics also strictly prohibits any actions that are or can be construed as being unethical or illegal. This includes any 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 the Code of Ethics as well as by U.S. federal law in multiple sections of the Securities Exchange Act of 1934 and in Code of Federal Regulations, Title 17, Chapter II, §240.10b-5 (commonly referred to as SEC Rule 10b-5). The Firm has a "zero tolerance" policy for transactions that are motivated by insider information or employ deceptive devices or practices.

The Code of Ethics also describes the Firm's policies on personal securities transactions. It is the policy of the Firm to allocate purchases and sales of securities fairly among its advisory clients and always to give the client priority over the Firm, its affiliated entities and their related parties. When placing orders, employees of the Firm must be aware of other pending orders in that same security to ensure proper prioritization of transactions and best execution for clients of the Firm. When possible, the Firm prefers to have these trades executed on different days to remove any potential conflicts from the transactions. The Firm's officers regularly review all transaction activity in advisory, employee and related entity accounts to ensure that this policy is honored.

The Firm and its related persons do not recommend or transact for clients securities in which it or they have material financial interest beyond that of an ordinary passive investor. The Firm and its affiliated businesses and their related persons own or may own directly or indirectly shares of companies that the Firm recommends as investments. Generally speaking, an investment adviser may be biased towards recommending such investments regardless of their merits or suitability to the client. However, the Firm believes that this conflict is mitigated by the following factors. Positions by the Firm's principals and employees in investments that the Firm recommends are typically passive and in publicly-traded securities that are not materially affected by additional investments of the size executed by or on behalf of clients of the Firm.

Regarding bias in the recommendation of such investments, the Firm believes it is to the benefit of its clients' to have its managers' financial interests aligned with the clients' financial interests. The Firm maintains a policy of "eating its own cooking," which means that it only recommends investments to clients that its principals and employees would invest in themselves. The Firm considers this policy to be in clients' best interests. However, to ensure that a conflict does not arise from such transactions, multiple senior officers of the Firm review the daily transactions log for anomalies.

All violations or observed violations of the Code of Ethics must be promptly reported to the Firm's Chief Compliance Officer who will take remedial action.

The Firm's Code of Ethics is available to any client or prospective client upon request.

The Firm and its related persons do not buy or sell securities from the Firm's clients. Some of the Firm's principals are also principals of two other investment firms, Kahn Brothers Asset Management Corp. and KB & Partners Management Co. LLC, both of which act as investment advisers for respective limited partnerships. Although not common, the principals may solicit qualifying clients to make investments in these partnerships. These partnerships have largely identical investment strategies to that of the Firm. However, there may be a conflict of interest in that the fee structure for a limited partner in these partnerships may be dissimilar to the fee structure of his or her client account with the Firm. In some cases and in some billing periods, the fees may be greater; in others, they may be less. The Firm addresses this potential conflict by fully describing to the solicited client the two fee structures, their differences, if any, and the conflicts of interest that may be associated. More on this topic and how it is addressed can be found in Item 2 and Item 3 ("Advisory Fees" and "Performance-Based Fees and Side-By-Side Management" respectively).

ITEM 12: Brokerage Practices

Clients of Kahn Brothers Advisors LLC may select any broker-dealer of their choosing. However, the Firm has an affiliated broker-dealer, Kahn Brothers LLC, which executes trades for a significant number of the Firm's advisory clients.

Although most clients elect to broker with Kahn Brothers LLC, a client may choose any firm to provide brokerage services to his or her advisory portfolio. New clients receive information on the relationship between the Firm and its affiliated broker-dealer, as well as the commission structure involved and how it may differ from those of other firms. Aside from the foregoing, the Firm generally does not recommend broker-dealers to its clients. However, if a client does request a broker-dealer recommendation, one will be provided. No compensation for client referrals will be received by the Firm in connection with the recommendation.

Brokerage commissions in the United States are negotiable, and incoming clients are advised of this fact. Commission arrangements are typically specified by the advisory client and formalized in the client's Investment Advisory Contract.

Incoming clients are advised that if they commence a relationship with the Firm's affiliated broker-dealer, they will, in all likelihood, not receive the lowest execution charges available. However, the Firm's principals believe that the combined costs of advisory fee to Kahn Brothers Advisors LLC and commissions to Kahn Brothers LLC are, in total, reasonable compensation for the combined services that are rendered. Neither the Firm nor the affiliated broker-dealer charges mark-ups.

Occasionally, Kahn Brothers LLC or a client's unaffiliated broker-dealer may have multiple client orders in the same security. When this occurs and if possible, the broker-dealer's order room may aggregate these orders if it believes that doing so will effectuate a more favorable execution for the clients. Unfilled aggregated orders with Kahn Brothers LLC are allocated to client portfolios in a reasonable and fair manner.

Kahn Brothers Advisors LLC does not purchase investment research, products or services in exchange for soft dollar benefits. Rather, the Firm generates its own internal research and may obtain source material from firms with which it does not have formal business relationships.

Incoming clients are advised that using a broker-dealer that is affiliated with one's own investment adviser can create incentives for that investment adviser to generate unnecessary trading activity in one's account. However, Kahn Brothers Advisors LLC believes that its investment strategy, which employs long holding periods and infrequent trading, strongly discourages this behavior and may actually result in a much lower rate of turnover of securities than might be experienced with investment advisers that use more short-term-oriented investment strategies. As a precaution, the Firm's senior employees monitor transactions in client accounts to ensure appropriate trading frequencies and volumes.

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

ITEM 13: Review of Accounts

Senior officers of Kahn Brothers Advisors LLC make an effort to review all discretionary accounts on a frequent and periodic basis. They endeavor to review accounts monthly, although some accounts may be reviewed more or less frequently at the managers' discretion. The Firm's principals believe this interval is appropriate for reviewing accounts that follow the Firm's long-term, low-turnover investment strategy.

Reviews are conducted by the Firm's president, Thomas Graham Kahn, and senior vice-president, William Knox. Evaluations involve, among other factors, analyses of the timing and availability of other attractive investments that are suitable for the client, the portfolio's cash position and the concentration of company and sector positions relative to the total portfolio. Reviews consider these factors in the context of a client's investment goals, restrictions and short-term and long-term financial needs.

General market conditions and company- and industry-specific news are also tracked on a continuous, pro-active basis. Significant events may trigger additional portfolio reviews. Changes in a client's financial or social circumstances may trigger an additional portfolio review as well.

Clients receive printed quarterly portfolio appraisals that are generated by the Firm's internal portfolio tracking software. These appraisals display the account's holdings by name, weight, cost and current market value. If a client wishes to receive these appraisals more or less frequently or on a different cycle, this can be arranged at the client's request.

ITEM 14: Client Referrals and Other Compensation

Kahn Brothers Advisors LLC currently does not receive economic benefits from non-clients in exchange for investment advice to its clients. It also has no compensated referral arrangements with any consultants or solicitors. However, in the future, the Firm may pay financial consultants or solicitors for referring clients to the Firm. In such instances, this type of compensation will only occur if the relationship with the 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 Solicitor. Both of these documents are signed by the referred client when he or she begins an investment advisory relationship with the Firm. The client is also advised that he or she may pay higher total fees for services obtained through a consultant or solicitor than he or she would otherwise. 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 Kahn Brothers Advisors LLC nor its affiliated broker-dealer, Kahn Brothers LLC, custodies client assets. All clients of the Firm custody their assets at outside institutions. Clients of the Firm who broker with Kahn Brothers LLC typically custody at Pershing LLC, a subsidiary of The Bank of New York Mellon Corp. However, assets may be custodied at any qualified custodian institution. Clients who custody at Pershing LLC are not required to employ Kahn Brothers LLC for brokerage services.

In addition to receiving quarterly appraisals from the Firm, clients will also receive statements from their chosen custodian institutions. All clients should carefully review these statements and appraisals, as well as all transaction confirmations from the broker-dealer. The Firm urges its clients to compare and reconcile the appraisals they receive from the Firm with the statements they receive from their custodian institution and broker-dealer.

ITEM 16: Investment Discretion

Clients of Kahn Brothers Advisors LLC generally grant the Firm broad discretionary authority over their portfolios. However, they may place restrictions on this authority. For example, a client may set parameters for investment, such as desired allocations, position sizes or bans on the purchase of individual companies, industries or asset classes. Clients may add the provision that discretionary authority only be exercised after first contacting the client or third party that has been granted power of attorney over the account by the client. The client may specify any such parameters for discretionary investments so long as those parameters do not unduly restrict the Firm from implementing its investment strategy.

A client must sign an Investment Advisory Agreement or a Trading Authorization before the Firm may take investment discretion over his or her portfolio. Within the Investment Advisory Agreement is a section in which the client gives the Firm power of attorney over the portfolio. The client must sign a Disclosure Document of Solicitor if he or she was referred to the Firm by a consultant or solicitor.

ITEM 17: Voting Client Securities

The Firm's clients typically grant it the authority to vote proxy ballots of invested companies on their behalf. When granted this authority, the Firm votes through electronic voting platforms like proxyvote.com or by telephone or USPS mail. Clients who have not granted the Firm this authority will receive their proxy ballots directly from their custodian or broker-dealer, not from the Firm.

The Firm follows its internal proxy voting policies when voting ballots on behalf of clients who have granted it voting authority. These policies instruct the Firm to vote in a manner that, in the opinion of the Firm, maximizes the long-term financial interests of the client with respect to his or her holdings in the company. The Firm votes proxy ballots after a thorough review of the proxy material. After such review and absent specific reasons or concerns to the contrary, the Firm may vote as recommended by the management of the company.

Clients who have granted the Firm the authority to vote proxy ballots but wish to vote a particular ballot or proposal individually may do so by notifying the Firm at least 48 hours in advance of the vote at 212-980-5050 or accountservices@kahnbrothers.com. Upon receiving such notice, the Firm will vote as the client instructs or will provide the client with voting instructions to execute the vote on his or her own.

If a client would like to know how it voted a particular ballot or proposal, he or she may contact the Firm at 212-980-5050 or accountservices@kahnbrothers.com. Upon request, a client may receive a copy of the Firm's proxy voting policies and procedures.

If the Firm believes that a material conflict of interest exists with respect to voting a proxy, the Firm may resolve it in a number of ways. If the conflict pertains to a particular employee of the Firm, then that employee may recuse him or herself from the process of voting that particular proxy. If the conflict pertains to the Firm as a whole, then Firm may request that clients vote their own proxies for that particular security.

ITEM 18: Financial Information

Kahn Brothers Advisors LLC has no financial conditions that are reasonably likely to impair its ability to meet its contractual commitments to its clients. Neither it nor its predecessor company has ever been the subject of a bankruptcy petition. The Firm does not require or solicit prepayment of fees six months or more in advance.