



Form ADV Part 2A  
The Brochure

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This Brochure provides information about the qualifications and business practices of Steinberg Global Asset Management, Ltd. ("SGAM" or the "Company"). If you have any questions about the contents of the brochure, please contact us at (561) 750-0800. The information in the brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

SGAM is a registered investment adviser with the SEC. Such registration does not require a certain level of skill or training. Additional information about SGAM is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Item 2:      Material Changes**

This Brochure has been amended from SGAM's previous brochure dated March 29, 2016. Specifically, this Brochure has been updated to reflect that SGAM has entered into a licensing arrangement to provide model portfolio investment recommendations to an unaffiliated investment adviser without providing trade execution or other additional services to the adviser or its clients. Additional disclosure has also been provided in connection with the risks associated with cybersecurity breaches.

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**Item 4: Advisory Business**

The Company provides customized investment management services to high net worth individuals and their related accounts, including retirement accounts, trusts, and estates. In addition, SGAM provides services to charitable foundations and small businesses. SGAM generally invests client assets in domestic and international stocks, bonds, mutual funds, and exchange-traded funds. SGAM works with each client to establish appropriate investment goals and objectives and tailors its advisory services to the individual needs of each client. Clients can request reasonable restrictions on SGAM's management of their accounts, including restrictions on investing in certain securities.

The Company provides non-discretionary investment consulting services for accounts that are not managed by SGAM. Such services include the provision of consolidated reports and periodic meetings with clients to discuss their financial objectives, asset allocation, portfolio performance, and liquidity needs, among other things.

SGAM also provides general personal financial planning services in addition to investment management. Such services include, but are not limited to, retirement planning, financial planning, cash flow planning, estate planning, college planning, and the preparation of financial analyses and personal financial statements reflecting net worth, cash flow, and income projections. Financial planning services may be provided as a stand-alone service or as part of the Company's investment management services.

**Additional Services**

SGAM has entered into a licensing agreement with an unaffiliated investment adviser to provide its model portfolio recommendations and corporate action information to the unaffiliated adviser. Per the terms of this agreement, SGAM will not provide any trade execution services or any additional services to the unaffiliated adviser or its clients. SGAM's fees for these services are negotiated directly with the adviser.

SGAM was founded in 1993 and is primarily owned by Mr. Richard Steinberg. As of December 31, 2016 the Company managed approximately \$802,056,000 on a discretionary basis on behalf of approximately 475 clients and provided non-discretionary investment consulting services to six clients with approximately \$63,359,000 million in assets.

**Item 5: Fees and Compensation**

For the discretionary investment services it provides, SGAM is compensated based on a percentage of assets under management. The terms of each client's fee schedule is outlined in their investment management agreement, but are generally charged quarterly in advance based on the assets under management at the beginning of the quarter. SGAM may prorate management fees for accounts that experience significant cash flows during the quarter or are initially funded intra-quarter. Fees will generally be deducted directly from clients' accounts, although in some cases SGAM may bill clients directly.

The standard maximum management fee charged for each strategy is outlined below.

Service/Strategy	Maximum Annual Fee
Equity and Balanced Accounts	1.25%
Fixed Income Accounts	.50%

Fees will vary based on account size, type, complexity, and strategy. The minimum annual management fee for Clients with accounts valued at more than \$1 million is \$10,000, although the Company reserves the right to waive or reduce this minimum. SGAM will take into account the existence of related family accounts when negotiating fees.

Either SGAM or the client may terminate an advisory agreement at any time upon written notice to the other party, subject to the terms of the investment advisory agreement. Upon termination of an account, fees will be prorated to the date written notice is received by the other party and any unearned fees will be returned to the client.

In addition to the fees charged by SGAM, clients are responsible for investment related expenses, including brokerage fees, commissions, mark-ups and mark-downs, custody fees, and investment advisory fees charged by third-party mutual funds. Please refer to **Item 12: Brokerage Practices** below for additional information.

In certain instances, SGAM may act as trustee or co-trustee to a trust account. SGAM may charge an additional fee for trustee services, as well as fees to cover the cost of audits conducted on the trust account(s).

### **Consulting/Monitoring Services**

SGAM provides consulting services on a non-discretionary basis. Consulting services include reporting and review of assets held outside of SGAM's management. The Company may charge an asset based fee or a fixed fee for consulting services depending the nature of the services to be provided, the size of the account, and the complexity of the reporting requirements. Fees are negotiable, but generally range from 0.10% to 0.25% per annum, payable quarterly in advance based on the market value at the end of the prior quarter. A consulting agreement may be terminated at any time upon written notice by either party. Fees will be prorated to the date the written notice is received by the other party and any unearned fees will be returned to the client.

### **Financial Planning**

Fees for stand-alone financial planning services are negotiated on a case by case basis. Such fees shall be mutually agreed upon by the client and SGAM and are payable when services are rendered.

## **Item 6: Performance-Based Fees and Side-by-Side Management**

SGAM does not charge performance-based fees.

## **Item 7: Types of Clients**

The Company provides customized investment management services to high net worth individuals and their related accounts, including retirement accounts, trusts, and estates. In addition, SGAM provides services to charitable

foundations and small businesses. SGAM's minimum account size for new relationships is generally \$1,000,000, although the Company may waive this minimum at its discretion. In addition, the Company provides asset management services to certain clients' related or family accounts that do not meet the account minimum (i.e., they are between \$50,000 and \$1,000,000), by allocating their assets among one of several model portfolios.

## **Item 8: Methods of Analysis, Investment Strategies, and Risk of Loss**

SGAM is a long-term investor, focusing on risk adjusted returns customized to each client's needs, cash flow, and risk tolerance. The Company utilizes traditional methods of security analysis, including the stability of a company's financials, management, and business plan. Holding periods tend to be long-term, but often depend on market conditions, client objectives, and economic circumstances. SGAM attempts to minimize asset turnover and transaction costs while being sensitive to potential tax implications.

SGAM has an Investment Committee whose members collaborate to conduct fundamental analysis on securities purchased, sold, or considered for client accounts. SGAM typically includes the securities selected in one or more investment objective models and refers to this model in its investing approach. Analysis varies depending on the security, model, or client in question. The Investment Committee generally meets weekly to discuss existing and prospective investments. Investments are evaluated independently, as well as in the context of clients' portfolios and as a component of a model, strategy, or asset class.

Investing in securities involves risk of loss, which clients should be prepared to bear. In addition, investment performance could be hurt by a number of different market risks, including, but not limited to, those outlined below.

1. **Stock Market Risk** – The chance that stock prices overall will decline. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices.
2. **Sector Risk** – The chance that significant problems will affect a particular sector, or that returns from that sector will trail returns from the overall stock market. Daily fluctuations in specific market sectors are often more extreme than fluctuations in the overall market.
3. **Interest Rate Risk** – An investment's value, typically investments in bonds, may fluctuate due to a change in interest rates. For example, as interest rates increase, the value of the security may decrease and vice-versa.
4. **Credit Risk** – Bonds may lose value if the issuer does not make payments as promised, or securities may decline in value because of changes in the issuer's financial condition.

Past performance is not indicative of future results. Different types of investments involve varying degrees of risk. Therefore, it should not be assumed that future performance of a particular investment or investment strategy will be profitable or achieve its objective. If there are any changes to client's personal and/or financial situation or investment objectives, it is the client's responsibility to notify SGAM, preferably in writing, so that adjustments to the client's account can be implemented. All investing involves a risk of loss that clients should be prepared to bear.

**Cybersecurity Risk**

SGAM and its service providers are subject to risks associated with a breach in cybersecurity. Cybersecurity is a generic term used to describe the technology, processes and practices designed to protect networks, systems, computers, programs and data from both intentional cyber-attacks and hacking by other computer users as well as unintentional damage or interruption that, in either case, can result in damage or interruption from computer viruses, network failures, computer and telecommunications failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. A cybersecurity breach could expose both SGAM and its client accounts to substantial costs (including, without limitation, those associated with forensic analysis of the origin and scope of the breach, increased and upgraded cybersecurity, identity theft, unauthorized use of proprietary information, litigation, adverse investor reaction, the dissemination of confidential and proprietary information and reputational damage), civil liability as well as regulatory inquiry and/or action. While SGAM has established a business continuity plan in the event of, and risk management strategies, systems, policies and procedures to seek to prevent, cybersecurity breaches, there are inherent limitations in such plans, strategies, systems, policies and procedures including the possibility that certain risks have not been identified. Furthermore, SGAM cannot control the cybersecurity plans, strategies, systems, policies and procedures put in place by other service providers and/or the issuers in which the clients invest.

**Item 9: Disciplinary Information**

SGAM and its employees have not been involved in any legal or disciplinary events in the past 10 years that would be material to a client's evaluation of the company or its personnel.

**Item 10: Other Financial Industry Activities and Affiliations**

SGAM and its employees do not have any relationships or arrangements with other financial services companies, nor are they registered with any regulators other than the SEC.

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

SGAM has established a *Code of Conduct and Regulatory Compliance Manual*, which is reviewed and updated at least annually. The Compliance Manual includes a Code of Ethics, which includes formal policies and procedures to address insider trading, the handling of material non-public information, and employees' personal security transactions. A copy of the Code of Ethics is available to any client or prospective client by contacting the Chief Compliance Officer, Tara Elmaleh, at (561) 750-0800.

At times, SGAM or employees may buy or sell securities for their own account that are also recommended to clients. SGAM may recommend securities or investment products in which SGAM or a related person has some financial interest. To avoid any potential conflicts of interest involving personal trades, SGAM adopted the Code of Ethics, which is predicated on the principle that SGAM owes a fiduciary duty to its clients. Accordingly, SGAM employees must attempt to avoid activities, interests, and relationships that run contrary (or appear to run contrary) to the best interests of clients. Specifically, Company employees must:

- Act in an ethical manner with the public, client, prospective clients, and fellow employees;
- Place the interests of clients above their own personal interests;
- Not take inappropriate advantage of their position;
- Avoid actual or potential material conflicts of interest. In the event conflicts cannot be avoided, it is SGAM's policy to proactively disclose such conflicts to all clients;
- Conduct all personal securities transactions in a manner consistent with the Code of Ethics;
- Use reasonable care and exercise independent professional judgment when conducting investment analysis, making investment recommendations, taking investment actions, and engaging in other professional activities;
- Uphold the rules governing capital markets; and
- Comply with applicable provisions of the federal securities laws.

### **Participation or Interest in Client Transactions**

Employees may buy and sell securities in their personal accounts that are also purchased and sold for clients, subject to the personal trading policies set forth in the Code of Ethics. In order to mitigate any potential conflicts of interest this may create, SGAM's Head Trader effects transactions in employee accounts on their behalf. In some instances, employee accounts are managed by SGAM and, when feasible, transactions in their accounts are effected at the same time as client accounts. In the event the Company recommends a security in which there is limited quantity or trading capacity, client accounts will be traded before employee accounts.

### **Personal Trading**

SGAM's Code of Ethics requires employees to report personal securities transactions on at least a quarterly basis and periodically provide SGAM with a detailed summary of certain securities holdings over which such employees have a direct or indirect beneficial interest. In addition, with limited exceptions, employees are required to maintain their personal brokerage accounts at Charles Schwab & Company ("Schwab"), the broker-dealer used by SGAM's clients (see Item 12 below). This allows the Company to monitor employees' securities transactions on an ongoing basis and identify any potential conflicts or violations of SGAM's personal securities transactions policy.

## **Item 12: Brokerage Practices**

SGAM's clients may designate the brokers through which securities are to be bought and sold. For clients who have not made such designations, SGAM will have discretion to select brokers or dealers to effect transactions for clients. In such instances, SGAM generally effects client transactions through Schwab, the custodial broker-dealer, as the Company feels that Schwab offers best price and execution, availability of securities, settlement efficiency, and quality research. SGAM recognizes its duty to seek to obtain best execution for all client trades and, as such, conducts periodic formal reviews of Schwab and comparable broker-dealers to ensure that clients continue to receive best execution.

### **Soft Dollars**

Section 28(e) of the Securities Exchange Act of 1934, as amended, is a "safe harbor" that permits SGAM to use commissions or "soft dollars" to obtain research and brokerage services that provide lawful and appropriate assistance in the investment decision-making process. SGAM receives Bloomberg Data, Factset, and Thompson Financial



Services through a soft dollar relationship with Schwab. In addition, Schwab offer best practices workshops, compliance reviews, market data, and access to conferences. At times, Schwab offers these services at a discount or free of charge to SGAM.

The provision of soft dollar products and services may influence SGAM's judgment in allocating brokerage business and may create a conflict of interest in using the services of Schwab to execute securities transactions for clients. Because SGAM does not have to produce materials in house or pay for the research, products, or services provided by Schwab, the Company may have an incentive to recommend Schwab based on the soft dollar benefits it receives, rather than on the basis of obtaining favorable execution for clients. While SGAM believes its relationship with Schwab is beneficial to clients, selecting broker-dealers on the basis of considerations other than applicable commissions may at times result in higher transaction costs than would otherwise be the case.

SGAM has established guidelines to monitor soft dollar arrangements. Specifically, all such arrangements must be approved in advance by the Chief Executive Officer and the Chief Compliance Officer and must comply with the Section 28(e) safe harbor. Generally, any products and services received from brokers are used to benefit all clients, regardless of which clients generated the soft dollar credits. Further, because some clients specifically instruct SGAM to use designated brokers, those clients will benefit from the research products and services provided by other brokers selected by SGAM, but do not bear any of the soft dollar costs associated therewith. As a result, those clients who provide SGAM with complete discretion in the selection of brokers effectively subsidize those clients who retain discretion with respect to the purchase of research with soft dollars. Fees paid to SGAM are not reduced because it receives such services.

### **Best Execution Reviews**

SGAM will evaluate the quality and cost of services received from Schwab, and any other brokers recommended by SGAM, on a periodic basis. As part of the evaluations, SGAM will consider the quality and cost of services available from alternative broker-dealers, market makers, and market centers. SGAM shall summarize its reviews in a written format on a periodic basis.

### **Directed Brokerage**

On occasion, a client may direct SGAM to effect securities transactions in the client's account through a specific broker-dealer. This instruction shall be construed as a "directed brokerage arrangement." In such circumstances, the client is responsible for negotiating the terms and arrangements for their account with that broker-dealer. SGAM will not seek better execution services or prices from directed broker-dealers or be able to aggregate the client's transactions with orders for other accounts advised or managed by SGAM. As a result, SGAM may not obtain best execution on behalf of the client, who may pay materially disparate commissions, greater spreads or other transaction costs, or receive less favorable net prices on transactions for the account than would otherwise be the case.

### **Aggregated Trades**

When feasible, SGAM aggregates client trades in an effort to treat all clients fairly. Clients participating in a bunched order receive the same average price and incur trading costs that are the same as would be paid if they were trading individually. Employees may be included with the bunched client trades.

### **Trade Errors**

In the unlikely event a trade error occurs in a client account (e.g., a security is bought rather than sold), SGAM will seek to correct the trade immediately by placing a correcting trade with the broker-dealer. If an investment gain results from the correcting trade, Schwab will donate the amount of any gain of \$100 or more to charity. If a loss occurs greater than \$100, and SGAM was at fault, SGAM will pay for the loss. Schwab will cover any losses that are under \$100 to minimize and offset its administrative time and expense. In all instances, SGAM will seek to ensure that clients are made whole for any losses by the party that caused the error.

### **Item 13: Review of Accounts**

A portfolio manager is assigned to each account to implement the appropriate asset allocation strategy. Client portfolios are reviewed on an ongoing basis.

SGAM provides reports to clients on a quarterly basis that detail account holdings and performance. Additional reports are also available on request. Reports are also sent on a monthly basis from the client's custodian. These reports include both holdings and transactions.

### **Item 14: Client Referrals and Other Compensation**

SGAM has consulting agreements with multiple firms whereby SGAM pays a cash referral fee for the referral of clients, subject to compliance Rule 206(4)-3 under the Investment Advisers Act of 1940. SGAM also has entered into an agreement with Schwab to participate in the Schwab Advisor Network ("SAN"), an adviser referral service designed to help investors find an independent personal investment manager that suits their needs. SGAM has agreed to pay Schwab a fee for participating in SAN, as well as a fee for all clients managed by SGAM and referred by SAN whose accounts are maintained at, or transferred to, another custodian. Thus, the Company has an incentive to recommend that client accounts referred by SAN be held in custody at Schwab.

The participation fee is charged to SGAM quarterly and may be increased, decreased, or waived by Schwab from time to time. SGAM has agreed not to charge advisory clients introduced by SAN fees or costs greater than the fees or costs that the Company charges its advisory clients who were not introduced by SAN, and who have similar portfolios with SGAM. The participation fee paid by SGAM is based on the value of the assets in each client's account, as well as the value of the accounts of such clients' family members living in the same household. The Company pays Schwab the participation fee for so long as the referred client's account remains in custody at Schwab and is managed by SGAM.

For accounts of SGAM's clients maintained in custody at Schwab, Schwab will not charge the client separately for custody but will receive compensation from SGAM's clients in the form of commissions or other transaction-related compensation on securities trades executed through Schwab. Schwab also will receive a fee (generally lower than the applicable commission on trades it executes) for clearance and settlement of trades executed through broker-dealers other than Schwab. Schwab's fees for trades executed at other broker-dealers are in addition to the other broker-dealer's fees. Thus, SGAM may have an incentive to cause trades to be executed through Schwab rather than another broker-dealer.

**Item 15: Custody**

All clients' accounts are held in custody by unaffiliated broker-dealers or banks. Account custodians send statements directly to the account owners on at least a quarterly basis. Clients should carefully review these statements and are strongly encouraged to compare these statements to any account information provided by SGAM.

SGAM is also considered to have custody of specific client's accounts because an agent of SGAM acts as trustee. These accounts undergo an annual surprise audit by an outside independent public accountant. The accountant files a Form ADV-E with the SEC within 30 days after the completion of the examination.

**Item 16: Investment Discretion**

SGAM has investment discretion over most clients' accounts. Those clients grant the Company trading discretion through the execution of a limited power of attorney. SGAM's investment discretion gives SGAM authority to determine securities to be bought or sold, amount of the securities to be bought or sold, the broker-dealer to be used, and the commission rates paid.

Clients can place reasonable restrictions on SGAM's investment discretion. For example, some clients have asked SGAM not to buy securities issued by companies in certain industries, or not to sell certain securities where the client has a particularly low tax basis. Clients may also direct SGAM to use specific brokers.

**Item 17: Voting Client Securities**

As a matter of general policy, SGAM does not vote proxies for its clients. This policy is clearly stated in each client's advisory contract. Clients will receive their proxies and other solicitations directly from the issuer or a third party assigned by the issuer as instructed by the custodian that holds the security. A copy of the Company's written proxy voting policies and procedures is available upon request by contacting the Chief Compliance Officer at (561) 750-0800.

**Class Actions**

The Company is not responsible for processing, documenting, or monitoring class actions on behalf of its clients. However, as a courtesy, the Company may assist or prepare the paperwork to file the class action on behalf of a client.

**Item 18: Financial Information**

SGAM has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage client accounts.