

STEINBERG GLOBAL VALUE EQUITY



Creating Value

Equities – The Last 15 years

Being **fully invested** was not a sound investment approach:

Annualized total return for the last 15 years*

| | |
|--------------------|------|
| S&P 500 (CAD\$) | 3.2% |
| MSCI World (CAD\$) | 2.8% |

Lesson: Focus on value – buy low or hold cash.

*June 30, 2015

Steinberg Value Equity

Who We Are

- Extensive investment management experience and track record.
- +67 years of capital markets experience.

Objectives

- Generating “Alpha” through true value investing.
- Capital preservation.

What We Do

- Long-only global value equity investing to generate alpha.
- Active management to enhance returns, reduce portfolio volatility & capitalize on market moves.

Investment Strategy

A global long-only value equity fund.

Portfolio Strategy

- Focus is on buying truly great **value** – entry price is critical.
- **Margin of Safety** – we seek companies whose intrinsic value is greater than their share price.
- **Global** (excluding countries with poor governance).
- Rigorous research process before making an investment.
- **Hold cash if markets expensive** – focus on **absolute returns**. We will sell overpriced securities and hold cash if we feel it is prudent to do so.
- No leverage, short sales or penny stocks.

Risk Management

- **Capital preservation is paramount.**
- Diversified (no single equity > 3%, based on cost).
- When fully invested: 50-80 companies.

Capital Preservation is Key

Held cash during the 2011 summer decline.



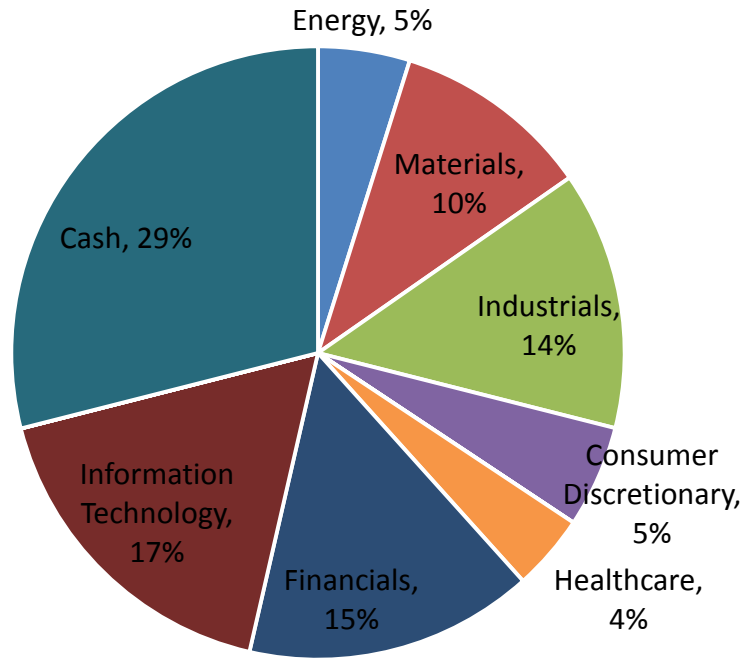
Held cash during the 2015 summer decline.



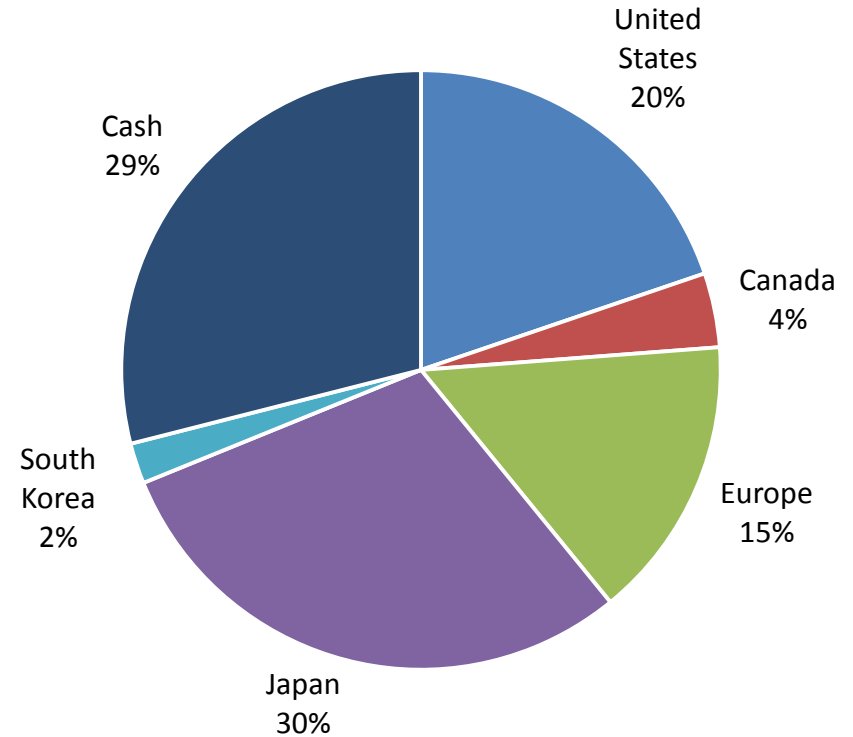
Many claim they preserve capital, we actually do it

Steinberg Value Equity Fund Portfolio Characteristics*

Sector Allocation



Geographic Allocation



* Steinberg Equity Value Fund as of Dec 31st, 2015

Steinberg Value Equity - Investment Examples

Common portfolio theme: *“A great company is only a great investment, if its share price is cheap.”*



| Company | Price Paid | 5-Year High* | Price Today* |
|-------------------|------------|--------------|--------------|
| Yamaha | ¥890 | ¥3,130 | ¥2,949 |
| Sun Life | \$24.00 | \$55.58 | \$43.15 |
| Royal Dutch Shell | \$49.00 | \$87.40 | \$46.04 |
| Manulife | \$12.00 | \$42.98 | \$20.74 |
| Morgan Stanley | \$15.80 | \$73.26 | \$31.81 |
| Philips | \$16.60 | \$45.41 | \$25.45 |
| Topre | ¥636 | ¥1,295 | ¥2,789 |
| Hewlett Packard | \$13.10 | \$54.52 | \$27.04 |
| Alcoa | \$8.90 | \$47.35 | \$9.87 |
| Allstate | \$24.00 | \$62.86 | \$62.09 |

*5-Year high at time purchased.

Today = December 31st, 2015

Hewlett Packard Inc is adjusted for the spinoff of Hewlett Packard Enterprise

Steinberg Value Equity - Current Investment



Hewlett Packard

- Global technology company, several different businesses
- Transitioning away from personal computers and printers
 - Enterprise makes up almost half of their revenues
- At purchase price, market capitalization was **substantially** below our estimate of total break-up value of their various businesses
- Consistent free cash flow, solid financial shape
- 2.6% dividend yield
- Attractive valuation: forward P/E < 8x (S&P CapIQ)
- Bought in 2012 at \$13.10 U.S.
- December 31, 2015: \$27.04 U.S. (adjusted for the spinoff of Hewlett Packard Enterprise on November 1, 2015)

Steinberg Value Equity - Current Investment



Aida Engineering

- Develops, manufactures and services specialized metal forming press equipment
- Global business (operations in 17 countries, customers in 60 countries)
 - International sales now account for over 50% of their revenue
- Debt free, track record of rising earnings and stable dividends
 - Founded in 1917
- ***Working capital (cash, receivables and inventory minus current liabilities) per share is greater than its price per share.*** This effectively means that the market is placing zero value on its profitable, dividend-paying business!
- Bought in 2010 at CAN \$4.02
- December 31, 2015: CAN \$14.46

Steinberg Value Equity Fund Historic Performance

As of December 31, 2015

| | |
|----------------------------|-------|
| YTD | 8.1% |
| 1-Year | 8.1% |
| Annualized 2-Year | 9.9% |
| Annualized 3-Year | 14.8% |
| Annualized 5-Year | 8.9% |
| Annualized Since Inception | 8.0% |

- Delivered strong performance while maintaining 30%+ cash position.
- Lower volatility versus major equity indices.
- Note: performance is gross of fees

Appendices

Portfolio Management

Investment Process

Investment Selection Criteria

Sell Disciplines

Lorne Steinberg Wealth Management

Portfolio Management

Lorne Steinberg

President

Lorne Steinberg founded Lorne Steinberg Wealth Management Inc. (LSWM) with the vision of providing investment counsel services to investors, 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 high yield 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.

Brian Pinchuk

Portfolio Manager

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 a Chartered Financial Analyst (CFA) charterholder.

Samuel Oubadia

Portfolio Manager

Sam has worked in the investment industry since 1993 and is well regarded internationally as an emerging markets fund manager and analyst. Prior to joining LSWM, he was a Senior Analyst for J O Hambro Capital Markets, where he was responsible for analyzing Emerging Markets Equities. Before that, he was the head of Eastern European Equities at Lombard Odier Darier Hentsch, where he managed the LODH Eastern Europe Fund. Prior to that, Sam worked at ING Investment Management as the Senior Investment Manager (Emerging Markets) for 12 years, specializing in the EMEA region (Emerging Europe, Middle East and Africa). While at ING, he managed several funds including the ING Russia Fund, which was the best performing fund in the U.S. over a 5 year period, as ranked by Morningstar.

Sam is a CFA charterholder and holds a Bachelor of Commerce from McGill University and an MBA from Concordia University.

Portfolio Management

Geoffrey Smith

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.

Phillip Armstrong

Senior Analyst

Phillip has worked in the investment industry for over 16 years. Prior to joining LSWM, he worked at RBC Capital Markets, CIBC World Markets and TD Securities as a Senior High Yield Corporate Bond Analyst. He has been part of Institutional Investor ranked high yield research teams in multiple sector categories, received number one sector category analyst rankings by Greenwich Associates and a high ranking as an analyst by EuroMoney. Phillip has worked in the fixed income/high yield corporate bond markets of the U.S., Europe and Canada.

Phillip has an IMBA from York University and a BA in Economics and Finance from McGill University.

Investment Process

- Top-down assessment focused on economic risks and equity valuation.
- Numerous screens with various valuation metrics (Capital IQ).
- Identify companies that meet rigorous criteria.
- Read regulatory filings and other relevant materials.
- Evaluate companies within context of global economic risks and outlook.
- Evaluate industry conditions and how that impacts valuation.
- Time horizon: 3-5 years.
- Review with investment committee.
- New positions initiated with a 1% portfolio weighting.
- Ongoing review – quarterly / new information.

Investment Selection Criteria

- Low debt ratios.
- Low price-to-tangible book value.
- History of profitability and free cash flow over business cycle.
- Share price near one year or multi-year low.
- Strong corporate governance.
- Competitively positioned – avoid “value traps”.

A great company is only a great investment if its share price is cheap.

“Sell” Disciplines

1. Valuation

- Valuation target on each security (ongoing review of target).
- As price approaches “full value”, position is reduced or sold.

2. Fundamental Deterioration

- Ongoing assessment to identify problems **early**.
- If shares decline and we would not buy more, usually indicates “sell”.

Lorne Steinberg Wealth Management

- Established in 2009
- Employee owned
- Discretionary investment management services
 - Personal, corporate, trust, foundation and institutional
- Research is our cornerstone and our largest investment
- Specialize in **deep value** investment strategies
 - **Steinberg Value Equity Fund**
 - **Steinberg High Yield Fund**
 - **Separately managed accounts** (for portfolios greater than \$2m)

Lorne Steinberg Wealth Management

- **Aligned with clients:** All employees of LSWM are fully invested alongside our clients (no outside investments allowed)
- Employee owned
- Specialize in **deep value** investment strategies
- Personal, corporate, trust, foundation and institutional
- **Focus on capital preservation**
 - Significant outperformance in down markets
- Custodian: NBCN Inc.
- Fund accountant: SGGG
- Fund auditor: PSB

For more detailed information, please visit our website at
www.steinbergwealth.com

Lorne Steinberg Wealth Management Inc.

Montreal (Head Office)

1000 de la Gauchetiere Street West,
Suite 3310
Montreal, Quebec
H3B 4W5
Phone: 514-876-9888
Toll Free: 1-866-876-9888
Fax: 514-876-9994

Toronto Office

36 Toronto Street
Suite 850
Toronto, ON
M5C 2C5
416-485-4747
Toll Free: 1-866-876-9888

Registered with:



The information contained in this presentation is delivered on a strictly confidential basis to each offeree solely to enable the persons attending this presentation to learn about the Steinberg Funds and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire any securities offered or managed by Lorne Steinberg Wealth Management Inc.

Distribution of this information to any person other than the original recipients thereof or those persons, if any, retained to advise the recipients thereof with respect to these materials is unauthorized, and any disclosure of any of this information without Lorne Steinberg Wealth Management Inc.'s prior written consent is prohibited. Each recipient of these materials, by accepting delivery of this information, agrees to the foregoing and further agrees to make no photocopies of this information, or of any documents delivered in connection with or attached to this presentation.

Distribution of this information in certain jurisdictions may be restricted by law. Persons into whose possession this information comes must inform themselves about and observe any such restrictions.

Performance results are not guaranteed, values may change frequently and past performance may not be repeated.

The Steinberg Funds hold both Canadian and foreign securities.

Please read the declaration of trust before investing.