

Item 1 – Cover Page



Sasco Capital, Inc.

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Form ADV Part 2A

For Year Ending

December 31, 2019

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This Brochure provides information about the qualifications and business practices of Sasco Capital, Inc. ("Sasco Capital"). The following pages describe our services, fee arrangements and business practices. If you have any questions about the contents of this brochure, please contact us at the telephone number or email address displayed 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 Sasco Capital is available on the SEC's website at www.adviserinfo.sec.gov.

Sasco Capital is an investment adviser that has been registered with the SEC since 1985. Registration as an investment adviser does not imply any level of skill or training. The oral and written communications we provide to you, including this Brochure, are information you use to evaluate us and factor in your decision to hire us or to continue to maintain a mutually beneficial relationship.

Item 2 - Material Changes

This summary discusses material changes that have been made to Form ADV Part 2A since the date of our last annual update of our year-end 2018 Disclosure document. Changes are noted in italics.

Item 4 - Advisory Business:

Description of Services:

The following was added:

The firm offers only one investment strategy, **Contrarian Value Equity** investments, *through three separate products:*

*Mid Cap Contrarian Value Equity
Inception date: 4/1/1981 (at previous firm)
Minimum Relationship Size: \$20 Million*

*Small-Mid Cap Contrarian Value Equity
Inception date: 5/17/2006
Minimum Relationship Size: \$5 Million*

*Small Cap Contrarian Value Equity
Inception date: 4/1/2002
Minimum Relationship Size: \$5 Million*

Minimum relationship size may be waived under certain circumstances.

The final sentence of the “Description of Advisory Services” section was deleted and replaced with the following:

“As of December 31, 2019, Sasco Capital had approximately \$800 Million in discretionary assets under management.”

Item 5 - Fees and Compensation

Multiple accounts of one client relationship may be grouped together for purposes of calculating the fee.

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Item 4 - Advisory Business

Description of Advisory Services:

Sasco Capital has been providing investment management services to institutional and high net worth individual clients since 1986. Sasco Capital manages separate client accounts on a discretionary basis. The firm offers only one investment strategy, **Contrarian Value Equity** investments, through three separate products:

Mid Cap Contrarian Value Equity
Inception date: 4/1/1981 (at previous firm).
Minimum Relationship Size: \$20 Million

Small-Mid Cap Contrarian Value Equity
Inception date: 5/17/2006
Minimum Relationship Size: \$5 Million

Small Cap Contrarian Value Equity
Inception date: 4/1/2002
Minimum Relationship Size: \$5 Million

Minimum relationship size may be waived under certain circumstances.

All accounts are managed identically on a team basis. The firm offers its investment advisory services to a diversified client base comprised of public and corporate funds, endowments, and foundations, among others.

Sasco Capital is independently owned and is not affiliated with any other organization. Two founders of the firm, Bruce D. Bottomley and Daniel L. Leary, each own more than 25% of Sasco Capital.

As of December 31, 2019, Sasco Capital had approximately \$800 Million in discretionary assets under management.

Item 5 - Fees and Compensation

Annual-based Fees:

Sasco Capital is a fee-based investment adviser. Annual fees are calculated quarterly based on a percentage of the dollar value of assets under management at the end of the quarter.

The annual fee schedule for institutional accounts, for all three products, is as follows:

0.80% on the first \$10,000,000.
0.50% on the next \$40,000,000.
0.40% on the next \$50,000,000.
0.35% on the next \$200,000,000.
Negotiable thereafter.

Fees for international institutional accounts requiring international travel/servicing are negotiated separately and can vary from the above fee schedule. Fees for individual high net worth clients are negotiated at a minimum of 0.50% of assets under management. Fees for sub-advised accounts and for 3(38) fund structures are negotiated separately and are not subject to the same graduated fee schedule. *Multiple accounts of one client relationship may be grouped together for purposes of calculating the fee.*

Fees are discounted for Sasco Capital Employee separate accounts.

Payment of Fees:

Fees are payable quarterly, in arrears, based upon the assets under management for a client's account, as of the last day of the preceding quarter, *or*, if requested by client, based on the average of the three month-end market values for the quarters ending on March 31, June 30, September 30 and December 31. If the client account closes during the quarter, the market value of the last day the agreement was in effect will be included in the month- end average calculation. Fees are billed directly to the client, on a quarterly basis, and are paid by the client to Sasco Capital by check or bank wire.

Any Investment Management Agreement (IMA) between Sasco Capital and a client may be terminated by either, at any time, without payment of any penalty, by giving the other party a 30-day written notice. In the event the IMA is in effect for only a portion of a quarter, then the quarterly payment will be calculated as if the termination date of the IMA was the last business day of such quarter, multiplied by a fraction, the numerator of which is the number of business days in the quarter for which the agreement was in effect, and the denominator of which is the total number of business days in such quarter.

Additional Fees and Expenses:

Advisory fees paid to Sasco Capital do not include all of the fees a client would pay in connection with our advisory services. Fees and expenses a client would pay directly to third parties, include, but are not limited to:

- Brokerage commissions;
- SEC fees;
- Transactions fees;
- Custodial fees;
- Accounting fees;
- Audit fees; and
- Wire transfer and electronic fund processing fees.

Sasco Capital does not receive, directly or indirectly, any of these fees. For more information regarding brokerage and other transaction costs, please see Item 12, below.

Sasco Capital and its employees are not affiliated with any third party or any broker/dealer, nor do we receive, directly or indirectly, any compensation from the sale of securities or investments that are purchased or sold for a client's account. As a result, we are a "fee only" investment adviser and do not have any potential conflicts of interest that relate to any additional compensation from a client.

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

Sasco Capital can enter into a performance-based fee agreement with a qualified client, in accordance with the provisions of Rule 205-3 under the Investment Advisers Act of 1940 (Advisers Act"). Under such a performance-based fee structure, Sasco Capital and the client would agree upon certain performance criteria, that, if achieved, could earn Sasco Capital a higher fee than what that client would pay as a standard annual-based fee for the investment advisory services received.

Sasco Capital recognizes that entering into a performance-based advisory agreement, which meets the requirements of Rule 205-3 under the Advisers Act, does not alter its obligation, as a fiduciary, to deal fairly with its clients and to make full and fair disclosure of its compensation arrangements, as well as any material conflict posed by such an arrangement.

All client accounts at Sasco Capital are managed identically, on a team basis, and all trades are aggregated and executed on a pro-rata basis across all accounts. As discussed in item 5, above, Sasco Capital also manages accounts that pay an asset-based fee. There is no difference in management of a client account whether it is on a performance-based or an asset-based fee schedule and, therefore, no conflicts of interest arise from managing such accounts.

Item 7 - Types of Clients

Sasco Capital offers its investment advisory services to several types of clients, including:

- Corporate pension and profit-sharing funds
- Public pension funds
- Endowments
- Foundations
- Investment companies
- Trusts, estates and charitable organizations
- Taft-Hartley plans, governmental plans and municipalities
- High net worth individuals
- Not for profit entities, and
- Principals of Sasco Capital

For a Client's account that is a pension or other employee benefit plan governed by the Employee Retirement Income Security Act of 1974, as amended, ("ERISA"), Sasco Capital acknowledges that it is a fiduciary to the plan under Section 3(38) of ERISA. In providing its investment management services, the sole standard of care imposed upon it is to act with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent man acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims. Sasco Capital will provide certain required disclosures to the "responsible plan fiduciary" (as such term is defined in ERISA) in accordance with Section 408(b)(2), regarding the services it provides and the direct and indirect compensation it receives from such clients. Generally, these disclosures are contained in this Form ADV Part 2A, the client agreement and in separate ERISA disclosure documents, and are designed to enable the ERISA plan's fiduciary to: (1) determine the reasonableness of all compensation received by Sasco Capital; (2) identify any potential conflict of interests; and (3) satisfy reporting and disclosure requirements to plan participants.

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

Analysis:

Sasco Capital is a contrarian value equity investment adviser. It engages in fundamental, "bottom-up" security analysis based on a proprietary screening process, individual company research, and meetings with senior management. Sasco Capital does not invest in any derivatives, and does not engage in any margin transactions or short sales.

In conducting company analysis, the investment team researches a company's annual reports, press releases, prospectuses, 10-K's and other public filings, as well as, financial newspapers and magazines, research materials prepared by others, corporate rating services and conduct meetings with companies' senior management.

Investment Strategies

Sasco Capital currently offers only one investment strategy: contrarian value equity. The firm invests in out-of-favor, underperforming companies with restructuring and turnaround potential. The firm focuses its research on companies that are selling at a discount to their underlying asset value and projected future earning power from possible restructuring scenarios. The investment strategy has a long-term investment horizon and low turnover.

Sasco Capital's portfolio historically has had minimal/no exposure to both the Financials and Technology/Telecommunications sectors. The firm does not invest in Financials because they

do not fit its investment philosophy, as the firm believes it is nearly impossible to analyze the underlying asset value of a bank, insurance company or brokerage firm undergoing a “financial stress-induced” restructuring. Likewise, the firm does not invest in technology stocks as their underlying asset values (if they do exist) can become rapidly obsolete. Asset value is an important cornerstone of the investment process and underlines the “downside” protection that must be present in a security. For this reason, the portfolio is usually void both the Financials and Technology/Telecom sectors.

Sasco Capital relies primarily on its internally generated research and models, as well as one-on-one meetings with company managements, with a focus on evaluating their long-term decision making, rather than short-term quarterly earnings, in order to determine managements’ ability to execute the required corporate changes in order to unlock higher earnings that lead to higher stock prices.

Risks:

Investing in securities involves a risk of loss that clients should be prepared to bear. The prices of the securities in which Sasco Capital invests may decline for a number of reasons. The price declines of common stocks may be steep, sudden and/or prolonged. Price changes may occur in the market as a whole, or they may occur in only a particular company, industry or sector of the market. Should a company undergo bankruptcy, the stocks of that company might have the least senior interest and could become worthless.

Sasco Capital’s portfolio managers may be wrong in their assessment of a company’s value and the stock may not reach what the portfolio managers believe is its full value. From time to time, “value” investing falls out of favor with investors. During such periods, relative performance may suffer.

Performance may be adversely impacted in periods where Financials and/or Technology/Telecom sectors are strongly outperforming the benchmarks since Sasco Capital’s portfolio does not hold investments in those two sectors.

9 - Disciplinary Information

Not applicable. Sasco Capital does not have any legal, financial or other “disciplinary” items to report. The firm is obligated to disclose any disciplinary event that would be material to its clients when evaluating it to initiate a client/adviser relationship, or to continue a client/adviser relationship with our firm.

This statement applies to the firm and all its employees.

Item 10 - Other Financial Industry Activities and Affiliations

Not applicable. Sasco Capital is an independent investment adviser and is not engaged in any other financial industry activity. The firm is not affiliated with any broker/dealer or any other organization.

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

As required by Rule 17j-1 under the Investment Company Act of 1940 and Rule 204A-1 under the Advisers Act, Sasco Capital has adopted a Code of Ethics ("Code") designed to ensure that the firm and its employees meet their fiduciary duties to clients and to drive home a culture of compliance within the firm. The Code is comprehensive and is provided to each employee at the time of hire and annually thereafter. On-going monitoring of employee activity is designed to detect and prevent violations of securities laws, prohibit certain types of transactions deemed to create conflicts of interest and to establish reporting requirements and enforcement procedures. The Code applies to all employees. The Code does not prohibit personal trading by employees. However, employees may not invest in securities for their personal accounts in which clients' accounts are also invested, unless they receive pre-clearance from the firm's Chief Compliance Officer.

The Code includes the following:

- Prohibitions on:
 - Insider trading (possession of material, non-public information); and
 - The acceptance/giving of gifts and/or entertainment that exceed policy standards;
- Reporting of gifts and business entertainment;
- Pre-clearance of employee personal securities transactions considered for, or held by, client accounts;
- Reporting on an on-going quarterly basis, all personal securities transactions;
- A requirement to maintain records of all non-exempt securities bought or sold by employees; and
- A requirement to maintain confidentiality of all client information.

Any client, or prospective client, may obtain a full copy of Sasco Capital's Code of Ethics by contacting: Hoda Bibi, Chief Compliance Officer, at the address, telephone number or email found on the cover page of this Brochure.

Item 12 - Brokerage Practices

General Considerations – Selecting/Recommending Broker-Dealers for Client Transactions and Commission Charges:

Sasco Capital has full discretionary authority to determine, without obtaining specific client consent, the securities to be bought or sold for an account, as well as the amount of securities to be bought or sold, in accordance with the client's IMA and written investment guidelines.

In addition, Sasco Capital has discretion, in the absence of any instructions from the client, as to the broker-dealer to be used and the commission rates to be paid. In selecting a broker-dealer, Sasco Capital's focus is always on "best execution". Sasco Capital may choose to pay a greater commission than the lowest available rate, depending on the circumstance and if it determines in good faith the value of services provided by such broker/dealer. Sasco Capital has no affiliations with any broker-dealers. Sasco Capital has an established broker-dealer list for consideration by Sasco Capital's trader in deciding which firm to use for a particular security transaction. Several factors are considered prior to placing an order with a broker-dealer for execution, such as the price of the security, the size and difficulty of the order, the broker-dealer's general execution and operational capability, reliability, integrity, financial condition.

Aggregation of the Purchase or Sale of Securities:

All securities trade transactions are aggregated and all clients participating in an aggregated trade pay the same commission rate. If an aggregated order is executed by a broker-dealer at different prices, each account participating in the aggregated order will receive the daily average price obtained by the executing broker-dealer. If an aggregated transaction is not filled completely, Sasco Capital will allocate the partially filled transaction on an equitable basis, taking into account the need to accommodate clients' cash positions, the need to allocate in round lots, or any special client requests for cash balance usages.

Research and Other Soft Dollar Benefits:

Sasco Capital's use of soft dollars is intended to comply with the requirements of Section 28(e) of the Securities Exchange Act of 1934 which provides a "safe harbor" for investment managers to obtain investment research that provide lawful and appropriate assistance in performing their investment decision making responsibilities. The research products and services can either be proprietary (created and provided by the broker), or third party (created by a third party but provided to Sasco by the broker). Sasco Capital may use brokerage commissions generated from some, but not all, client portfolios to obtain the third-party research services notwithstanding that such research services are utilized by Sasco Capital with respect to the management of all

clients' portfolios. During Sasco Capital's last fiscal year, such services included software which serves a research function of providing data on securities, sectors and market activity, as well as econometric models, screens and data bases, which are considered an integral part of the investment process. Such research services also included economic and market data and security and industry analyses. When Sasco Capital uses client commission dollars to obtain research or other products or services, it receives a benefit because it does not have to produce or pay for the research, products or services.

Client Directed Brokerage:

Clients may request, in writing, to direct commissions to a specific broker-dealer. However, clients who do so may pay higher commissions on some transactions or may receive less favorable execution of some transactions, or both. In particular, if client elects to direct commissions to a specific broker-dealer, the account may not be able to participate in aggregated trades with other clients' accounts.

In such circumstances, Sasco Capital employs a rotation method to assure that all client directed trades are treated fairly.

Cross Transactions:

Sasco Capital does not engage in any cross transactions.

Outside Consultants:

Sasco Capital does not use outside consultants or "expert Networks" to gather information for investments.

Item 13 - Review of Accounts

All accounts are reviewed by the portfolio managers with the client on a quarterly basis. The review is in writing as well as orally, based on the client's request. The formal quarterly review includes, but is not limited to:

- 1) An overview of the economic/market environment;
- 2) Portfolio holdings, reflecting market -cost, number of shares and yield/income data;
- 3) Portfolio attribution analysis;
- 4) A transaction report covering the buy/sell activities that occurred during the quarter;
- 5) The amount of commissions paid; and
- 6) Performance data which includes quarter, year-to-date, last twelve months, and three-year, five- year, ten-year and since inception performance data, as available.

More frequent reviews may be requested by the client by phone, mail or email.

Item 14 - Client Referrals and Other Compensation

Sasco Capital may, from time to time, enter into referral arrangements with a marketing person and pay fees to such person for client referrals, pursuant to Rule 206(4)-3 under the Advisers Act, which covers cash payments for client solicitations. Referral arrangements are in writing and involve only properly qualified persons. Clients referred through such arrangements, receive from the marketing solicitor a copy of Sasco Capital's Form ADV Part 2 and a copy of the disclosure document describing the terms and conditions of the solicitation agreement.

Sasco Capital does not currently have any referral arrangements.

Item 15 - Custody

Not applicable. Sasco Capital does not have custody of any client funds.

Item 16 - Investment Discretion

Sasco Capital has full discretionary authority to determine, without obtaining specific client consent, the securities to be bought or sold for a client's account, as well as the amount of securities to be bought or sold, in accordance with the IMA and written guidelines provided by the client.

In addition, Sasco Capital has discretion, in the absence of any instructions from a client, as to the broker-dealer to be used and the commission rate to be paid.

Item 17 - Voting Client Securities

In the event that a client directs Sasco Capital to vote proxies relating to portfolio securities held in its account, the firm has adopted and implemented written guidelines and procedures that are designed to vote on proposed issues in a consistent manner that is in the best interest of the client. The firm maintains detailed proxy voting records, which include the name of the issuer, shareholder meeting date, a brief identification of the items voted upon and whether the vote was for or against managements' recommendations. In situations where there is a conflict of interest between Sasco Capital and a client, Sasco Capital will vote issues in accordance with the recommendations of Institutional Shareholder Services (ISS), a leading provider of corporate governance and proxy voting services.

The firm's proxy voting guidelines and proxy voting record are available to all clients and interested parties upon request, without charge, by contacting us at the telephone number or email found on the cover page of this Brochure.

Item 18 - Financial Information

Not applicable. Registered investment advisers are required in this item to provide you with certain financial information or disclosures about their financial condition. Sasco Capital is an independent company incorporated in the State of Connecticut as an "S" Corporation. The firm has been conservatively managed since its inception in 1985. The firm has no financial commitments, or obligations, that would impair its ability to meet its contractual and fiduciary commitments to clients and has never been the subject of a bankruptcy proceeding.