



**Item 1 – Cover Page**

**Part 2A of Form ADV**

**Brochure for:**

**SailingStone Capital Partners LLC**

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**December 26, 2014**

This Brochure provides information about the qualifications and business practices of SailingStone Capital Partners LLC ("SailingStone" or the "Firm"). If you have any questions about the contents of this Brochure, please contact Kathlyne Kiaie at (415) 429-5178 or [compliance@sailingstonecapital.com](mailto:compliance@sailingstonecapital.com) or at the address listed above. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

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

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

**Item 2 – Material Changes**

Item 4 –assets under management updated as of November 30, 2014.

Item 7 –account minimum updated to reflect thirty million dollar minimum.

Item 8 –Risk section updated.

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## **Item 4 – Advisory Business**

### **A.     Description of the Advisory Firm**

SailingStone Capital Partners LLC (SailingStone) is a Delaware limited liability company that was formed on November 4, 2013 and began managing assets on June 2, 2014. SailingStone is a 100% employee-owned investment advisory firm focused exclusively on providing investment solutions in the natural resource space. Based in San Francisco, CA with 18 employees, SailingStone manages concentrated, long-only separate accounts for institutional investors, high net worth individuals, and two sub-advised mutual funds. SailingStone only manages assets on a discretionary basis.

The managing member of SailingStone is SailingStone GP LP (“SailingStone GP”), a Delaware liability partnership, of which SailingStone Holdings LLC (“SailingStone Holdings”), a Delaware limited liability company, is the general partner. MacKenzie Davis and Kenneth Settles (collectively, the “Principals”) are the managing members of SailingStone Holdings and the portfolio managers responsible for managing the Clients’ (as defined below) investment programs.

### **B.     Types of Advisory Services**

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

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

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

SailingStone may from time to time, subject to applicable law, discuss with Clients or potential Clients (upon a Client’s or potential Client’s request) one or more issuers (public or private) which it does not then hold in any portfolio managed by it, and which it may or may not be considering for investment. Any such discussions are solely for the information and convenience of a Client or potential Client, and are not intended to constitute investment advice (except to the extent such discussions are investment advisory services specifically contemplated by the investment advisory agreement between SailingStone and a Client). Such discussions may include, among other things, the views of the investment team at SailingStone regarding the issuer or its securities, the issuer’s financial condition or prospects, or the merits generally of an investment (or non-investment) in that issuer or any industry or sector of which that issuer is a part. SailingStone is under no obligation to enter into such discussions with any Client or all Clients, and may have such discussions only with certain Clients in its sole discretion. SailingStone shall not, as a result of any such discussion, be limited in any way from purchasing or selling investments

of any such issuer, including investments that may be or appear to be inconsistent with the views expressed in such discussion.

D. Wrap Fee Programs

Not applicable.

E. Amounts under Management

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

<b>Discretionary Amounts:</b>	<b>Non-Discretionary Amounts:</b>	<b>Date Calculated:</b>
\$6,367,510,848	\$0	November 30, 2014

## **Item 5 – Fees and Compensation**

A. Fee Schedule

The fees and compensation payable to SailingStone are not negotiable but may vary among its Clients based on the type of account.

Separately managed account Clients (including separately managed accounts for privately and publicly-offered U.S. and non-U.S. pooled investment vehicles for which SailingStone serves as the sub-adviser) pay asset advisory fees ranging from 0.50% to 1.00% of the account's assets.

Rates charged to certain Clients may be reduced by breakpoints over negotiated asset levels based on assets under management by SailingStone.

Certain Clients that invest in the Natural Gas Strategy may pay a combination of an asset-based fee as described above and a performance fee. The performance fee is equal to a percentage (e.g., 10%) of either the total market value of any withdrawn account assets at the date of withdrawal or the total account assets under management at the termination of the account as the case may be. In each case, the performance fee is assessed against assets in excess of assets deposited, provided that such fee will only be payable on such withdrawal or termination dates, once a minimum total return hurdle has been reached.

Other clients in the Natural Gas Strategy may pay a combination of an asset-based fee as described above and a performance fee. Determination and payment of the performance Fee is that a partial withdrawal from the account will result in the termination of the current performance period (as defined) and the determination of a performance fee at such time. The performance fee determined in connection with a partial withdrawal will represent the pro rata share of the performance based fee that is attributable to the relative outperformance (or underperformance) of the account from the inception of the account through the effective date of the partial withdrawal (i.e., through the last day of the

month in which the partial withdrawal was made). As such, any positive performance fee determined in connection with a partial withdrawal will be paid to SailingStone as of the effective date of the partial withdrawal, while any negative performance fee will reduce (i.e., will make less negative) the cumulative underperformance of the account through the effective date of such partial withdrawal, with such reduction given effect at such time. Any negative performance fee will not result in any out-of-pocket obligation on the part of SailingStone to restore such negative performance fee to the client. Other than in connection with a partial withdrawal, a performance fee will only be determined and paid (if applicable) upon the effective date of the termination of the investment management agreement. The performance fee determined at the time of such termination shall reflect the performance based fee that is attributable to the relative outperformance (or underperformance) of the entire account for the term of the account.

The mutual funds, with respect to which SailingStone acts as a sub-adviser, pay advisory fees that range from 0.44% to 1.00% per annum of the average daily net asset value of the relevant mutual fund.

B. Payment of Fees

With respect to the mutual funds to which SailingStone acts as a sub-adviser, asset-based advisory fees payable by the mutual funds are accrued daily and paid monthly in arrears. SailingStone bills separately managed account Clients quarterly in arrears. A Client may pay fees directly or instruct its custodian to pay fees from the Client's account. SailingStone bills performance fees, if applicable, after the date of withdrawn account assets or at the termination of the account.

C. Third-Party Fees

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

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

D. Prepayment of Fees

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

E. Outside Compensation for the Sale of Securities

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

The foregoing discussion in Item 5 represents SailingStone's basic compensation arrangements. The advisory fees and performance fees described above are structured to comply with Rule 205-3 under the Investment Advisers Act of 1940, as amended, unless such Rule is inapplicable under Section 205 of the Advisers Act and applicable state laws. Fees and other compensation are not negotiable and arrangements with any particular Client may vary, in SailingStone's sole discretion. Although SailingStone believes its fees are competitive, lower fees for comparable services may be available from other investment advisers.

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

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

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

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

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

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

The performance fee compensation may provide a possible incentive for SailingStone to make riskier or more speculative investments on behalf of a Client than it might make otherwise. Notwithstanding this potential incentive, SailingStone will evaluate investments in a manner that it considers to be in the best interest of its Clients, given those Clients' investment objectives, investment strategies, suitability of the investment, and risk profile.

### **Item 7 – Types of Clients**

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

For separately managed accounts, SailingStone generally requires a minimum account size of \$30,000,000, but reserves the right, in its discretion, to impose a higher minimum or to waive this minimum.

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

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

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

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

##### *Natural Resources Strategy*

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

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



Valuation is an important part of the investment process. SailingStone seeks to purchase securities in companies with these characteristics when SailingStone believes the price reflects a limited possibility of permanent capital impairment and when future expected returns are sufficient to generate the investment team's targeted annualized through cycle returns.

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

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

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

*Natural Gas Strategy.*

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

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

B. Risks of Investments and Strategies Utilized

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

**General Investment and Trading Risks.** An investment with SailingStone involves a high degree of risk, including the risk that the entire amount invested may be lost. Clients' assets are invested in securities and other financial instruments using strategies and investment techniques with significant risk characteristics. No guarantee or representation is made that the strategies will be successful or that an investor will not lose money and investment results may vary substantially over time.

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

**Absence of an Operating History.** The Firm is a newly formed entity with limited (less than one year) operating history. The past investment performance of the investment team or its key personnel should not be construed as an indication of the future results. Anticipated investments will be highly dependent on current and prospective market trends and may experience highly different performance attributes. The Firm's investment program should be evaluated on the basis that there can be no assurance that the Investment Manager's assessment of the short-term or long-term prospects of investments will prove accurate or that Clients will achieve its investment objective.

**Competition.** Since an inherent part of the Investment Manager's strategy will be to identify securities that provide for attractive risk adjusted yield, competitive investment activity by other firms may reduce the Firm's opportunity for profit by reducing mispricings in the market as well as the margins available on such mispricings as can still be identified.

**Risks Related to Electronic Communications.** The Investment Manager and/or Client custodians will provide to Clients statements, reports and other communications relating to Clients investments in electronic form, such as e-mail or through the use of an electronic investor portal (Electronic Communications). Electronic Communications may be modified, corrupted, or contain viruses or malicious code, and may not be compatible with a Client's electronic system. Furthermore, Electronic Communications may be intercepted, deleted or interfered with without the knowledge of the sender or the intended recipient. In addition, reliance on Electronic Communications involves the risk of inaccessibility, power outages or slowdowns for a variety of reasons. These periods of inaccessibility may delay or prevent receipt of reports or other information by Clients.

**Effect of General Economic Conditions.** General economic conditions may affect SailingStone's investment activities. Changing economic, political, regulatory or market conditions, interest rates, general levels of economic activity, the price of securities and debt instruments and participation by other investors in the financial markets may affect the value and number of investments made by the Firm or considered for prospective investment. The value of investments may fluctuate in accordance with changes in the financial condition of portfolio companies and other factors that affect the markets in which the Firm invests. Economic, political, regulatory or market developments can affect a single obligor, obligors within an industry, economic sector or geographic region, or the market as a whole. Different parts of the market and different types of investments can react differently to these developments. Every investment has some level of market volatility risk. Economic slowdowns or downturns could lead to financial losses in the Firm's investments. In addition, many portfolio companies may be similarly subject to the same economic conditions, which could adversely impact the Firm's investment returns.

**Institutional Risk.** The institutions, including brokerage firms, banks, and other entities, with which the Fund will trade, invest, or rely upon for the performance of the assets, have in many instances

encountered and may encounter further financial difficulties, including insolvency, that could impair the operational capabilities or the capital position of SailingStone. The Firm is also subject to the risk of the failure of any of the exchanges on which its positions trade or of their clearinghouses. In addition to these risks, there also is the risk that major institutional investors may be compelled to withdraw their investments from SailingStone, resulting in forced liquidation of substantial portions of the Firm's portfolio.

**Equity Securities Risk.** The value of equity securities held by Clients may decrease in value significantly due to changes in a company's financial condition, in response to adverse political, regulatory, market or economic developments affecting the company, its industry or the markets generally, or for other reasons. There is no assurance that the equity securities held by Clients will not lose their value.

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

**Natural Resources Investment Risk.** The Portfolio Managers intend to make investments in the natural resources industry, which may include, but are not limited to, companies involved in, or supporting, exploration for, or the extraction, development, growth, production, storage, transport or distribution of, natural resources and the related infrastructure. These types of investments are subject to a variety of risks, not all of which can be foreseen or quantified. For instance, the value of investments in companies in natural resources industries can be significantly affected by (often rapid) changes in supply of, or demand for, various natural resources. The value of such investments may also be affected by changes in energy prices, international, political and economic developments, bankruptcy of key customers or suppliers, merger and acquisition activity, environmental incidents, weather, crop disease, breakdowns in facilities, war, acts of terrorism and other catastrophes (including, but not limited to, earthquakes, hurricanes, tornados, floods and disease), energy conservation, new technology, the success of exploration projects, changes in commodity prices, tax regulations and domestic and non-U.S. governmental programs and regulations and changes thereto including with respect to the production, transportation and/or sale of commodities. Investments in interests in oil, gas or mineral exploration or development programs, including pipelines, may be held through master limited partnerships, which are generally subject to many of the risks that apply to partnerships and may also be subject to certain tax risks.

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

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

**Preferred Stocks.** The Portfolio Managers may invest in non-convertible preferred stocks, which may have fixed or variable dividend rates. Preferred stock generally has a preference as to dividends and liquidation over an issuer's common stock but ranks junior to debt securities in an issuer's capital structure. Unlike interest payments on debt securities, preferred stock dividends are payable only if declared by an issuer's board of directors. Preferred stock may be subject to optional or mandatory redemption provisions. The ability of preferred stocks to generate income is dependent on the earnings and continuing declaration of dividends by the issuers of preferred stocks.

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

**Concentration Risk.** Concentrating investments in the natural resources sector increases the risk of loss because the stocks of many or all of the companies in the sector may decline in value due to developments adversely affecting the sector as a whole.

**Lack of Asset Diversification.** The Firm may invest a significant portion of Client assets in the securities of a small number of issuers or indirectly in similar assets. As a result, Clients may be more susceptible to risks associated with a single economic, contract law, political or regulatory occurrence than a more diversified portfolio might be.

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

**Foreign Securities Risk.** Foreign securities are subject to political, regulatory, and economic risks not present in domestic investments, including, but not limited to, expropriation, confiscatory taxation, imposition of withholding or other taxes on dividends, interest, capital gains or other income, political or social instability, illiquidity, price volatility, and market manipulation. Less information may be available

regarding securities of non-U.S. issuers, and non-U.S. issuers may not be subject to accounting, auditing, and financial reporting standards and requirements comparable to or as uniform as those of U.S. issuers. In addition, when a Client buys securities denominated in a foreign currency, there are special risks such as changes in currency exchange rates and the risk that a foreign government could regulate foreign exchange transactions. In addition, to the extent that investments are made in a limited number of countries, events in those countries will have a more significant impact on the Client's portfolio.

**Euro-Related Risk.** The Firm may invest Clients in securities of issuers located in Europe. The recent global economic crisis brought several small economies in Europe to the brink of bankruptcy and many other economies into recession and weakened the banking and financial sectors of many European countries. Due to large public deficits, some European countries may be dependent on assistance from other European governments and institutions or multilateral agencies and offices. Assistance may be dependent on a country's implementation of reforms or reaching a certain level of performance. Failure to reach those objectives or an insufficient level of assistance could result in a deep economic downturn which could significantly affect the value of Client's European investments.

The Economic and Monetary Union of the European Union ("EMU") is comprised of the European Union members that have adopted the euro currency. By adopting the euro as its currency, a member state relinquishes control of its own monetary policies. As a result, European countries are significantly affected by fiscal and monetary controls implemented by the EMU. The euro currency may not fully reflect the strengths and weaknesses of the various economies that comprise the EMU and Europe generally.

It is possible that EMU member countries could abandon the euro and return to a national currency and/or that the euro will cease to exist as a single currency in its current form. The effects of such an abandonment or a country's forced expulsion from the euro on that country, the rest of the EMU, and global markets are impossible to predict, but are likely to be negative. The exit of any country out of the euro would likely have an extremely destabilizing effect on all eurozone countries and their economies and a negative effect on the global economy as a whole. In addition, under these circumstances, it may be difficult to value investments denominated in euros or in a replacement currency.

**Emerging Markets.** The Firm may invest Clients in securities of issuers located in "emerging markets" (less developed countries located outside of the United States). Investing in emerging markets involves not only the risks described in this section with respect to investing in non-U.S. securities, but also other risks, including, without limitation: political and economic considerations, such as greater risks of expropriation, confiscatory taxation, imposition of withholding or other taxes on dividends, interest, capital gains or other income, nationalization and general social, political and economic instability; fluctuations in the rate of exchange between currencies and costs associated with currency conversion; certain unpredictable government policies that may restrict Client's investment opportunities; and exposure to economic structures that are generally less diverse and mature than, and to political systems that can be expected to have less stability than, those of developed countries. Other characteristics of emerging markets that may affect investment include certain national policies that may restrict investment by foreigners in issuers or industries deemed sensitive to relevant national interests and the absence of developed structures governing private and foreign investments and private property. The typically small size of the markets of securities of issuers located in emerging

markets and the possibility of a low or nonexistent volume of trading in those securities may also result in a lack of liquidity and in price volatility of those securities.

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

**Illiquid Investments.** The Firm may from time to time invest Clients in restricted, as well as thinly traded, instruments and securities (including privately placed securities and instruments, which are assets which are subject to Rule 144A). There may be no trading market for these securities and instruments, and the Firm might only be able to liquidate these positions, if at all, at disadvantageous prices. As a result, Clients may be required to hold such securities despite adverse price movements. Despite good faith efforts at fair valuation, the valuation of these positions may prove to be materially inaccurate and, to have resulted in inflated Management Fees paid to the Investment Manager.

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

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

**Currency Risk.** Investments in foreign securities are often denominated and traded in foreign currencies. The value of a Client's assets may be affected favourably or unfavourably by currency exchange rates, currency exchange control regulations, and restrictions or prohibitions on the repatriation of foreign currencies.

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

#### **Item 9 – Disciplinary Information**

Not applicable.

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

Not applicable.

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

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

SailingStone has adopted a Code of Ethics in compliance with Rule 204A-1 under the Investment Advisers Act of 1940, that establishes standards of conduct for its Supervised Persons (as defined below). The Code of Ethics includes general requirements that Supervised Persons comply with their fiduciary obligations to Clients and applicable securities laws, and specific requirements relating to, among other things, personal trading, insider trading, conflicts of interest and confidentiality of Client information. It requires Supervised Persons to comply with the personal trading restrictions described below and periodically to report their personal securities transactions and holdings to SailingStone's Chief Compliance Officer (the "CCO"), and requires the CCO to review those reports. It also requires Supervised Persons to report any violations of the Code of Ethics promptly to the CCO. Each Supervised Person receives a copy of the Code of Ethics and any amendments to it and must acknowledge in writing having received those materials.

Annually, each Supervised Person must certify that he or she complied with the Code of Ethics during the preceding year. Investors may obtain a copy of SailingStone's Code of Ethics by contacting the CCO, telephone (415) 429-5198, email [compliance@sailingstonecapital.com](mailto:compliance@sailingstonecapital.com).

Under SailingStone's Code of Ethics, personal security transactions policies and procedures apply to all accounts holding any securities or commodities over which any partner, officer, director (or other person occupying a similar status or performing similar functions), employee or other person who provides investment advice on behalf of SailingStone and is subject to the supervision and control of SailingStone (each a "Supervised Person") has any beneficial ownership interest, which typically includes accounts held by immediate family members sharing the same household.

Supervised Persons are permitted to continue to hold individual equities owned before the beginning of their SailingStone employment. However, once employed by SailingStone, Supervised Persons are prohibited from purchasing single stock securities. Supervised Persons can invest in a limited number of specified types of securities.

Supervised Persons must receive prior CCO approval of trades in permissible types of securities, except for transactions in U.S. and foreign government securities, municipal bonds, mutual funds (except for those sub-advised by the firm), and certain index funds and exchange traded funds. Trades in these excepted securities may be made without preapproval. Subject to limited exceptions, Supervised Persons must submit to the CCO quarterly reports regarding securities transactions and newly opened accounts, as well as annual reports regarding holdings and existing accounts.

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

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

C. Investing Personal Money in the Same Securities as Clients

SailingStone's policies and procedures prohibit its Employees and related persons from trading in single stock securities.

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

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

### **Item 12 – Brokerage Practices**

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

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

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

Broker-dealers serving as primary market makers may be compensated by commission or from the purchase price proceeds. Purchases of underwritten public offerings or private placements include a commission or a concession paid by the issuer to a member of the underwriting syndicate or selling group.



As permitted by Section 28(e) of the Securities Exchange Act of 1934, as amended (“Exchange Act”), SailingStone may, on behalf of a Client, pay a broker or dealer that provides “brokerage and research services” (as defined in the Exchange Act) to SailingStone an amount of commission for effecting a portfolio investment transaction in excess of the amount of commission that another broker or dealer would have charged for effecting that transaction, if SailingStone determines in good faith that such amount of commission was reasonable in relation to the value of the brokerage and research services provided by such broker or dealer, viewed in terms of either that particular transaction or SailingStone’s overall responsibilities to the Client and to other Client accounts over which SailingStone exercises investment discretion. Such research services include proprietary research created internally by a broker or by a third-party provider (and made available to SailingStone by a broker) such as, for example, individual stock information and research, industry and sector analysis, and discussions with individual stock analysts. In addition, a broker may accumulate credits for SailingStone’s account and use them to purchase brokerage and research services at SailingStone’s discretion and based on SailingStone’s determination of the relative benefits of the various services available for purchase. These arrangements are commonly known as “commission sharing arrangements.” Accordingly, SailingStone’s Clients may be deemed to be paying for research and these other services with “soft” or commission dollars. SailingStone also may receive soft dollar credits based on certain “riskless” principal securities transactions with brokerage firms. With respect to certain products and services used for both research/brokerage and non-research/brokerage purposes, SailingStone allocates the costs of such products and services between their research/brokerage and non-research/brokerage uses, and uses soft dollars to pay only for the portion allocated to research/brokerage uses. Examples of products and services used for non-research/brokerage purposes (and not paid for with soft dollars) include equipment, exchange data (e.g., quotes, volume), and access to research by SailingStone’s traders and performance analyst.

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

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

SailingStone's relationships with brokerage firms that provide soft dollar services to SailingStone (including brokerage firms that participate in commission sharing arrangements) may influence SailingStone's judgment and create conflicts of interest, both in allocating brokerage business between firms that provide soft dollar services and firms that do not, and in allocating the costs of mixed-use products between their research and non-research uses. When SailingStone uses Client brokerage commissions to obtain research or other products or services, SailingStone receives a benefit because it does not have to produce or pay for such research, products, or services. As such, SailingStone has an incentive to select or recommend a broker-dealer based on SailingStone's interest in receiving the research or other products or services, rather than on SailingStone's Clients' interest in receiving most favorable execution. Client trades executed through these brokers or any other brokerage firm may not be at the lowest price otherwise available, but SailingStone believes that these relationships are beneficial generally to both SailingStone and its Clients. SailingStone maintains policies and procedures designed to address such conflicts.

Research furnished by brokers or dealers or pursuant to credits accumulated at brokers or dealers through commission sharing arrangements may be used in servicing any or all of SailingStone's Clients and may be used for Client accounts other than those that pay commissions to the broker or dealer providing the research.

SailingStone maintains detailed information regarding the services and products it receives from brokers (including services and products received through commission sharing arrangements) and periodically evaluates the nature and quality of these services and products by means of a quarterly internal voting process during which SailingStone's portfolio managers and research analysts rank brokers based on the nature and quality of the services and products they have provided. Taking into account SailingStone's obligation to seek best execution, traders typically allocate orders and divide commissions based on such evaluations, as well as on their own quarterly review of broker-dealer capabilities.

Subject to applicable law, SailingStone may cause a Client to buy or sell securities directly from or to another Client, if such a "cross-transaction" is in the interests of both such Clients. Because SailingStone represents the interests of both the buyer and the seller in such transactions, it may have an incentive to treat more favorably the Client that pays SailingStone higher fees. To address this conflict, SailingStone follows procedures with respect to "cross-transactions."

#### Trade Errors

SailingStone attempts to minimize trade errors by promptly reconciling confirmations with trade tickets, and by reviewing past trade errors to understand the internal control breakdown that caused the errors. SailingStone will bear any costs associated with correcting any error. However, to the extent that SailingStone can demonstrate that a broker-dealer was partly or entirely responsible for a trade error, that broker-dealer may be asked to bear part or all of the cost of the error. The CCO will retain documentation showing the broker-dealer's responsibility in the trade error file.

### **Item 13 – Review of Accounts**

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

A portfolio manager regularly reviews the portfolios of each Client account managed by SailingStone to determine whether to take any action for that portfolio, based on its investments objectives, policies, and assets and more generally, based on SailingStone's review of economic and market conditions.

Client portfolios are reviewed relative to any investment restrictions applicable to Client's portfolio's investment policies by trading and compliance personnel pre and post trade.

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

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

C. Content and Frequency of Regular Reports

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

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

A. Economic Benefits Provided by Third Parties

Not applicable.

B. Compensation to Non-Advisory Personnel for Client Referrals

Not applicable.

### **Item 15 – Custody**

Clients should expect to receive quarterly or more frequent account statements from their custodians. Clients should compare the account statements received from their custodians with the reports received from SailingStone and should contact SailingStone if custodian's statements are not received at least quarterly.

### **Item 16 – Investment Discretion**

SailingStone accepts discretionary authority to manage securities accounts on behalf of its Clients. Before accepting discretionary authority, SailingStone enters into a written agreement with Clients. In the case of a Client with a separately managed account, this agreement includes investment guidelines describing the strategy, the Client's investment objective, any restrictions on SailingStone's management of the account, and a benchmark. See Item 4, "Advisory Business," for examples of the types of restrictions that a Client may impose. Certain investment restrictions may limit SailingStone's ability to execute the Strategies and may reduce performance as a result. SailingStone will exercise discretionary authority with respect to the mutual funds for which it intends to serve as the sub-adviser in accordance with the strategy, objective, restrictions, and benchmark set forth in each such mutual fund's prospectus.

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

SailingStone has retained the services of Institutional Shareholder Services, Inc. ("ISS"), which provides research and recommendations on proxy voting issues. SailingStone has instructed ISS to provide a recommendation to SailingStone regarding voting decisions on behalf of each of SailingStone's Client accounts based solely on the considerations described in the detailed proxy voting guidelines that ISS periodically provides to SailingStone. SailingStone may instruct ISS to vote in a manner other than that recommendation if SailingStone deems it in the best interests of SailingStone's Client accounts. In certain cases, SailingStone may decide not to vote a proxy on behalf of a particular account if it determines that the proposal will not have a material effect on the investment strategy pursued by SailingStone for that account. If SailingStone does not affirmatively instruct ISS to vote or abstain from voting in a particular manner, ISS will vote in accordance with its recommendation.

If a material conflict of interest over proxy voting arises between SailingStone and a Client, SailingStone will, in its exclusive discretion, either (a) vote the proxy through ISS in accordance with ISS' recommendation or (b) notify the Client of the conflict and request that the Client consent to SailingStone's intended response to the proxy solicitation. If the Client consents to SailingStone's intended response or fails to respond to the notice within a reasonable period of time specified in the notice, SailingStone will vote the proxy as described in the notice. If the Client objects to SailingStone's intended response, SailingStone will vote the proxy as directed by the Client.

An investor may obtain a copy of SailingStone's proxy voting policy and a record of votes cast by SailingStone on behalf its Clients by contacting compliance at SailingStone Capital Partners LLC, One California Street, 30th Floor, San Francisco, CA 94111, (415)429-5198 or [compliance@sailingstonecapital.com](mailto:compliance@sailingstonecapital.com).

## **Item 18 – Financial Information**

SailingStone does not require or solicit prepayment of fees six months or more in advance and its financial condition is not such that it is reasonably likely to impair its ability to meet contractual commitments to Clients.

## **Additional Information**

### **Privacy Policy**

SailingStone:

- collects non-public personal information about its Clients from the following sources:
  - information received from Clients on applications or other forms, and
  - information about Clients' transactions with SailingStone its affiliates or others;
- does not disclose any non-public personal information about their Clients or former Clients to anyone, except as permitted by law;
- restricts access to non-public personal information about their Clients to their employees who need to know that information to provide services to Clients; and
- maintains physical, electronic and procedural safeguards that comply with federal standards to guard Clients' and investors' personal information.

### **Class Action Policy**

SailingStone's standard investment management agreement authorizes the Firm to direct Client participation in class actions. The CCO will determine whether Clients will (a) participate in a recovery achieved through a class action, or (b) opt out of the class action and separately pursue their own remedy. The CCO oversees the completion of Proof of Claim forms and any associated documentation, the submission of such documents to the claim administrator, and the receipt of any recovered monies. The CCO will maintain documentation associated with Clients' participation in class actions.