

Part 2A of Form ADV: *Firm Brochure*

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This brochure provides information about the qualifications and business practices of Schwerin Boyle Capital Management, Inc. (“Schwerin Boyle”), an investment adviser registered with the United States Securities and Exchange Commission (“SEC”). If you have any questions about the contents of this brochure, please contact us at (413) 784-0990. The information in this brochure has not been approved or verified by the SEC or by any state securities authority.

Additional information about Schwerin Boyle also is available on the SEC’s website at www.adviserinfo.sec.gov. You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 105004.

Although we refer to ourselves as a registered investment adviser, registration does not imply a certain level of skill or training.

Item 2 Material Changes

The SEC adopted "Amendments to Form ADV" in July 2010. This Firm Brochure, dated 2/5/19, is our disclosure document prepared according to the SEC's requirements and rules. Item 2 is used to provide our clients with a summary of new and/or updated information. We will inform you of the revision(s) based on the nature of the updated information.

Consistent with the SEC rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business's fiscal year. Furthermore, we will provide you with other interim disclosures about material changes as necessary.

Material Changes

Since the last distribution of this brochure to Clients in April 2018, we have made the following material changes.

- Item 4 – Advisory Business: Daniel P. Boyle is the sole member controlling 25% or more of this company. Andrew T. Henshon is no longer a shareholder.
- Item 13 – Review of Accounts (Schwerin Boyle's primary client contact representatives): Andrew T. Henshon resigned from the company in December 2018 and is no longer affiliated with Schwerin Boyle or its affiliates. In addition to Daniel P. Boyle and Richard. E. Teel, Rory P. O'Brien, Vice President, is now also listed as a primary client contact representative.

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Item 4 Advisory Business

Schwerin Boyle is an SEC-registered investment adviser with its principal place of business located in Springfield, MA. Schwerin Boyle began conducting business in 1989.

Listed below are the firm's principal shareholders (i.e., those individuals and/or entities controlling 25% or more of this company).

- Daniel P. Boyle, President

Schwerin Boyle offers the following advisory services to our clients:

INDIVIDUAL PORTFOLIO MANAGEMENT

In the case of "separately managed accounts" ("SMA"), Schwerin Boyle manages investment advisory accounts (not involving investment supervisory services), and focuses almost entirely on securities with equity characteristics (e.g., common stocks, convertible bonds and preferreds, and real estate investment trusts) and generally does not allocate clients' funds into different asset classes. Schwerin Boyle's goal is for these client accounts to be fully invested; however, when we are unable to find undervalued securities, cash positions may represent a significant portion of a client's portfolio, and Schwerin Boyle reserves authority to maintain cash positions for SMA clients. In general, each client grants to Schwerin Boyle full and complete investment discretion as to which securities to purchase, as to the amount of those securities and as to when to buy and sell those securities. Schwerin Boyle generally uses the same investment strategy for all SMA clients and does not tailor portfolios based on individual client needs. However, holdings in each such account may be different due to timing of client deposits, cash availability, liquidity of securities traded for client accounts, certain limited investment restrictions, and tax matters, among other things. In limited instances, we may accept investment restrictions on SMA accounts. See "Investment Discretion" (Item 16) for more information regarding account restrictions.

PRIVATELY OFFERED POOLED INVESTMENT VEHICLE

The principal of Schwerin Boyle is also the majority principal of Eldaro Investors, LLC ("Eldaro"), a Massachusetts limited liability company that acts as general partner to Double Play Partners Limited Partnership, a Massachusetts limited partnership ("Double Play"). Double Play has retained Schwerin Boyle to serve as its investment adviser.

Limited partnership interests in Double Play may be recommended to advisory clients for whom a partnership investment may be suitable for a portion of their assets in place of, or in addition to, a separate advisory account managed by our firm. Limited partnership interests in Double Play generally will be sold only to a limited number of persons who are "accredited investors" under Federal and state securities laws and who otherwise are capable of evaluating and bearing the risk of investment. It is anticipated that the interests in Double Play will be exempt from the registration provisions of the Securities Act of 1933 under Section 4(2), and outside of required disclosure for regulatory purposes. An offering of interests in Double Play is made only by an official Offering Memorandum.

In the case of Double Play, Schwerin Boyle invests primarily in equity securities of publicly-traded United States companies; however, it may make all manner of investments, including without limitation, investments in debt securities, private companies, foreign markets, and

interests in partnerships and trusts of all types. In addition, from time to time, Double Play may use a wide range of investment techniques to enhance returns or control risk, including leverage, short sales, equity and index options, warrants and other derivatives.

AMOUNT OF MANAGED ASSETS

As of 12/31/2018, we were actively managing \$907,239,732 of clients' assets on a discretionary basis.

Item 5 Fees and Compensation

PORTFOLIO MANAGEMENT SERVICES FEES

As compensation for advisory services rendered to its SMA clients, Schwerin Boyle will charge an annual fee of 1.0% of the net asset value of a client's account. We will bill quarterly at the rate of 0.25% of the net asset value of a client's account at the end of each three-month period on a calendar basis (the "Quarterly Fee"). In the investment advisory agreement, Schwerin Boyle and each client agree that Schwerin Boyle can deduct fees directly from the client's managed account. However, clients can pay advisory fees directly or instruct Schwerin Boyle, in writing, to bill a third party.

In the case of substantial additions or withdrawals of capital during a billing period, Schwerin Boyle may increase or reduce the Quarterly Fee, as appropriate. We may negotiate the Quarterly Fee with certain clients. Schwerin Boyle may charge certain of its clients a lower fee if a client enters into a fee arrangement in lieu of commissions with certain brokerage firms, or for other reasons. Schwerin Boyle does not charge fees until after service is provided; therefore there is no procedure for client refunds.

Schwerin Boyle charges Double Play a quarterly management fee, payable in arrears, equal to one eighth of one percent (.125%) of Double Play's net assets (excluding the value of net assets allocated to Eldaro, as general partner, and to limited partners who are also a Manager and/or Member of Eldaro) calculated as of the close of business on the last day of the calendar quarter.

Eldaro receives no management fee but does receive performance-based compensation in the form of an annual 15% incentive allocation in connection with services provided as general partner to Double Play.

GENERAL INFORMATION

Termination of the Advisory Relationship: An SMA client agreement may be canceled at any time, by either party, for any reason upon receipt of written notice. In case of termination, Schwerin Boyle's fee will be pro-rated to the date of termination.

Additional Fees and Expenses: In addition to our advisory fees, SMA clients are also responsible for the fees and expenses charged by custodians and imposed by broker dealers, including trading commissions, other transaction charges, and custodial and account maintenance fees. Please refer to the "Brokerage Practices" section (Item 12) of this Brochure for additional information.

Advisory Fees in General: Clients should note that similar advisory services may be available from other registered (or unregistered) investment advisers for similar or lower fees.

No Prepayment of Fees: Under no circumstances do we require or solicit payment of fees in advance of services rendered.

Hedge Fund Expenses: In addition to the management fees and any performance-based compensation, investors in Double Play also bear other expenses that are described in Double Play's Offering Memorandum.

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

Eldaro, an affiliate of Schwerin Boyle, receives performance-based compensation in its capacity as general partner of Double Play. Schwerin Boyle does not charge performance-based fees for SMA clients but charges an asset-based fee. (See the "Fees and Compensation" section (Item 5) of this Brochure for additional information.)

Where an investment adviser manages accounts that pay performance-based compensation, while other accounts only pay asset-based fees, the investment adviser may have an incentive to favor its performance-based account clients over other clients. The performance-based compensation associated with Double Play may be significantly higher than the asset-based fees paid on SMA accounts. Additionally, Schwerin Boyle's related persons have significant personal investments in Double Play. This presents a conflict of interest. As a result, Schwerin Boyle has the incentive to favor the performance-based client over other clients by allocating investment opportunities to the performance-based account (Double Play). Finally, because performance-based compensation is not paid unless Double Play achieves a certain level of performance, the performance allocation arrangement may create an incentive for Schwerin Boyle to make investments that are riskier or more speculative than might be the case in the absence of an allocation based on performance.

We believe that this conflict of interest is mitigated, however, by differentiated investment strategies, different portfolio managers for the SMAs and Double Play (each with independent authority over their portfolios), and firm policies for the fair handling of trades. See "Methods of Analysis, Investment Strategies and Risk of Loss" (Item 8) and "Code of Ethics, Participation or Interest in Client Transactions and Personal Trading" (Item 11)" for further information.

Item 7 Types of Clients

Schwerin Boyle provides advisory services to the following types of clients:

- Individuals (other than high net worth individuals)
- High net worth individuals
- Pension and profit sharing plans (other than plan participants)
- Hedge funds and limited partnerships that have SMA accounts
- Charitable organizations
- Corporations or other businesses not listed above
- Double Play, a hedge fund

Schwerin Boyle requires a minimum of \$1,000,000 of assets under management for SMA clients. This account size may be negotiable under certain circumstances.

Requirements for investing in Double Play are contained in the fund's offering materials.

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

We use the following investment strategies and methods of analysis in formulating our investment advice and/or managing client assets.

In all cases, you should know that investing in securities involves a risk of loss of capital that you should be prepared to bear. We attempt to mitigate risk by diversification and tending to stick with well-financed companies so that a company's financial leverage should not be a large, negative factor. In general, we tend to invest for the long run.

Investing in U.S. Common Stocks. The primary investment strategy followed in our clients' portfolios is to identify and purchase a group of U.S. companies (U.S. listed common stocks primarily for our SMA portfolios) whose shares sell below our estimates of intrinsic value. We believe that over time stock prices and the underlying values converge, and we seek to enhance portfolio returns by capturing some of our estimated discounts.

We use two fundamental approaches to value businesses in which we are investing, one focusing on the ability of a business to generate recurring free cash flow ("FCF"), and the other using a sum-of-the-parts to determine a Net Asset Value ("NAV").

When looking at FCF, we consider the enduring nature of the business, the amount of capital the business needs for fixed assets and working capital, the expected inflation rate and the real growth rate of the economy, as well as other factors. We also calculate the total enterprise value ("TEV") of the company by adding the market capitalization (price of the stock times the number of shares) to the total debt, making some other adjustments as well. By dividing the FCF by the TEV, we get the percentage return, which we call FCF yield, that we would obtain if we owned 100% of that business. Our basic assumption is that the FCF yield will grow at the same nominal rate as the economy. We then compare that total return to bond rates. In order to buy the stock of a company, we require a return that is considerably higher than long-term government bond rates.

We use the NAV approach for certain kinds of businesses including holding companies which own partial interests in other companies, companies that own real estate, oil and gas producing properties, and closed-end funds. We attempt to value each of the assets of such companies, and then subtract the liabilities. We only purchase the stocks of such companies at a considerable discount to our estimate of Net Asset Value.

Both methods of analysis offer considerable risk since our estimates of value are just that, estimates. Our desire to buy companies at a discount to our appraised value is partly an acknowledgment that our estimates are likely to have errors. Thus the discount offers a margin of safety to those estimates. Over the years we have lost money in a number of our investments because we have made mistakes in our valuations, mistakes that turned out to be greater than our "margin of safety".

Our mistakes take many forms. With regard to the FCF method, one of the most egregious has been finding that the FCF is not nearly as enduring as we expected. Such miscalculations can have severe consequences to the business values. Other risks include management not using

FCF wisely, the nature of the business changing to require more capital investment than we expected, economic recessions impacting our nominal growth assumptions, and higher than expected inflation. With regard to the NAV approach, risks include difficulty in getting accurate information on some of the individual parts of a holding company, changes in the economics of the subsidiary businesses, and managements that sell assets below our estimated value.

Another risk involves the financial leverage of the companies in which we invest. A small decline in asset value of a highly leveraged company may have a major impact on the value of that company's equity. For that reason, we tend to avoid highly leveraged companies. However, certain businesses such as banks are highly leveraged by their nature. We have owned a few banks and other financial companies that have failed, their stocks becoming worthless.

Cash Positions. From time to time, we may hold cash positions of varying sizes in our clients' portfolios. While a large cash position may lessen the impact on a portfolio of a market decline, it will also act as a drag when the market rises. We are not market timers and a large cash position is simply the result of our inability to find enough attractive opportunities that meet our criteria to get fully invested.

Additional Investment Strategies and Risks Specific to Double Play. *The following is a summary of the additional investment strategies we employ in our management of Double Play and the risks associated with such strategies. The Offering Memorandum for Double Play contains more detailed information relating to these strategies and risks.*

- **Foreign Companies.** We invest in foreign companies in their native currencies using the same methods of valuation to determine which stocks to purchase in foreign markets as we do in the U.S. Foreign stocks carry all the same risks as the U.S. stocks, but they entail additional risks as well. We do not hedge foreign currencies, so there is the risk of currency devaluation. We have no ability to read other languages than English, so in many countries we cannot look at the source documents. The laws in some countries are less favorable to minority shareholders than in the U.S. The governments and financial controls in certain countries are less stable than in the U.S. We generally require higher expected rates of return for foreign investments due to these extra risks. However, there is no guarantee that our anticipated return will be enough to compensate us for these additional risks of investing in other countries.
- **Debt Securities.** We may invest in lower grade debt securities, in particular debt securities of companies that may be at risk of default or where the company has already gone bankrupt. These securities tend to have more characteristics of equities than debt, and in some cases we may receive equity securities when the companies exit bankruptcy. Thus these securities have all the risks of owning stocks plus additional risks, such as the risk that we may not receive what we expect in the bankruptcy proceeding or the risks that the company may emerge from bankruptcy more leveraged than we would like, reducing its flexibility compared to its competitors.
- **Capital Structure Arbitrage.** We may buy the debt of a company and sell short the common stock of the same company in circumstances where perceptions of a company's debt and equity securities are out of alignment and we believe that eventual alignment of perceptions will enable us to realize a profit. However, perceptual convergence does not guarantee a profit, and there is a risk that a loss on one side of the transaction may exceed any gain on the other.

- **Merger Arbitrage.** If a merger is announced, we may buy shares in the acquiree and sell the shares short of the acquirer in order to potentially profit from a spread between the two values. However, any profit to be made may be small, and there is a risk of a large loss if the deal falls apart.
- **Paired Trading.** We may simultaneously purchase and sell short stock of two companies in the same industry that are priced at significantly different levels based upon our analysis of their underlying value. While our hope is that the values converge, there may be legitimate reasons for the price discrepancy, which could cause the price discrepancy to widen and result in a loss in the overall position.
- **Short Selling.** Capital structure arbitrage, merger arbitrage, and paired trading all involve short selling, the process of borrowing securities to sell them with the obligation to repurchase the shares so that the share loan can be repaid. Double Play also may periodically sell short shares of overvalued companies. Short selling has some significant risks, the main one being that a short sale could lose more than 100% of the initial investment. Sometimes, the lender of the shares wants them back, and unless they could be borrowed elsewhere, Double Play could be forced to buy back the shares in the market earlier than planned, causing a loss. To engage in short selling, a margin account has to be established, which entails its own risks.
- **Margin Account.** Besides needing a margin account to sell short, Double Play may borrow up to 50% of its capital to make additional purchases. This leverage amplifies returns, both positive and negative. Additionally, use of the margin account could lead to interest charges and/or untimely forced selling of long positions.

Item 9 Disciplinary Information

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

Our firm and our management personnel have no reportable disciplinary events to disclose.

Item 10 Other Financial Industry Activities and Affiliations

Daniel P. Boyle is a Director of Mestek, Inc., a company that Schwerin Boyle has invested in on behalf of its clients. Mr. Boyle receives nominal compensation in this capacity. Mr. Boyle's primary motivation as both a Director and a shareholder representative is to maximize the company's long-term shareholder value. Nevertheless, a potential conflict of interest exists between his dual roles. As a Mestek Director, Mr. Boyle will be required to act in a way that furthers the best interests of the corporation and its shareholders. These duties may, under certain circumstances, appear to be inconsistent with Schwerin Boyle's duties to its clients. Mr. Boyle's time commitments to Mestek may from time to time result in conflicting demands for Mr. Boyle's time. Schwerin Boyle will also be restricted from trading in Mestek shares when Mr. Boyle is in possession of material non-public information. However, because the stock is thinly traded, the value of Mr. Boyle's participation in guiding the business of Mestek is expected to be greater than any foregone trading opportunities in Mestek's common stock. On the whole, Schwerin Boyle expects the benefits to its clients from Mr. Boyle's position as a Mestek Director will outweigh its disadvantages. Mr. Boyle has expressed an intention to resign as a Mestek Director if the expected net benefits to Schwerin Boyle's clients are not realized. Schwerin

Boyle will vote the Mestek proxies in accordance with its Proxy Voting Policies.

Hedge Fund:

As described previously in this Brochure, the owner of Schwerin Boyle is also the majority owner of Eldaro. Our firm is the investment adviser to Double Play, a privately offered pooled investment vehicle, and Eldaro is Double Play's general partner. Please refer to "Advisory Business" (Item 4), "Fees and Compensation" (Item 5), and "Performance-Based Fees and Side-by-Side Management" (Item 6) of this Brochure for a detailed explanation of this relationship and important conflict of interest disclosures.

Because investment in these types of entities may involve certain additional degrees of risk, they will only be recommended when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability.

Because we receive performance-based compensation from Double Play, the firm has an incentive to over-allocate firm resources to Double Play, to the detriment of the SMA clients. This conflict of interest is mitigated by the fact that different portfolio managers manage the SMAs and Double Play, each with independent authority over their portfolios.

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

Our firm has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws.

Schwerin Boyle and our personnel owe a duty of loyalty, fairness and good faith towards our clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code.

Our Code of Ethics is designed to assure that the personal securities transactions, activities and interests of our employees will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

Our Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the firm's access persons (as defined in #5 below). Among other things, our Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Our code also provides for oversight, enforcement and recordkeeping provisions.

Schwerin Boyle's Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. All employees are reminded that such information may not be used in a personal or professional capacity.

A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by calling us at (413) 784-0990.

Our firm and/or individuals associated with our firm may buy or sell for their personal accounts securities identical to or different from those recommended to our clients. In addition, any related person(s) may have an interest or position in a certain security(ies) which may also be

recommended to a client.

It is the expressed policy of our firm that no person employed by us may purchase or sell any security (in accordance with firm's Code of Ethics) prior to an anticipated transaction being implemented for an advisory account, thereby preventing such employee(s) from benefiting from transactions placed on behalf of advisory accounts. Also, employee account orders (where employees have SMA accounts) are never aggregated with client account orders. (It should be noted, however, that Double Play is a client and some of our employees are also limited partners in Double Play).

Client orders may be aggregated under certain circumstances, and execution prices for identical securities purchased or sold on behalf of multiple accounts in any single business day may be averaged. The allocation of the executed portion of such trades, as well as the order in which trades are entered for all client accounts, is based upon a determination of fairness and suitability by Schwerin Boyle's investment personnel considering the individual factors involved in executing each investment idea, which may include clients' position sizes and cash balances, total trade size, market price, liquidity, access to trading venues, transaction costs, and logistical and operational elements. In certain cases where the client selects the broker-dealer, the client may forego any benefit that might otherwise be derived from a favorable execution on the aggregated orders of multiple clients at certain brokerage firms.

Although the respective investment goals of Schwerin Boyle's SMA client accounts and Double Play will generally, but not always, lead each to different investments, there may be occasions when both SMA clients and Double Play will purchase (or sell) the same security. In such instances, orders placed for Double Play may be aggregated with those of the SMA clients if it is determined by Schwerin Boyle that such aggregation is fair for all client accounts. Trades made for both Double Play and the SMA clients will be made in accordance with the applicable investment strategies and other factors thereof, including but not limited to, cash availability, liquidity of the security and certain risk characteristics associated with the security.

As these situations represent actual or potential conflicts of interest to our clients, we have established the following policies and procedures for implementing our firm's Code of Ethics, to ensure our firm complies with its regulatory obligations and provides our clients and potential clients with full and fair disclosure of such conflicts of interest:

1. No principal or employee of our firm may put his or her own interest above the interest of an advisory client.
2. No principal or employee of our firm may buy or sell securities for his or her personal portfolio(s) where his or her decision is a result of insider information received as a result of his or her employment unless the information is also available to the investing public.
3. It is the expressed policy of our firm that no person employed by us may purchase or sell any security prior to an anticipated transaction being implemented for an advisory account. This prevents such employees from benefiting from transactions placed on behalf of advisory accounts.
4. Our firm requires prior approval for any IPO or private placement investments by related persons of the firm. No employee shall make a transaction for a family account in any security, subject to exempt securities (listed in Firm's Code of Ethics), without the prior approval of a supervisory employee.
5. We maintain a list of all reportable securities holdings for our firm and anyone associated

with this advisory practice that has access to advisory recommendations ("access person"). These holdings are reviewed on a regular basis by our firm's Chief Compliance Officer or his/her designee.

6. We have established procedures for the maintenance of all required books and records.
7. All of our principals and employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
8. We require delivery and acknowledgement of the Code of Ethics by each supervised person of our firm.
9. We have established policies requiring the reporting of Code of Ethics violations to our senior management.

Additionally, different portfolio managers, each with independent authority over their respective portfolios, manage the SMA accounts and Double Play.

From time to time Schwerin Boyle or related persons may recommend to SMA clients that they buy interests in Double Play. No purchases of interests in Double Play will be effected by Schwerin Boyle with the assets from the account of any SMA client without the client's express written permission. Persons who purchase interests in Double Play are provided with an Offering Memorandum and Limited Partnership Agreement which describe in detail the conflicts of interest peculiar to Double Play. See "Advisory Business" (Item 4), "Fees and Compensation" (Item 5), "Performance-Based Fees and Side-By-Side Management" (Item 6) and "Other Financial Industry Activities and Affiliations" (Item 10) of this Brochure for more information regarding Double Play and its associated conflicts of interest.

Item 12 Brokerage Practices

Schwerin Boyle provides discretionary SMA clients with the option to delegate to us with written authority, in our investment advisory agreement, the discretion to determine the broker dealer to use and the commission costs that will be charged to these clients for these transactions. Clients may change or amend instructions regarding brokerage and commissions in writing in an amendment to their investment advisory agreement.

However, the vast majority of our clients direct us as to the broker dealer to be used for all client securities transactions. In directing the use of a particular broker or dealer, it should be understood that we may not have authority or ability to negotiate commissions among various brokers, and best execution may not be achieved, resulting in higher transaction costs for clients. Moreover, trade order entry may be determined by the broker-dealer selected by the client. We reserve the right to decline acceptance of any client account for which the client directs the use of a broker-dealer if we believe that this choice would hinder its fiduciary duty to the client and/or its ability to service the account.

The client may negotiate the commission rates paid by the client directly with the directed broker-dealer. Alternatively, the client may authorize Schwerin Boyle to negotiate the commission rates with the directed broker-dealer. In certain cases where the client selects the broker-dealer, the client may pay brokerage commission rates that are higher or lower than rates that Schwerin Boyle may be able to negotiate with various broker-dealers.

If an SMA client wishes to hold his or her securities at a brokerage firm, and if such client has no existing relationship with a broker-dealer that he or she wishes to continue, Schwerin Boyle may suggest one or a number of broker-dealers for the client to consider. Factors used in broker-dealer selection might include geographical location, support services including quality of operational staff, and ability to execute a wide range of transactions. In addition, for operational efficiency, Schwerin Boyle may suggest that the client allow his or her account to be handled by a broker-dealer with whom Schwerin Boyle has an existing relationship. Schwerin Boyle does not receive any form of compensation for these referrals.

With regard to both Double Play and the SMA clients that have granted Schwerin Boyle full authority to determine which broker-dealer to use and the amount of commission rates to pay, such broker-dealers involved in the execution of portfolio transactions on behalf of clients are selected based on a number of factors including their professional capability and the value and quality of their services. In selecting such broker-dealers, Schwerin Boyle also considers various other relevant factors, which may include the size and type of the transaction; the nature and character of the markets for the security to be purchased or sold and the broker-dealer's ability to access those markets; the execution efficiency, settlement capability, and financial condition of the broker-dealer firm; the broker-dealer's execution services rendered on a continuing basis; and the reasonableness of any commissions. Broker-dealers who execute portfolio transactions on behalf of a client may receive commissions that are in excess of the amount of commissions that other broker-dealers may have charged for effecting such transactions.

Although Schwerin Boyle does not have any formal soft-dollar arrangements, we may select broker-dealers that provide client referrals to us or brokerage, research, or other services to the client and/or other accounts over which Schwerin Boyle exercises investment discretion and/or who provide brokerage and research services for the benefit of Schwerin Boyle. Research and brokerage services may include, without limitation, advice concerning the value of securities; the advisability of investing in, purchasing or selling securities; the availability of securities; furnishing analyses and reports concerning issuers, industries, securities, economic factors and trends, and portfolio strategy; and effecting securities transactions and performing functions incidental to those transactions (such as clearance and settlement). The receipt of research from broker-dealers may be useful to Schwerin Boyle in rendering investment management services to one client or to many clients and, in addition, such information provided by broker-dealers who have executed transaction orders on behalf of any clients of Schwerin Boyle may be useful to Schwerin Boyle in carrying out its general obligations. It is not anticipated that the receipt of such research should reduce Schwerin Boyle's normal independent research activities; however, it should enable Schwerin Boyle to avoid the additional expenses which might otherwise be incurred if it were to attempt to develop comparable information through its own staff. The receipt of client referrals and/or research from broker-dealers may create a conflict of interest because Schwerin Boyle has an incentive to select a broker-dealer based on the frequency of client referrals and/or the value of the research it receives (thus saving Schwerin Boyle the expense of purchasing or producing it), rather than selecting a broker-dealer based solely on most favorable execution.

Schwerin Boyle uses no formal procedures in directing client transactions to a particular broker-dealer but determines in good faith that the commissions paid to a broker-dealer are reasonable in relation to the value of the brokerage and/or research services provided by such executing broker-dealers. The value of such brokerage and research services may be with respect to a

particular transaction for one or more clients or the value that such brokerage and research services provide to Schwerin Boyle and its clients, taken as a whole. The reasonableness of such commissions is determined based on the experience of Schwerin Boyle's employees and by periodic review of the competitive charges within the investment industry for similar services.

Schwerin Boyle will aggregate trades where possible and when advantageous to clients. This aggregation of trades permits the trading of blocks of securities composed of assets from multiple client accounts. Our ability to aggregate trades may be limited by a client's selection of a particular broker dealer. Schwerin Boyle is typically unable to aggregate trades across different broker dealers.

Block trading may allow us to execute equity trades in a timelier, more equitable manner, at an average share price. Schwerin Boyle will typically aggregate trades among clients whose accounts can be traded at a given broker. Schwerin Boyle's block trading policy and procedures are as follows:

- 1) Transactions for any client account may not be aggregated for execution if the practice is prohibited by or inconsistent with the client's advisory agreement with Schwerin Boyle, or our firm's order allocation policy.
- 2) The firm's trading desk in concert with the portfolio manager must determine that the purchase or sale of the particular security involved is appropriate for the client and consistent with the client's investment objectives and with any investment guidelines or restrictions applicable to the client's account.
- 3) The portfolio manager must reasonably believe that the order aggregation will benefit the clients and will enable Schwerin Boyle to seek best execution for each client participating in the aggregated order. This requires a good faith judgment at the time the order is placed for execution. It does not mean that the determination made in advance of the transaction must always prove to have been correct in the light of a "20-20 hindsight" perspective. Best execution includes the duty to seek the best quality of execution, as well as the best net price.
- 4) Prior to entry of an aggregated order, a written order ticket must be completed which identifies each client account participating in the order and the proposed allocation of the order, upon completion, to those clients.
- 5) If the order cannot be executed in full at the same price or time, the securities actually purchased or sold by the close of each business day must be allocated among the participating client accounts in accordance with the initial order ticket or other written statement of allocation. However, adjustments to this allocation may be made to participating client accounts in accordance with the initial order ticket or other written statement of allocation. Furthermore, adjustments to this allocation may be made to avoid having odd amounts of shares held in any client account, or to avoid excessive ticket charges in smaller accounts.
- 6) Generally, each client that participates in the aggregated order must do so at the average price for all separate transactions made to fill the order. Under the client's agreement with the custodian/broker, transaction costs may be based on the number of shares traded for each client.
- 7) Schwerin Boyle's client account records separately reflect, for each account in which the aggregated transaction occurred, the securities which are held by, and bought and sold for, that account.
- 8) Funds and securities for aggregated orders are clearly identified on Schwerin Boyle's records

and to the broker-dealers or other intermediaries handling the transactions, by the appropriate account numbers for each participating client.

9) No client or account will be favored over another.

Please refer to the "Code of Ethics, Participation or Interest in Client Transactions and Personal Trading " section (Item 11) of this Brochure for additional information on aggregated trades.

Item 13 Review of Accounts

PORTFOLIO MANAGEMENT SERVICES

Reports: In addition to the monthly statements and confirmations of transactions that SMA clients typically receive from their broker-dealer/custodian, Schwerin Boyle also sends quarterly reports to SMA clients. These quarterly reports include a letter describing the portfolio's performance, a portfolio valuation report, a statement of realized gains and losses, and an invoice for management fees. Eldaro sends a quarterly letter to the limited partners of Double Play describing Double Play's performance, the overall makeup of the portfolio, and an unaudited (Quarters 1-4) statement of the limited partner's interest. Eldaro also sends annually at year-end to limited partners of Double Play audited financial statements and their respective audited limited partner's interest.

Reviews: Due to the regular quarterly nature of reporting to clients, SMA clients and Double Play are reviewed by their respective portfolio managers and all accounts are reviewed by the Chief Compliance Officer. Schwerin Boyle gives no formal instructions to its reviewers, but as stakeholders of Schwerin Boyle, the three reviewers named below are primarily focused on two areas during these quarterly reviews: (1) the accuracy of the performance, presentation and disclosure made to clients, and (2) the consistency of the portfolios with the respective investment strategies of the SMA accounts and Double Play.

Accounts are reviewed daily in the normal course of day-to-day account management (trade execution, trade and account reconciliation, pricing, and portfolio management), by the respective portfolio managers and operations staff under the guidance of the Chief Compliance Officer. Furthermore, all client accounts are subject to review, on a sampling basis, by the Chief Compliance Officer. The Chief Compliance Officer's review includes (but is not limited to) trade execution, trade and account reconciliation, proxy voting, and pricing as set forth in Schwerin Boyle's Statement of Operations and Compliance Policies.

Besides the regular reviews, accounts are reviewed many times during the course of a year on an irregular basis. Triggering factors for more frequent review may include a client's addition or withdrawal of cash from an account, a contemplated purchase or sale of a security for an account, face-to-face client meetings, and as part of a response to telephone or written communication from a client.

During normal business hours, Schwerin Boyle is available (to the extent reasonably practicable) to clients for consultation regarding the client's situation and/or investment needs. Furthermore, Schwerin Boyle will attempt to meet with each client personally or by telephone from time to time to review any changes in the client's objectives that might lead to a re-determination of whether Schwerin Boyle's services meet the client's needs.

In addition, the accounts of Schwerin Boyle's employees are reviewed on a quarterly basis by

the Chief Compliance Officer, as is required by the Schwerin Boyle's Code of Ethics and Statement of Operations and Compliance Policies.

Schwerin Boyle's primary client contact representatives are: Daniel P. Boyle, President; Richard E. Teel, Vice President; and Rory P. O'Brien, Vice President. In addition, Dan Boyle functions as the portfolio manager for the SMA clients, while Rick Teel functions as the portfolio manager for Double Play. Dan Boyle is a shareholder and director of Schwerin Boyle, and Rick Teel is a director of Schwerin Boyle.

Item 14 Client Referrals and Other Compensation

It is Schwerin Boyle's policy not to engage solicitors or to pay related or non-related persons for referring potential clients to our firm.

From time to time, Schwerin Boyle may select a broker-dealer who has referred persons seeking investment management services to Schwerin Boyle, although Schwerin Boyle will not consider this as a factor in selecting an executing broker-dealer. Please refer to the "Brokerage Practices" section (Item 12) of this Brochure for additional information.

Item 15 Custody

We previously disclosed in the "Fees and Compensation" section (Item 5) of this Brochure that our firm directly debits advisory fees from client accounts.

As part of this billing process, the client's custodian is advised of the amount of the fee to be deducted from that client's account. On at least a quarterly basis, the custodian is required to send to the client a statement showing all transactions within the account during the reporting period.

Because the custodian does not calculate the amount of the fee to be deducted, it is important for clients to carefully review their custodial statements to verify the accuracy of the calculation, among other things. Clients should contact us directly if they believe that there may be an error in their statement.

In addition to the periodic statements that clients receive directly from their custodians, we also send account statements directly to our clients on a quarterly basis. We urge our clients to carefully compare the information provided on these statements to ensure that all account transactions, holdings and values are correct and current.

For SMA clients Schwerin Boyle will not typically hold custody of securities. Each SMA client will select an independent custodian that may be a broker-dealer or a bank. Such custodian will typically provide to such client confirmations of each trade as soon as practicable after it is consummated and at least quarterly a statement showing all transactions occurring in the client's account during the period covered by the statement, all amounts disbursed from the account (including any fees paid by the custodian to Schwerin Boyle), and a summary and amount of the funds, securities, and other property in the account at the end of the period. As soon as practicable following the end of each calendar quarter, as noted above, Schwerin Boyle will provide SMA clients with portfolio valuations, including performance reviews, and summaries of realized gains and losses.

With respect to Double Play, Schwerin Boyle is considered to be the custodian because its affiliate serves as Double Play's general partner. The funds and securities of Double Play (except for certain privately offered securities) are held by a "qualified custodian" within the meaning of Rule 206(4)-2 under the Advisers Act. Limited partners of Double Play receive account statements each quarter from Eldaro. In addition, each account of the limited partners will be audited at least annually by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board, in compliance with Rule 206(4)-2(b)(4) under the Advisers Act.

Item 16 Investment Discretion

Clients hire Schwerin Boyle to provide discretionary investment advisory services, in which case we place trades in a client's account without contacting the client prior to each trade to obtain the client's permission. We require that clients who hire us give us written discretionary authority by completing and signing our investment advisory agreement. Clients may make changes to their instructions regarding their personal information, custody, brokerage, commissions, and proxy voting instructions in writing in the investment advisory agreement.

Our discretionary authority includes the ability to do the following without contacting the client:

- determine the security to buy or sell; and/or
- determine the amount of the security to buy or sell.

Each client grants to Schwerin Boyle full investment discretion as to which securities to buy and sell and the amount and timing of those purchases and sales.

In a small number of instances, Schwerin Boyle may accept restrictions from clients on the purchase of a limited number of stocks when that client gives us written instructions regarding such a restricted list.

Double Play has limits as specified in its Offering Memorandum with regard to portfolio concentration, net short position, and leverage.

Please refer to the Brokerage Practices section (Item 12) and the Custody section (Item 15) of this Brochure, for further information.

Item 17 Voting Client Securities

SMA clients may delegate proxy voting authority to Schwerin Boyle in our investment advisory agreement. Schwerin Boyle is authorized to vote proxies on behalf of Double Play pursuant to its investment management agreement with Double Play.

We will vote proxies in the best interests of our clients and in accordance with our established policies and procedures. Schwerin Boyle will attempt to process every proxy and votes all proxies with a view toward long-term wealth building. Our intention is to encourage corporate officers and directors to focus on business operations and capital allocation in a manner that will improve per share values over time.

Schwerin Boyle has retained the services of a third-party proxy voting service to assist us in the voting of proxies. Our firm, in conjunction with our third-party proxy service provider, will retain all proxy voting books and records for the requisite period of time, including a copy of each proxy statement received, a record of each vote cast, a copy of any document created by

us that was material to making a decision how to vote proxies, and a copy of each written client request for information on how we voted proxies.

Clients may obtain a copy of our comprehensive proxy voting policies and procedures by contacting our firm by telephone or in writing. Clients may request, in writing, information on how proxies for his or her shares were voted. We will promptly provide such information to the client.

Schwerin Boyle's best efforts will be to resolve all conflicts of interest in voting proxies in the interests of the clients who have delegated proxy voting authority to us. In situations where Schwerin Boyle perceives a material conflict of interest, Schwerin Boyle shall disclose the conflict to the relevant delegating client and defer to the voting recommendation of the delegating client, send the proxy directly to the delegating client for a voting decision, or take such other action in good faith (in consultation with counsel) which would protect the interests of the delegating client.

With respect to ERISA accounts, we will vote proxies unless the plan documents specifically reserve the plan sponsor's right to vote proxies. To direct us to vote a proxy in a particular manner, clients should contact our firm by telephone or in writing.

Schwerin Boyle will neither advise nor act on behalf of the client in legal proceedings involving companies whose securities are held in the client's account(s), including, but not limited to, the filing of "Proofs of Claim" in class action settlements. If desired, clients may direct us to transmit copies of class action notices to the client or a third party. Upon such direction, we will make commercially reasonable efforts to forward such notices in a timely manner.

Item 18 Financial Information

Under no circumstances do we require or solicit payment of fees in advance of services rendered. Therefore, we are not required to include a financial statement.

As an advisory firm that maintains discretionary authority for client accounts and is deemed to have custody of some accounts, we are required to disclose any financial condition that is reasonably likely to impair our ability to meet our contractual obligations. Schwerin Boyle has no additional financial circumstances to report.

Schwerin Boyle has never been the subject of a bankruptcy petition.