

# **CEDAR ROCK CAPITAL LIMITED**

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## **BROCHURE**

### **PART 2A**

**November 25, 2021**

#### **ITEM 1: COVER PAGE**

This brochure provides information about the qualifications and business practices of Cedar Rock Capital Limited. If you have any questions about the contents of this brochure, please contact us at (011) 44 20 7563 1100 and/or [moreinfo@cedarrockcapital.com](mailto:moreinfo@cedarrockcapital.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC"), any other state or federal regulatory authority, any foreign regulatory authority or any self-regulatory body.

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

Whilst Cedar Rock Capital Limited is registered as an investment adviser with the Securities and Exchange Commission pursuant to the Investment Advisers Act of 1940, as amended, it does not comply with the Advisers Act with regard to its non-U.S. clients. Registration with the SEC does not imply a certain level of skills or training.

## ITEM 2: MATERIAL CHANGES

This brochure has the following material changes since the last annual update which took place on January 26, 2021:

Sarah-Jane Maidens has become a director of Cedar Rock Capital Limited and replaced Joy-Isabelle Besse as the Chief Compliance Officer.

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## ITEM 4: ADVISORY BUSINESS

### A. General Description of Advisory Firm

Cedar Rock Capital Limited (or “Cedar Rock”) is a company limited by shares which was incorporated in the United Kingdom on June 20, 2002. Cedar Rock commenced business in December 2002. Cedar Rock’s registered address is Suite 1, 3<sup>rd</sup> Floor, 11-12 St James’s Square, London SW1Y 4LB, United Kingdom and its principal place of business is 110 Wigmore Street, London W1U 3RW, United Kingdom.

Cedar Rock was founded by Andy Brown, who is its principal owner and sole controller. Andy Brown is also Cedar Rock’s Chief Executive Officer (“CEO”) and Chief Investment Officer (“CIO”). Cedar Rock is wholly owned by its full time employees.

Cedar Rock has been registered as an investment adviser with the SEC since November 4, 2002 and has been authorised and regulated by the Financial Conduct Authority in the United Kingdom (the “FCA”) since November 14, 2002. Cedar Rock is authorised and regulated by the FCA as an alternative investment fund manager (“AIFM”) and complies with applicable rules and capital requirements with respect to the Alternative Investment Fund Manager Directive (“AIFMD”). Although it is not a primary regulator of Cedar Rock, Cedar Rock is also registered with the Central Bank of Ireland in order to provide investment management services to an Irish domiciled investment fund.

### B. Description of Advisory Services

Cedar Rock provides discretionary investment management services to its Clients. Cedar Rock does not manage assets on a non-discretionary basis.

Cedar Rock provides investment management services to: (i) a Cedar Rock sponsored private investment fund that is offered to U.S. and non-U.S. investors (but is not marketed to investors in the European Economic Area) (the “Onshore Fund”); (ii) a pooled investment vehicle domiciled in Ireland that is not available to U.S. Persons as defined under Rule 902 of the Securities Act of 1933, as amended (the “Offshore Fund”, and together with the Onshore Fund, the “Cedar Rock Funds”); and a limited number of institutional clients with separately managed accounts.

Cedar Rock’s investment advice is limited to a long-only, buy and hold, global equity strategy. Andy Brown originally conceived this investment strategy in, and solely managed it from, 1996, whilst employed at Morgan Stanley Investment Management in London, UK, where it was marketed as the Global Franchise strategy by Morgan Stanley to institutional and private clients. Cedar Rock has offered the same investment strategy since it commenced business in 2002. Cedar Rock does not offer any other investment strategies.

Cedar Rock may in the future provide investment management services to other pooled investment vehicles, but no longer accepts new separate managed accounts.

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

Cedar Rock does not generally tailor its investment program to the individual needs of clients. Accordingly, Cedar Rock does not manage portfolios for clients that seek to impose restrictions on investing in certain securities which Cedar Rock believes may form part of its investable universe. However, where a client is subject to specific restrictions, for example for regulatory reasons (e.g., portfolio diversification requirements), Cedar Rock may agree to tailor its investment program in accordance with such restrictions on a case by case basis if such restrictions will not materially alter its investment strategy and approach.

An investor or prospective investor in the Onshore Fund should refer to the confidential private offering memorandum, limited liability company agreement and other governing documents of the Onshore Fund for more complete information about the investment objectives and investment restrictions applicable to the Onshore Fund.

There is no assurance that any client account's investment objectives will be achieved.

Cedar Rock does not enter into "side letters" or similar agreements with investors in the Cedar Rock Funds which would have the effect of granting the investor certain specific rights, benefits, or privileges that are not made available to investors generally.

### **D. Wrap Fee Programs**

Cedar Rock does not participate in wrap fee programs.

### **E. Client Assets Under Management**

As of October 31, 2021, Cedar Rock had approximately U.S. 10,399,414,137.79 client assets under management, all of which were managed on a discretionary basis. Cedar Rock does not manage client assets on a non-discretionary basis.

## **ITEM 5: FEES AND COMPENSATION**

### **A. Advisory Fees and Compensation**

Cedar Rock's standard investment management fee terms are one per cent. (1%) per annum of the value of the client account. The investment management fees are calculated and charged to clients either quarterly or monthly in arrears based on the total market value of the assets in the client account (including net unrealized appreciation or depreciation of investments and cash, cash equivalents and accrued interest) on the last day of the quarter or month.

If a new client account is established during a quarter or month, as applicable, or a client makes an addition to its account during a quarter or month, the investment management fee will be prorated for

the number of days remaining in the quarter or month. If a client's investment management agreement is terminated or a withdrawal is made from a client account during a quarter or month, the fee payable to Cedar Rock will be calculated based on the value of the assets on the termination date or withdrawal date and prorated for the number of days during the quarter or month in which such amount was in the account.

Cedar Rock may extend lower fee terms to a client based upon the fee terms of such client's business relationship with the principals of Cedar Rock prior to the establishment of Cedar Rock. Cedar Rock does not currently negotiate fees.

Cedar Rock does not waive the investment management fee for its employees who invest into the Cedar Rock Funds except for investments in the Onshore Fund by the principal of Cedar Rock through an account that is subject to the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and for which the investment management fee is waived entirely to comply with ERISA.

Cedar Rock does not charge any performance based fees or receive any performance based allocations.

## **B. Payment of Fees**

### ***Onshore Fund***

Cedar Rock charges its investment management fee monthly to the Onshore Fund. The Onshore Fund's independent administrator calculates the monthly fee payable to Cedar Rock as part of the calculation of the Onshore Fund's net asset value and this calculation is reviewed and approved by Cedar Rock prior to payment of the fee. The Onshore Fund's Manager (which is an entity controlled by Cedar Rock) then instructs the Onshore Fund's custodian to release the necessary funds from the Onshore Fund's custodial account for payment of the fee.

### ***Separate Accounts***

Cedar Rock bills its separate account clients quarterly or monthly, as applicable, for fees incurred. Fees are generally calculated as at the last business day of each quarter or month, as applicable, and are billed and payable in arrears. Cedar Rock does not allow its separate account clients to elect that Cedar Rock deducts its fees directly from their account.

## **C. Other Fees and Expenses**

In addition to paying investment management fees, clients of Cedar Rock are typically responsible for all costs and expenses incurred in connection with the investments in their accounts, including custodial charges, brokerage commissions; interest expenses; taxes, duties and other governmental charges; transfer and registration fees or similar expenses; costs associated with foreign exchange transactions; other portfolio expenses; and costs, expenses and fees associated with products or services that may be necessary or incidental to such investments or accounts. In addition to the expenses set forth above, each of the Cedar Rock Funds also pays legal fees, research fees and expenses, fees charged by accountants, attorneys, auditors and administrators for their professional services and other expenses

including related to the relevant Cedar Rock Fund as described in greater detail in the Cedar Rock Fund's offering documents. For the purposes of cash management, client assets may be also invested in money market mutual funds or other registered investment companies ("External Funds"). In these cases, the client will bear its pro rata share of the investment management fee and other fees and expenses of the External Fund, which are in addition to the investment management fee paid to Cedar Rock.

Cedar Rock pays for the cost of third party research (including all broker research) directly out of its own financial resources. **Item 12 - Brokerage Practices** below describes the factors Cedar Rock considers in selecting or recommending broker-dealers and determining the reasonableness of their compensation.

D. Cedar Rock's clients do not pay fees in advance.

**E. Transaction based compensation**

Neither Cedar Rock nor any of its employees or officers (including any supervised person) will receive any form of compensation as broker or agent for the sale of securities or other investment products by any client account.

<b>ITEM 6: PERFORMANCE BASED FEES AND SIDE-BY-SIDE MANAGEMENT</b>
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As disclosed in **Item 5.B - Payment of Fees** above, Cedar Rock charges an investment management fee based upon the market value of a client account's assets under management. Neither Cedar Rock nor any of its affiliates charge performance based fees nor receive any performance based allocation. However, certain client accounts may have lower asset-based fees than other accounts based upon the fee terms of such client's business relationship with the principals of Cedar Rock prior to the establishment of Cedar Rock. As a result, a potential exists for Cedar Rock and its investment personnel to favour client accounts that pay Cedar Rock higher management fees.

Cedar Rock has adopted and implemented policies and procedures intended to address this conflict of interest relating to the management of multiple accounts with different fee arrangements and the allocation of investment opportunities.

Cedar Rock does not manage its clients' accounts according to a model portfolio and therefore not all client accounts will necessarily participate in each trade. Among the factors that may be considered by Cedar Rock in selecting a client account to participate in a trade are Cedar Rock's target percentages for that stock in reference to the client account's total asset value, investment policies, guidelines or restrictions applicable to each specific client, available liquidity and timing of cash flows. Cedar Rock's procedures also require that, to the extent that client orders are aggregated, the orders are price-averaged. Cedar Rock's policies and procedures with respect to the aggregation of client orders and allocation of aggregates trades are further described in **Item 12. B. Order Aggregation and Allocation of Investment Opportunities**.

Finally, Cedar Rock's procedures also require the objective allocation for limited opportunities (such as initial public offerings) to ensure fair and equitable allocation among accounts. The performance of client accounts is also regularly compared to determine whether there are any unexplained significant discrepancies.

These areas are monitored by Cedar Rock's Chief Compliance Officer.

## ITEM 7: TYPES OF CLIENTS

### *Types of Clients*

As noted under **Item 4 – Advisory Business** above, Cedar Rock provides discretionary investment management services to the Cedar Rock Funds and to a limited number of clients with separate accounts. Cedar Rock's clients and the investors in the Cedar Rock Funds may include high net worth individuals, endowments, foundations, estates, trusts, family offices, pension and profit sharing plans, private investment funds and other business entities.

The only Cedar Rock Fund offered to U.S. Persons as defined under Rule 902 of the Securities Act of 1933, as amended, is the Onshore Fund. The Onshore Fund is offered exclusively to investors who qualify as "accredited investors" as defined in Regulation D under the Securities Act, and "qualified purchasers" as defined in Section 2(a)(51) of the Investment Company Act of 1940, as amended (the "Investment Company Act"), and is therefore not required to register as an investment company under the Investment Company Act in reliance upon certain exemptions available to funds whose securities are not publicly offered.

The Offshore Fund is offered solely from outside the U.S. and only to non-U.S. Persons as defined above.

### *Minimum Investment Requirements and Minimum Holding Requirements*

With respect to the Cedar Rock Funds, any initial and additional subscription minimums applicable are disclosed in their respective offering memorandum.

Cedar Rock no longer accepts new separate managed accounts.

## ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

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

Cedar Rock utilizes a single investment strategy, which is a global equity strategy with a long term horizon. Cedar Rock invests on a long only basis and does not employ any leverage or derivative instruments in its investment strategy.



Cedar Rock specializes in seeking out high-quality businesses in which to invest for its clients. Cedar Rock defines high-quality businesses as being capable of sustaining high returns on their operating capital employed without requiring financial leverage, and of reinvesting at least a portion of their excess cash flows at high rates of return. Cedar Rock considers such companies to be attractively valued when their normalized excess cash flows, when calculated as a percentage of the companies' equity market capitalizations, compare favourably with long-term interest rates. Cedar Rock assesses corporate managers for their probity, trustworthiness and ability to reinvest their corporate cash flows at attractive rates of return for their shareholders. Cedar Rock typically expects to hold between 15 and 20 securities in its clients' accounts.

Cedar Rock engages in a buy and hold investment strategy wherein it buys securities and holds them for long period of time, regardless of short-term factors such as fluctuations in the market or volatility of the stock price. Cedar Rock does not seek to minimize volatility relative to any sectoral, national, regional or global index of equity market performance. The investment strategy does not place any restriction on Cedar Rock's ability to invest any portion of its clients' assets in a single country or industry sector.

Cedar Rock utilizes fundamental research to identify investment candidates. Cedar Rock utilizes a variety of information sources for its research, including specialist databases, company reports and websites, stockbrokers' equity research and the press. Cedar Rock generally visits and analyses its target investee companies.

Cedar Rock's investment strategy consists primarily of long positions in publicly traded equity securities listed on the world's stock exchanges. While Cedar Rock expects to invest primarily in quoted equities, a client may receive securities other than quoted equities through corporate actions involving its existing holdings. These securities could include preferred shares, debt securities convertible into such equity securities and other instruments issued by such issuer. The risks associated with these types of securities are discussed below.

**There is no guarantee that this investment strategy and method of operation will be successful or profitable. All investments involve the risk of loss of capital to clients and clients should be prepared to bear the loss of their entire investment.**

## **B. Material Risks Related to Investment Strategies**

The following summary identifies the material risks related to Cedar Rock's investment strategy and should be carefully evaluated before making an investment with Cedar Rock; however, the following does not intend to identify all possible risks of an investment with Cedar Rock or provide a full description of the identified risks. Investors and potential investors in the Cedar Rock Funds should refer to the offering memorandum for a further discussion of the applicable risks.

### ***Global Investing.***

Investing outside the United States may involve greater risks than investing in the United States. These risks include: (i) less publicly available information; (ii) potential lack of uniform accounting, auditing

and financial reporting standards; (ii) varying levels of governmental regulation and supervision; and (iii) the difficulty of enforcing legal rights in a non-U.S. jurisdiction and uncertainties as to the status, interpretation and application of laws. The transaction costs of buying and selling non-U.S. securities, including brokerage, tax and custody costs, may be higher than those involved in U.S. transactions. Furthermore, many non-U.S. financial markets, while generally growing in volume, have, for the most part, substantially less volume than U.S. markets, and securities of many non-U.S. companies are historically less liquid and their prices historically more volatile than securities of comparable U.S. companies. The economies of individual non-U.S. countries may also differ favourably or unfavourably from the U.S. economy.

### ***Concentration***

As set out above, the investment strategy does not place any restriction on Cedar Rock's ability to invest any portion of its clients' accounts assets in a single country or industry sector. Additionally due to the specific investment criteria that Cedar Rock employs in its investment strategy, Cedar Rock generally limits its clients' portfolios to 15 to 20 securities and has over the past year generally held fewer than 20 securities in its client portfolios. Client portfolios may therefore be concentrated in a single country or industry. Consequently, where a loss arises in relation to a particular security, country or sector, this may result in a proportionately greater loss to a client than if the client's portfolio comprised a larger number of securities and/or such securities were more diversified across countries or industry sectors.

### ***Issuer-Specific Changes***

Changes in the financial condition of an issuer or counterparty, changes in specific economic or political conditions that affect a particular type of security or issuer, and changes in general economic or political conditions can increase the risk of default by an issuer or counterparty, which can affect a security's or instrument's value.

## **C. Material Risks Associated With Types of Securities that are Primarily Recommended**

### ***Equity Securities***

Equities are a volatile asset class suitable only for clients with a tolerance for wide fluctuations in the market value of their investments. The market price of equity securities may be affected by a wide variety of complex and difficult to predict factors, including, but not limited to, supply of money, inflation, changing supply and demand relationships, governmental activities and regulations, political and economic events and prevailing psychological characteristics of the marketplace. Prices of equity securities also may be affected by conditions affecting specific issuers, such as changes in earnings forecasts. Multinational companies earn revenues and incur expenses in multiple currencies. Currency fluctuations can affect a multinational company's financial performance and/or competitive position. Investing in companies with small and medium-sized market capitalizations may involve greater risk than investing in larger companies, and their share prices can fluctuate dramatically in a short period of time. Small and mid-cap companies may be more susceptible to setbacks or downturns than larger companies and may experience higher rates of bankruptcy or other failures. In addition, the shares of a small or mid-cap company may be thinly traded.

## ***Bonds***

As is the case for equities, the prices of bonds are volatile. The traded price of a bond may be more or less than its nominal value. A bond may be at risk of being called by its issuer; or a bond's issuer may be unable to pay the contractual interest or principal on the bond. Furthermore, the rate of price increases in the general economy may diminish the inflation-adjusted returns associated with a bond. For some bonds there may be a restricted market and it may be difficult to deal in them or to obtain reliable information about their value.

## ***Warrants***

A warrant is a time-limited right to subscribe for shares or bonds at a particular price and is exercisable against the issuer of the warrants. The issuer of the warrants may be the original issuer of the underlying securities or a third party issuer that has set aside a pool of the underlying securities to cover its obligations under the warrants (i.e., covered warrants). Each warrant is a contract between the warrant issuer and the holder. The holder is therefore exposed to the risk that the issuer will not perform its obligations under the warrant. The price of the warrants will be affected by the risk factors that can affect the price of the underlying securities to which the warrant relates. The price of a warrant may be more volatile than the price of its underlying security, and a warrant may offer greater potential for capital appreciation as well as capital loss. A relatively small movement in the price of the underlying security results in a disproportionately large movement, unfavourable or favourable, in the price of the warrant. A warrant ceases to have value if it is not exercised prior to its expiration date. These factors can make warrants more speculative than other types of investments.

## ***Convertible Securities***

Convertible preferred stock is a security which may be converted at either a stated price or at a stated rate into underlying shares of common stock. Because of this feature, convertible securities enable an investor to benefit from increases in the market price of the underlying common stock. Convertible securities may provide yields higher than the underlying equity securities, but generally offer yields lower than non-convertible securities of similar quality. The value of convertible securities fluctuates in relation to changes in interest rates like bonds, and, in addition, fluctuates in relation to the underlying common stock.

## ***Cash Balances***

The Onshore Fund typically invests U.S. dollar cash balances in the U.S. Government Select Portfolio (BGSXX), a money market fund sponsored by Northern Trust and which primarily invests in securities issued or guaranteed as to principal and interest by the U.S. government, its agencies or instrumentalities. A substantial portion of the U.S. Government Select Portfolio's assets may be invested in agency securities that are not backed by the full faith and credit of the United States. Clients could incur losses if the net asset value of the U.S. Government Select Portfolio was to fall below U.S.\$ 1.00 or if redemptions from the U.S. Government Select Portfolio or such other money market funds, deposit accounts or other vehicles were restricted by the Custodial Trustee. Cedar Rock may direct Northern Trust to hold cash balances in other funds or deposit accounts in its sole discretion. Deposit accounts are subject to counterparty and credit risk.

### ***Non-U.S. Securities and Foreign Currency Exposure***

Foreign securities, foreign currencies, and securities issued by U.S. entities with substantial foreign operations can involve additional risks relating to political, economic, or regulatory conditions in foreign countries. These risks include fluctuations in foreign currencies; withholding or other taxes; trading, settlement, custodial, and other operational risks; and the less stringent investor protection and disclosure standards of some foreign markets. One or more of these factors can make foreign investments, especially those in emerging markets, more volatile and potentially less liquid than U.S. investments. In addition, foreign markets can perform differently from the U.S. market. A substantial portion of securities in Cedar Rock's client accounts may be denominated in currencies other than the U.S. dollar and as Cedar Rock does not currently employ currency hedging techniques, the value of the client account can be significantly affected by currency movements.

### ***Foreign Exchange ("FX") Contracts***

Cedar Rock enters into FX contracts primarily to ensure settlement of trades, to convert dividend income received and to facilitate payment of fees and expenses in foreign currencies. Cedar Rock limits its use of FX contracts to "spot FX" as defined under European regulations (MIFID2 Delegated Regulation (EU 2017/565)) which means FX contracts settling in the period that is the longer of (i) 2 trading days for any pair of major currencies; (ii) where one currency is not a major currency, the market standard settlement period for that currency pair; or (iii) provided the FX contract is for the settlement of an equity, the shorter of T+5 or the standard settlement cycle for that equity. Although it generally has the right to do so under the terms of its client agreements, Cedar Rock does not currently enter into foreign exchange transactions that do not meet the above definitions.

### ***Additional Risks Relating to Cedar Rock***

#### ***Management Risk***

The investment strategy offered by Cedar Rock is substantially dependent on the services of Andy Brown. In the event of the death, disability, departure, insolvency or withdrawal of Andy Brown, Cedar Rock's ability to successfully pursue its investment strategy on behalf of its clients may be adversely affected.

#### ***Investment in the Onshore Fund***

An investment in the Onshore Fund may be deemed to be speculative and is not intended as a complete investment program. The Onshore Fund is designed for sophisticated investors who are able to bear a substantial loss of their entire capital commitment.

#### ***Liquidity of the Onshore Fund***

The Onshore Fund may invest in securities for which there is limited liquidity. There are no secondary markets for interests in the Onshore Fund and none are expected to develop.

### ***Substantial Withdrawals***

In the event that there are substantial withdrawals from the Onshore Fund within a limited period of time, it may be difficult for the Onshore Fund to provide sufficient funds to meet such redemptions without liquidating positions prematurely at an inappropriate time or on unfavourable terms.

### ***Custodian Insolvency***

The Onshore Fund may be at risk of its custodian entering into an insolvency procedure. During such a proceeding (which may last many years), the use of assets held by or on behalf of the custodian may be restricted. During such a proceeding, the Onshore Fund may be an unsecured creditor in relation to certain assets, and accordingly may be unable to recover such assets from the insolvent estate of the custodian in full or at all.

### ***Valuations***

Where Cedar Rock is involved in the valuation of client portfolios, potential for conflicts of interest arise as Cedar Rock is also remunerated by reference to the net asset value of its clients' portfolios. The valuation of Cedar Rock's clients' portfolios is carried out by their appointed custodians in the case of segregated mandate clients, and by their administrator in the case of the Cedar Rock Funds (such valuations prepared by the clients' custodian or administrator being "third party valuations"). In all cases, such custodian or administrator is independent from Cedar Rock. For each client, Cedar Rock reconciles the third party valuation to its own internally prepared valuation. Cedar Rock pursues a policy of independence with respect to the valuation of client portfolios, such that under no circumstances will Cedar Rock itself determine valuations for individual assets: client portfolios are always valued utilising inputs obtained from independent third party pricing sources, and additionally for the Cedar Rock Funds, in accordance with the valuation principles set out in the relevant Cedar Rock Funds' governing documents.

### ***Systems and Operational Risk, including Cybersecurity Risk***

Cedar Rock, the Cedar Rock Funds and their third party service providers rely on certain financial, accounting, data processing and other operational systems and services. Many of these systems and services require manual input which is susceptible to error. In addition, these programs or systems may be subject to certain defects, failures or interruptions. For example, Cedar Rock and its clients could be exposed to errors made in the confirmation or settlement of transactions, from transactions not being properly booked, evaluated or accounted for or related to other similar disruptions in Cedar Rock's operations. In addition, despite the efforts they make to safeguard information in these systems, Cedar Rock, the Cedar Rock Funds and their service providers are subject to risks associated with a breach in cybersecurity which may result in damage and disruption to hardware and software systems, interference with business operations, loss or corruption of data and/or misappropriation of confidential information which may be used by criminals to commit identity theft, obtain loans or payments under false identities, and other crimes. Any such errors and/or disruptions may lead to financial losses, the disruption of the client trading activities, liability under applicable law, regulatory intervention and/or reputational damage.

## ITEM 9: DISCIPLINARY INFORMATION

Cedar Rock and its principals have not been involved in any material legal or disciplinary events required to be disclosed in response to this item.

## ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

### A. Registered Broker-Dealers

Neither Cedar Rock nor any of its employees or officers are registered as a broker-dealer or a registered representative of a broker-dealer. In addition, neither Cedar Rock nor any of its employees or officers are affiliated with any broker-dealer.

### B. Registered Futures Commission Merchants, Commodity Pool Operators and Commodity Trading Advisers

Neither Cedar Rock nor any of its employees or officers are registered as a futures commission merchant, commodity pool operator or a commodity trading adviser.

### C. Material Relationships or Arrangements with Industry Participants

Sarah-Jane Maidens is a director of and the Chief Compliance Officer (“CCO”) and Money Laundering Reporting Officer of Cedar Rock. The principal business of Sarah-Jane Maidens is as a partner of Meteora Partners LLP (“Meteora LLP”), a UK based firm that provides bookkeeping, financial reporting, compliance, personnel and other administrative support services to investment firms, including Cedar Rock.

Joy-Isabelle Besse is a director of Cedar Rock. The principal business of Joy-Isabelle Besse is as a partner of Meteora LLP.

Both Sarah-Jane Maidens and Joy-Isabelle Besse provide their services as executive officer to Cedar Rock pursuant to a commercial contract between Meteora LLP and Cedar Rock, which does not set any limit on the amount of time that each will devote to Cedar Rock. Joy-Isabelle Besse is also a director of the Offshore Fund described under **Item 4.B - Description of Advisory Services** above.

Cedar Rock Capital LLC is a Delaware limited liability company which is a wholly owned subsidiary of Cedar Rock. Cedar Rock Capital LLC is the Manager of the Onshore Fund. The Managing Members of Cedar Rock Capital LLC are also the principals of Meteora Partners LLC, a U.S. based service provider which provides administrative support services to the Onshore Fund. All of Meteora Partners LLC’s fees in relation to their services to the Onshore Fund are paid by Cedar Rock and not by the Onshore Fund. Meteora Partners LLP and Meteora Partners LLC are separate legal entities which do not share staff and have no common control.

D. Cedar Rock does not recommend or select other investment advisors for its clients.

Except as noted above under **C. Material Relationships or Arrangements with Industry Participants** Cedar Rock does not have business relationships with other investment advisors that could potentially create a material conflict of interests.

<b>ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS &amp; PERSONAL TRADING</b>
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**A. Code of Ethics**

Cedar Rock has adopted a Code of Ethics under Rule 204A-1 of the Advisers Act (the “Code”) expressing Cedar Rock’s commitment to ethical conduct. Cedar Rock’s Code describes its fiduciary duties and responsibilities to its clients, and sets forth, amongst other things, Cedar Rock’s policies in respect of (i) personal securities transactions, (ii) gifts & business entertainment and (iii) outside affiliations & political and governmental activities of its employees (excluding janitorial staff) and officers (“employees”). The Code obligates Cedar Rock’s employees to put the interests of Cedar Rock’s clients before their own interests and to act honestly and in good faith in all respects in their dealings with clients. Cedar Rock’s employees are also required to comply with applicable federal securities laws. All potential conflicts and violations of the Code must be promptly reported to Cedar Rock’s CCO. All employees must acknowledge the terms of the Code annually, or as amended.

Among other requirements, the Code prohibits Cedar Rock employees from buying or selling any security held in or contemplated for Cedar Rock’s client accounts. Certain allowances are provided for shares held prior to joining Cedar Rock and/or other exceptional circumstances. Further information is available in the Code of Ethics.

Cedar Rock does permit employees to invest in shares or interests of the Cedar Rock Funds. Additionally, subject to limited exceptions set out in the Code, the Code requires all employees to seek prior approval from the CCO (or a designee) for their personal securities transactions, including investments in the Cedar Rock Funds. Employees are also required to provide broker confirmations (or an equivalent proof of trading satisfactory to Cedar Rock’s CCO) of each personal securities transaction in which they engage and a quarterly certification relating to such transactions, as well as disclose their holdings in relevant personal accounts on an annual basis.

The CCO (or a designee) monitors all personal securities transactions by Cedar Rock employees in order to ascertain any pattern of conduct which may evidence conflicts or potential conflicts with the principles and objectives of the Code, or other inappropriate behaviour. In an effort to prevent inappropriate securities transactions by employees, Cedar Rock will maintain a list of restricted securities. Employees are strictly prohibited from trading on their own behalf in such restricted securities without obtaining the prior written approval of the CCO.

Cedar Rock, in the course of its investment management and other activities, may come into possession of confidential or material nonpublic information about issuers, including issuers in which Cedar Rock has invested or seeks to invest on behalf of clients. Cedar Rock is prohibited from improperly disclosing or using such information for its own benefit or for the benefit of any other person, regardless of whether such other person is a client. Cedar Rock maintains and enforces written policies and procedures that prohibit the communication of such information to persons who do not have a legitimate need to know such information and to assure that Cedar Rock is meeting its obligations to clients and remains in compliance with applicable law. In certain circumstances, Cedar Rock may possess certain confidential or material, nonpublic information that, if disclosed, might be material to a decision to buy, sell or hold a security, but Cedar Rock will be prohibited from communicating such information to the client or using such information for the client's benefit. In such circumstances, Cedar Rock will have no responsibility or liability to the client for not disclosing such information to the client (or the fact that Cedar Rock possesses such information), or not using such information for the client's benefit, as a result of following Cedar Rock's policies and procedures designed to provide reasonable assurances that it is complying with applicable law.

Clients or prospective clients may obtain a copy of the Code of Ethics by contacting Sarah-Jane Maidens (Chief Compliance Officer) by email at [sarah-jane@meteorapartners.com](mailto:sarah-jane@meteorapartners.com) or by telephone at (011) 44 20 7534 6004.

## **B. Client Transactions in Securities where Advisor has Material Financial Interest**

Cedar Rock's wholly owned U.S. subsidiary, Cedar Rock Capital LLC, acts as the manager of the Onshore Fund (the "Manager") into which Cedar Rock solicits client investments.

The Manager has designated Cedar Rock as the recipient of the monthly investment management fee payable to it by the Onshore Fund. Cedar Rock receives the same investment management fee for its services to the Onshore Fund as it does from its other clients (with the exception of certain clients who pay a lower fee to Cedar Rock due to their previous business relationship with Andy Brown when he worked at Morgan Stanley) and therefore does not create a material incentive for Cedar Rock to recommend securities to clients based on its own financial interests.

Remuneration arrangements for all employees of Cedar Rock are carefully considered to ensure that conflicts do not inadvertently arise through targets that inappropriately incentivise staff to behave in a manner that disadvantages the interests of a client in favour of Cedar Rock or of other clients. Cedar Rock is wholly owned by its employees and employees derive the material part of their remuneration from the dividends which they receive through their ownership of shares in Cedar Rock. All Cedar Rock shares pay the same dividend. Bonuses, if any, are calculated according to the general business results of Cedar Rock and are not linked directly to the performance of a particular client account.

Please refer to **Item 16 – Investment Discretion** below for disclosures relating to cross transactions.



### C. Investing in Securities Recommended to Clients

Cedar Rock's employees and their related persons are permitted to and do invest in the Cedar Rock Funds.

From time to time, a separate managed client account managed by Cedar Rock might, as a result of market movements and/or withdrawals, become too small to qualify for continued management as a separate account. In such circumstances, the client's separate managed account will be terminated and the client may in its sole and absolute discretion choose instead to invest in a Cedar Rock Fund.

Cedar Rock does not invest its separate account clients' assets in Cedar Rock Funds.

D. Cedar Rock does not trade securities for its own account, including engaging in principal transactions (see Cross Transactions under Item 16 – Investment Discretion below). As discussed under A. Code of Ethics above, Cedar Rock employees are generally prohibited from buying or selling securities for themselves that Cedar Rock buys or sells for client accounts.

## ITEM 12: BROKERAGE PRACTICES

### A. Factors Considered in Selecting or Recommending Broker-Dealers for Client Transactions

Cedar Rock has full discretion to determine the broker or dealer ("broker") to be used for each securities transaction for its clients' accounts.

Cedar Rock is not affiliated with any broker. Cedar Rock does not select brokers based on whether Cedar Rock receives client referrals from such brokers.

Cedar Rock maintains a list of approved execution brokers. In selecting brokers to execute transactions, Cedar Rock seeks to obtain "best execution", in line with the rules of the SEC and of the FCA, by considering a number of factors. Cedar Rock's policy is generally to prioritize the availability of liquidity and the overall price of the trade, subject (where applicable) to selecting brokers that provide a secure and efficient execution and settlement service, for example by being appropriately regulated, and having appropriate arrangements in place to provide best execution; another critical factor that may influence Cedar Rock's choice in executing a particular trade would be a desire for anonymity for more effective trading by limiting the market impact of the order. Other relevant factors are costs and speed of execution, together with any other consideration relevant to the execution of the order. However, Cedar Rock need not solicit competitive bids from brokers and does not have an obligation to seek the lowest available commission cost. Cedar Rock may determine to pay a broker commissions or mark-ups in excess of that which another broker might have charged for effecting the same transaction in recognition of the execution services provided by the broker.

Depending on the nature and characteristics of each order, Cedar Rock may decide to instruct a broker's sales trading desk to execute a trade, or may access liquidity pools and multiple execution venues directly

without intervention from the brokers' trading desks through the use of Direct Market Access ("DMA") tools. DMA consists of electronic trading software provided by certain brokers which allows Cedar Rock to control the way a trading transaction is managed itself rather than passing the order over to the broker's own in-house traders for execution.

To minimize liquidity risks, Cedar Rock may utilize program or block trades. Program or block trades involve directing a broker to trade a large number of securities at a specific point in the day (for example, at market opening or close) or over the course of part or all of the trading day. The broker may also be asked to guarantee that a specific price may be obtained for the security transaction (e.g. the Volume Weighted Average Price or "VWAP" of each security traded during the day, the opening price or the closing price). Additional brokerage charges or increased spreads may be payable to facilitate these programs or block trades.

Cedar Rock does not participate in commission recapture or directed brokerage arrangements and clients are not permitted to direct Cedar Rock to use or allocate commissions from any broker.

### *Soft Dollar Considerations*

As set out under Item 5 above entitled "**Fees and Compensation**", Cedar Rock pays for all research that it receives, including broker-sourced research, directly out of its own financial resources and not through the use of broker commissions.

As part of their execution services, the brokers utilised by Cedar Rock may provide execution-related services such as clearing and settlement of securities transactions and functions incidental thereto; trading software to route orders; software used to transmit orders; clearance and settlement in connection with a trade; post trade matching of trade information and trade affirmations; and advice on order execution. The cost of such benefits may be deemed to be included in the broker's commission rate and therefore such services may be deemed "soft dollar" benefits received by Cedar Rock.

Cedar Rock's receipt of soft dollar benefits raises conflicts of interest as it creates an incentive for Cedar Rock to select or recommend a broker-dealer based on Cedar Rock's interest in receiving soft dollar benefits. In order to manage the conflicts of interest inherent in its brokerage practices, Cedar Rock has adopted the following policies:

- (i) Cedar Rock must determine in good faith that the amount of the commission charged is reasonable in relation to the value of the execution-related services provided by such broker or dealer;
- (ii) Cedar Rock limits the use of "soft dollars" to obtain brokerage services as permitted under the safe harbor of Section 28(e) of the Securities Exchange Act of 1934 ("Section 28(e)"); and
- (iii) Cedar Rock's brokerage policies are disclosed to clients in writing prior to the provision of Cedar Rock's services as part of the investment management agreement and for the Cedar Rock Funds, in the applicable offering memorandum.

## **B. Order Aggregation and Allocation of Investment Opportunities**

Where possible, Cedar Rock will aggregate orders for clients for the purchase or sale of the same security using the same executing broker, for purposes of achieving best execution and provided that no client is systematically advantaged or disadvantaged by the aggregation. Cedar Rock discloses its practice of aggregating orders for clients in its client investment management agreements and additionally for the Cedar Rock Funds, in the applicable offering memorandum. Cedar Rock receives no additional compensation as a result of aggregated trades and its books and records separately reflect securities held by, or bought or sold for, client accounts that participate in the aggregation.

A client account will be excluded from participating in an aggregate trade for one or more of the following reasons: (i) if it is already fully invested (for aggregate “buy” trades); (ii) it is already at its target level for an individual stock position; (iii) it does not have sufficient cash to participate in the aggregate trade; and/or (iv) the trade would cause a breach of the client’s investment restrictions.

The number of securities to be bought or sold as an aggregated trade for participating client accounts will be calculated based upon the investment manager’s specified target percentage for that stock in each participating account. Prior to the transaction being effected, Cedar Rock records in its trading system the basis for calculating the number of shares which will constitute the aggregate trade and their pre-allocation to each participating account. After the trade is executed, securities are promptly allocated to client accounts in accordance with pre-allocation. Adjustments or changes may be made under certain circumstances, such as to avoid odd lots or excessively small allocations.

If the order at a particular broker is filled at several different prices, through multiple trades, all such participating accounts will receive the volume-weighted average price and pay the average commission, subject to odd lots, rounding, and market practice. If an aggregated “buy” order is only partially filled, the partial fill will be allocated pro rata to each participating portfolio in accordance with its pre-allocated share of the aggregated trade.

Please see **Item 16 – Investment Discretion** for information about cross trades which are transactions effected by Cedar Rock between client accounts for which Cedar Rock acts as a discretionary investment manager.

## **ITEM 13: REVIEW OF ACCOUNTS**

### **A. Frequency and Nature of Review**

Each client account is generally reviewed daily by Andy Brown, the CIO and the Portfolio Risk Officer for weightings of individual positions, performance and adherence to investment policies.

Client accounts are also reviewed monthly on a sample basis for adherence to investment restrictions by the CCO (or the CCO’s delegate).

## **B. Factor Prompting a Non-Periodic Review of Accounts**

Significant market events affecting the prices of one or more securities in client accounts may trigger reviews of client accounts on other than a periodic basis.

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

Each client that is a separate account will receive reports in accordance with what is specified in their individual investment management agreement. Generally, clients will receive a monthly written summary of their account's performance, and notice of any new security purchased or outright disposal. Such reports may be delivered electronically to the client in accordance with the client's investment management agreement with Cedar Rock.

Investors in the Onshore Fund receive a monthly performance report from Cedar Rock, monthly unaudited statements of account, annual audited financial statements (within 120 days after the financial year end for the Onshore Fund), and annual tax reports. Investors in the Onshore Fund are requested to refer to the governing documents of the Onshore Fund for further information on the reports provided by the Onshore Fund to its investors.

## **ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION**

### **A. Economic Benefits Received from Non-Clients for Providing Services to Clients**

As discussed in **Item 12 – Brokerage Practices** Cedar Rock receives execution-related “soft dollar” benefits from certain broker-dealers. These “soft dollar” benefits create an incentive for Cedar Rock to select or recommend broker-dealers based on Cedar Rock's interest in receiving the “soft dollar” benefits and may therefore result in the selection of a broker-dealer on the basis of considerations that are not limited to the lowest commission rates; this may result in higher transaction costs than would otherwise be obtainable by Cedar Rock on behalf of its clients. Please see **Item 12 – Brokerage Practices** for further information on Cedar Rock's “soft dollar” practices, including Cedar Rock's procedures for addressing conflicts of interest that arise from such practices.

Cedar Rock does not receive any economic benefit from any person who is not a client for providing investment advice or other advisory services to Cedar Rock's clients, other than from broker-dealers in the form of soft dollars as described above.

Cedar Rock and its affiliates do not compensate any person for client referrals.

**B.** Cedar Rock does not directly or indirectly compensate any person who is not its supervised person for client referrals.

## ITEM 15: CUSTODY

Cedar Rock does not have physical custody of any client assets. Each of Cedar Rock's clients has appointed its own custodian and these custodians are solely responsible for the custody and safekeeping of their client's assets.

However, as the Onshore Fund's Manager is a related person of Cedar Rock, Cedar Rock may be deemed to have "constructive custody" of the assets of the Onshore Fund. It is Cedar Rock's policy to cause the Onshore Fund to be audited annually and distribute audited financial statements, prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP"), to investors no later than 120 days after the end of each fiscal year. In addition, upon the final liquidation of the Onshore Fund, Cedar Rock will obtain a final audit and distribute audited financial statements prepared in accordance with U.S. GAAP with respect to the Onshore Fund to all investors promptly upon completion of such audit.

## ITEM 16: INVESTMENT DISCRETION

Cedar Rock accepts discretionary authority to manage securities accounts, as provided in the investment management agreements it enters into with its clients. Please see **Item 4 – Advisory Business** for a description of certain limitations clients may place on Cedar Rock's discretionary authority. Other than as specified by the investment guidelines of the Cedar Rock Funds or pursuant to the terms of a separate account investment management agreement, Cedar Rock has sole authority to determine, without obtaining specific consent, the amount and specific securities to be bought or sold for its clients' accounts.

Notwithstanding that Cedar Rock offers a single investment strategy, there may be differences among clients in invested positions and securities held due to a number of factors including (i) restrictions placed on a client's portfolio by the client or by applicable law; (ii) size of the client account; (iii) existing size and average cost of the security in the client's account; and (v) account liquidity and timing of cash flows.

### ***Cross Trades***

Subject to certain conditions set out below, Cedar Rock may from time to time cause a client account to enter into one or more cross trades directly with other one or more other client accounts for which Cedar Rock acts as a discretionary investment manager.

Cross transactions normally occur where inflows into one account coincide with outflows from another account, or where an account sells a security for rebalancing purposes or to comply with investment restrictions. Cross transactions enable Cedar Rock to effect a trade across client accounts for the same security at a set price, thereby possibly avoiding an unfavourable price movement that may be created through entrance into the market, and saving commission and/or other transaction costs for both accounts.

Cedar Rock will use its best efforts to mitigate potential conflicts of interest arising in relation to the client accounts involved in a cross trade by considering the suitability of the trade for all client accounts that are involved and by always effecting these cross trades through a broker at “execution only” rates.

Cross transactions between client accounts are not permitted if they would constitute “principal trades” or trades for which Cedar Rock or its affiliates are compensated as a broker unless client consent has been obtained based upon written disclosure to the client of the capacity in which Cedar Rock or its affiliates will act. It is Cedar Rock’s current policy not to enter into principal trades. In addition, cross transactions are not permitted for benefit plan or other similar accounts that are subject to ERISA.

### ***Trading Error Policy***

On rare occasions, an error may be made with respect to a transaction. For example, a security or other financial instrument (such as a foreign exchange contract) may be erroneously purchased or sold, or an investment guideline may be inadvertently breached. Cedar Rock’s trading error policy requires that, to the extent that trading errors occurs, they are corrected as soon as practicable and in a manner consistent with Cedar Rock’s fiduciary duties to impacted clients so as to ensure that such clients are not treated unfairly as a result of trading errors. As soon as a trading error is suspected, the CCO should be alerted immediately, who will review the facts and determine an appropriate course of action consistent with Cedar Rock’s trading error policy. The CCO has discretion to resolve a particular error in a manner other than specified in Cedar Rock’s procedures. Cedar Rock is responsible for its own errors and not the errors of other persons, including third party brokers and custodians, unless otherwise expressly agreed to by Cedar Rock. Notwithstanding the previous sentence, unless otherwise agreed to between Cedar Rock and the client, Cedar Rock is generally not responsible for its own trade errors other than for gross negligence, willful misconduct or violation of applicable laws. Brokers are not permitted to assume responsibility for trading error losses caused by Cedar Rock.

## **ITEM 17: VOTING CLIENT SECURITIES**

### **A. Policies and Procedures Relating to Authority to Vote Client Securities**

Cedar Rock has been delegated authority to vote all of its client securities. In doing so, Cedar Rock complies with its Proxy Voting Policies and Procedures (the “Proxy Voting Procedures”) that are designed to ensure that Cedar Rock votes proxies with respect to client securities in the best interests of its clients. Cedar Rock votes all proxies itself. The services of a third party provider are utilized solely for the purpose of facilitating the electronic voting of proxies. The issuer’s recommendations are provided with the proxy voting request but no research or recommendations with respect to voting such proxies.

The Procedures also require that Cedar Rock identify any conflicts of interest between Cedar Rock and its clients. If a material conflict exists, Cedar Rock will determine whether voting in accordance with the voting guidelines and factors described in the Procedures is in the best interests of the client or take some other appropriate action.

Cedar Rock will generally vote in favor of routine corporate housekeeping proposals such as the election of directors where no corporate governance issues are implicated, the reappointment of auditors or increases or reclassification of common stock. Generally, Cedar Rock will vote against proposals that limit shareholders' ability to replace members of a board of directors, or that cause management to be too heavily represented on the board or introduce cumulative voting, unequal voting rights and create supermajority voting. For all other proposals, Cedar Rock will determine whether a proposal is in the best interests of its clients and may take into account, among others, the following factors: whether the proposal was recommended by management and Cedar Rock's opinion of management; whether the proposal acts to entrench existing management; whether the proposal fairly compensates management for past and future performance; and whether the proposal is likely to strengthen the issuer's business franchise and therefore benefit its shareholders over a time frame that is relevant for Cedar Rock's clients' portfolios.

Cedar Rock will abstain from voting or affirmatively decide not to vote if the CIO determines that abstaining or not voting is in the best interests of clients. In making such a determination, various factors will be considered, including, but not limited to: (i) the costs associated with exercising the proxy (e.g., translation or travel costs); and (ii) any legal restrictions on trading resulting from the exercise of a proxy. The Firm will not abstain from voting or affirmatively decide not to vote a proxy if the Client is a plan asset fund subject to ERISA requirements. Furthermore, the Firm will not abstain from voting or affirmatively decide not to vote merely to avoid a conflict of interest.

Clients may obtain a copy of Cedar Rock's Proxy Voting Procedures and information about how it voted a client's proxies by contacting the CCO at Sarah-Jane@meteorapartners.com.

<b>ITEM 18: FINANCIAL INFORMATION</b>
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This Item is not applicable.