



## Our Firm

**L**orne Steinberg Wealth Management Inc. provides discretionary investment management services to individuals, corporations and non-profit organizations. Accounts are managed on both a segregated basis and through proprietary pooled funds, depending on client circumstances.

At LSWM, research is the lifeblood of our company. Through our disciplined investment approach, we aim to grow client capital over time within a lower risk framework. Capital preservation is of paramount importance.

We are a management-owned firm and operate without external influence or pressure, free of ties to product providers and financial service institutions. Employees and partners of the firm own the same securities as our clients, ensuring that interests are aligned.

## Attributes

- Conservative, disciplined investment philosophy
- Research driven, not sales driven
- Employees hold the same investments as our clients
- No conflicts of interest / corporate affiliations
- Management-owned
- Registered with the Autorité des marchés financiers and the Ontario Securities Commission

## Investment Philosophy

**O**ur investment philosophy is based upon the principles of fundamental value investing. The type of company in which we seek to invest is one whose intrinsic value is greater than the stated price of its shares. This provides investors with a “margin of safety” (a concept outlined by Benjamin Graham, Warren Buffet’s professor and mentor), which is the key to capital preservation.

While we are not active traders, we will not hesitate to sell all or part of an investment that we believe has become over-valued. Experienced investors know that holding shares in a company whose share price is irrationally high inevitably leads to losses. We carefully monitor our existing holdings to ensure that our investment thesis remains valid.

Diversification is a fundamental aspect of our risk management process. We maintain strict guidelines regarding the maximum size of any single holding and exposure to any single industry group.

## Attributes

- Fundamental value approach
- Focus on capital preservation
- Margin of safety
- Disciplined
- Portfolio diversification

## Research

**R**esearch is our cornerstone.

Our investment ideas are generated through rigorous in-house research and analysis, as well as through our proprietary screening process.

Our research strives to ensure that we have a thorough understanding of every business in which we invest, based on its specific characteristics, operating history, financial statements and market position.

We look for businesses that meet specific investment criteria. These businesses must be financially sound, have an established track record of free cash flow generation, employ good corporate governance practices and be priced at a significant discount to the company's intrinsic value. We consult a wide array of external resources, such as government agencies and industry organizations, in order to examine the impact of technology, regulatory changes and secular industry trends.

## Attributes

- Good corporate governance and strong management
- Financially sound
- Free cash flow generation
- Competitive positioning

## Our Services

**L**orne Steinberg Wealth Management offers both segregated accounts and pooled funds to meet the needs of our clients.

### Segregated Accounts

We offer segregated accounts for discerning, high net worth investors. An appropriate investment policy is chosen to suit the needs of each individual client. The Investment Policy Statement is designed to reflect client objectives, risk tolerance, liquidity, tax situation and any unique circumstances that may be relevant.

Quarterly communication assures that clients are kept abreast of their investments as well as the firm's investment outlook and strategy. All client assets are held in their own name at a major Canadian financial institution.

## Attributes

- Investment Policy Statement designed for each client's unique situation
- Regular communication with investment team
- Quarterly reporting includes client portfolio statement, investment outlook and recent transactions
- Client assets held at a major Canadian financial institution

## Our Services (continued)

### Pooled Funds

#### STEINBERG VALUE EQUITY FUND

The Steinberg Value Equity Fund seeks to provide long-term capital appreciation by investing in public companies that meet our strict investment criteria, and whose share price is trading at a discount to its intrinsic value.

Our research efforts are driven by the following principles:

- Bottom-up fundamental equity research
- Invest only in companies that are financially sound and generate free cash flow
- Focus on strong management and good corporate governance
- Diversify broadly across issuers and industries

#### STEINBERG HIGH YIELD FUND

The Steinberg High Yield Fund seeks to maximize total return by investing primarily in higher yielding corporate bonds and other securities. Our approach to the high yield market is consistent with the conservative, value-based investment philosophy that defines Lorne Steinberg Wealth Management.

Our research efforts are driven by the following principles:

- Bottom-up fundamental credit research
- Focus on higher quality, non-investment grade bonds
- Total return, not just income
- Diversify broadly across issuers and industries

## Our Team

### **Lorne Steinberg, MBA, CFA**

#### President

Lorne Steinberg founded Lorne Steinberg Wealth Management Inc. (LSWM) with the vision of providing investment counsel services to high net worth individuals, based on principles of integrity, transparency, trust and capital preservation.

Prior to founding the firm, he was President and Chief Investment Officer of AGF's investment counsel business in Montreal, Magna Vista Investment Management Ltd., which he joined in 1999. Before Magna Vista he spent 10 years at Lafferty, Harwood and Partners, where he began as a research analyst and was later responsible for the fixed income desk.

Lorne received his MBA from the Wharton School of the University of Pennsylvania and his BA from McGill University. He has been a Chartered Financial Analyst (CFA) charterholder since 1996.

### **Geoffrey Smith, CFA**

#### Portfolio Manager

Geoffrey has worked in the investment industry for 25 years. Prior to joining LSWM, he worked at Magna Vista Investment Management Ltd. as a research analyst specializing in fixed income and global equities. Before Magna Vista, Geoffrey spent eight years at RBC Capital Markets managing the Canadian Bond Futures desk at the Montreal Exchange. He was also a senior officer at a boutique investment dealer, where he managed a proprietary trading desk.

Geoffrey received his BBA from the University of New Brunswick and has been a Chartered Financial Analyst (CFA) charterholder since 1993.

## Our Team (continued)

### **Brian Pinchuk, MBA, BEng**

Research Analyst

Brian has worked for a number of years at various leading technology companies, such as Ericsson and CGI. Leveraging his experience in the technology sector, he co-founded a company providing technological solutions to the gaming industry. Brian then advanced into the video game industry, where he worked for three years heading a team of software engineers developing animation technology at Electronic Arts, a leading interactive entertainment software company.

Brian received his MBA from HEC Montreal and his BEng in computer engineering from the University of Waterloo. He is currently a CFA level II candidate.

### **Debbie Andrews**

Vice-President Administration

Debbie Andrews has 15 years of administrative experience within the financial services industry. Prior to joining LSWM, she was a senior administrator at Magna Vista and a Branch Administrator at RBC Dominion Securities. Debbie's primary focus at LSWM is providing clients with timely and accurate information regarding their portfolios. She has completed her Canadian Securities Course and the Investment Funds in Canada course (IFIC).

## Our Team (continued)

### **Gabriel Rulli**

Client Relationship Manager

Gabriel has been involved in the investment industry for over 15 years. Prior to joining LSWM, he worked at I.A. Michael Investment Counsel Ltd in Toronto (which he joined in 1995), where he was responsible for client relationship management and marketing the ABC funds. Gabriel brings to LSWM his expertise in building strong client relationships by delivering exceptional service.

Gabriel received his Bachelor of Arts (Honours) in 1993 from York University, majoring in economics and business. He completed Level I of the CFA and is currently enrolled in the CIM program.

## Communication and Reporting

**A**t Lorne Steinberg Wealth Management Inc. we are committed to clear and regular communication with our clients.

Portfolio valuations are prepared on a quarterly basis and include a summary of all accounts. We also provide a quarterly letter that reviews recent transactions and discusses our outlook on the economy and the capital markets.

TD Waterhouse Institutional Services is the preferred custodian of our clients' portfolios and is responsible for the daily clearing and settlement of transactions. TD Waterhouse Institutional Services provide monthly statements and tax reporting at year end. Online access is also available upon request.

## Security

**T**D Waterhouse Institutional Services (TDWIS) is the preferred custodian of client assets. Accounts at TDWIS are held in the client's name. Lorne Steinberg Wealth Management Inc. (LSWM) does not hold any client assets.

LSWM receives no compensation from TDWIS. TDWIS was chosen due to its value added service, competitive transaction costs and overall organizational strength.

We are registered with both the Autorité des marchés financiers and the Ontario Securities Commission.