

Lorne Steinberg Wealth Management, Inc.

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Form ADV Part 2A Brochure
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This Form ADV, Part 2A (the “Brochure”) provides information about the qualifications and business practices of Lorne Steinberg Wealth Management Inc. (“LSWM”). If you have any questions about the contents of this Brochure, please contact us at 1000 de la Gauchetiere Street West, Suite 3310, Montreal, Quebec H3B 4W5, or by calling (514) 876-9888. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Additional information about LSWM also is available on the SEC’s website at www.adviserinfo.sec.gov.

This Brochure is neither an offer to sell nor a solicitation of an offer to buy shares or interests in any of the privately offered investment funds advised by LSWM. An offer of interests in such funds can be made only through the offering materials for the relevant fund and only in jurisdictions in which such an offer would be lawful.

The oral and written communications of an investment adviser provide you with information which may be used to determine whether to hire or retain an investment adviser. Recipients of this Brochure should be aware that registration with the SEC does not in any way constitute an endorsement by the SEC of an investment adviser’s skill or expertise. Further, registration with the SEC does not imply or guarantee that a registered adviser has achieved or its employees possess a certain level of skill, competency, sophistication, expertise or training in providing advisory services to its clients.

Item 2 Material Changes

There are no material changes to report with respect to the Brochure.

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Item 4 Advisory Business

A. Description

Lorne Steinberg Wealth Management Inc. (“LSWM”) is organized as a corporation under the laws of Canada. LSWM provides discretionary investment management services to individuals, corporations and non-profit organizations. Client funds are managed through both separately managed accounts and pooled funds, depending on the circumstances. LSWM is owned 100% by Lorne Steinberg and was formed on April 6, 2009. In the U.S., LSWM is registered as an investment adviser with the U.S. Securities and Exchange Commission (“SEC”). In Canada, LSWM is registered as a portfolio manager, investment fund manager and exempt market dealer. In this regard, LSWM is registered in Alberta, British Columbia, Manitoba, Newfoundland, Nova Scotia, Nunavut, Ontario, Prince Edward Island, Quebec, Saskatchewan, and Yukon.

B. Advisory Services

As further described below, LSWM currently offers the following three types of investment advisory services: (1) separately managed account services, (2) pooled funds, which are not currently available for direct investment by U.S. investors, and (3) financial planning services. Our approach to investing is value-based.

Traditional Investment Advisory Services

LSWM serves as a traditional investment adviser to separately managed accounts. In this regard, its separately managed accounts generally follow the same portfolio construction process as each other. However, in its sole discretion, LSWM may also customize an investment portfolio in accordance with a client’s risk tolerance and investment objectives, including reasonable restrictions on investing in certain securities or types. For example, clients may specify in their “Investment Policy Statement,” which outlines each clients’ current situation (income, tax levels and risk tolerance), that investments in any particular stock or industry should not exceed a specified percentage of the value of the portfolio and/or restrict or prohibit transactions in the securities of a specific industry or issuer, including socially responsible investment restrictions. Once we construct an investment portfolio, we monitor the performance of each client’s portfolio on an ongoing basis and rebalance the portfolio as deemed required by changes in market conditions. LSWM obtains discretionary authority from clients in order to select investments and execute transactions without permission from the client prior to each transaction. LSWM generally limits its investment advice to equities, fixed income and its own pooled funds. LSWM may make other investments as well to help diversify holdings as deemed appropriate. Quarterly communication assures that clients are kept abreast of their investments, as well as the LSWM’s investment outlook and strategy.

Fund Management Services

LSWM acts as the adviser to two Canadian-based funds, namely the Steinberg High Yield Fund and Steinberg Global Value Equity Fund, which are not currently open for direct investment by U.S. investors. Below is a brief description of these two Canadian funds.

Steinberg Value 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.

LSWM's research efforts for the fund 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 LSWM.

LSWM's research efforts for the fund 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

LSWM may serve as the investment adviser to one or more U.S. private funds in the future. This Brochure should not be considered an offering document for any funds, and investors should refer to a specific fund's offering memorandum or organizational documents for a complete description of that fund, including its types of investments and strategies, risks, conflicts of interest, fees and expenses. We tailor our investment advisory services for a fund to such fund's overall investment program, and not to the needs of any underlying investor therein. The governing documents for the fund and/or the investment advisory agreement, if applicable, govern LSWM's advisory services provided to a fund. The governing documents of any U.S. private fund will likely provide that the fund may be

dissolved upon LSWM's dissolution or the investment adviser's resignation or withdrawal from the fund. Any U.S. private funds will likely be designed to be exempt from registration as an investment company under either Section 3(c)(1) or 3(c)(7) of the Investment Company Act of 1940, as amended (the "Company Act").

Financial Services

LSWM offers various financial planning services to its separately managed account clients free of charge upon opening an account.

Allocation Policy

LSWM seeks to ensure that investment decisions are made in accordance with the fiduciary duties owed to its accounts and without consideration of LSWM's economic, investment or other financial interests. To meet its fiduciary obligations, LSWM attempts to avoid, among other things, investment or trading practices that systematically advantage or disadvantage certain clients. Accordingly, LSWM's policy is to seek fair and equitable allocation of investment opportunities/transactions among its clients to avoid favoring one client over another over time.

C. Client Tailored Services and Client Imposed Restrictions

In connection with its traditional investment advisory services, LSWM offers the same suite of services to all of its clients. However, specific client investment strategies and their implementation are dependent upon the client's Investment Policy Statement. Clients may, for instance, impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs. However, if the restrictions prevent LSWM from properly servicing the client's account, or if the restrictions would require LSWM to deviate from its standard suite of services, LSWM reserves the right to end the relationship.

D. Assets Under Management

LSWM has the following assets under management:

| Discretionary Amounts | Non-discretionary Amounts | Date Calculated |
|-----------------------|---------------------------|--------------------------|
| \$385,250,000 | \$8,200,000 | December 31, 2018 |

Item 5 Fees and Compensation

A. Fee Schedule

Separately Managed Account Fees

In connection with its separately managed account services, clients will pay an annual rate indicated below based on the average monetary value of assets held with LSWM, including assets invested in the Steinberg High Yield Fund and Steinberg Global Value Equity Fund. This management fee is billed quarterly in arrears.

| Amount Invested | Annual Fee |
|------------------------|-------------------|
| \$150,000 | 1.50% |
| \$500,000 | 1.00% |
| \$1 million | 0.80% |
| \$5 million | 0.65% |
| \$10 million | 0.50% |

Management fees are computed at the end of each quarter and will be invoiced to and paid by the client's custodian out of the assets of the client's account.

Fund Management Services

The rates at which our fees are charged vary across our funds and, as to a particular fund, may also vary across investment options available to investors. As compensation for our investment management services to the entities, we will generally receive an annual management fee of up to 2.5% of the applicable entity's net assets. Certain funds may offer lower management fees in exchange for various considerations. The fees and expenses applicable to each fund are described more fully in such fund's offering memorandum or organizational documents.

Management fees for funds are generally paid semi-monthly in arrears, but may be paid monthly or quarterly and may be paid in advance or arrears. We may receive a prorated portion of the management fee with respect to interests in a fund issued at any time other than the beginning of any performance period or redeemed prior to the end of any performance period. Any prepaid but unearned fees will be refunded. We reserve the right to apply a different management fee to different investors and to waive any management fee in whole or in part for particular investors in our discretion, including principals and employees of LSWM.

Additional Fees and Expenses

As part of our investment advisory services, we may invest, or recommend that a client invest, in equities, fixed income or other investments that include an additional layer of fees, including funds managed by us. The fees that a client

pays to our firm for investment advisory services are separate and distinct from the fees and expenses charged by such investments to their investors. These fees will generally include a management, custodial and transfer agent fees and other fund expenses.

Our fees are also exclusive of brokerage commissions, custodial fees, transaction fees and other investment related costs and expenses. These charges and fees are typically imposed by the broker-dealer or custodian through whom client account transactions are executed. Please refer to Item 12 for a description of the factors we consider in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation.

The private funds and separately managed accounts may also be subject to administrative, legal, audit and other professional expenses, including certain software and other licensing costs. We do not share in any portion of these commissions, fees and expenses. Please refer to the applicable private fund or offering memorandum or the advisory agreement for a separate account client for more information. Client costs and expenses are the responsibility of, and may be paid directly by, the applicable client. However, where we have the ability to do so in respect of our clients, we may pay client costs and expenses directly out of our own account for and on behalf of the client, and in those cases we are entitled to reimbursement from the client. Certain costs and expenses may be incurred for the benefit of, or be shared by, multiple clients which may include clients which do not bear any responsibility for such costs and expenses. Such shared expenses generally will be allocated across the applicable clients pro rata or in such other manner as we deem appropriate. We may directly bear the responsibility for the portion of such shared costs and expenses otherwise allocable to clients which benefit from, but which are not directly responsible for, such shared costs and expense.

Selection of Other Advisers Fees

LSWM will receive its fees listed above, and such fees may be in addition to any fees separately charged by any third party adviser, if applicable. LSWM does not expect to engage other advisers, but if it does these relationships will be memorialized in each contract between LSWM and each third-party adviser. The fees will not exceed any limit imposed by any regulatory agency.

B. Client Responsibility For Third Party Fees

Clients are responsible for the payment of all third party fees (i.e., custodian fees, brokerage fees, mutual fund fees, transaction fees, etc.). Those fees are separate and distinct from the fees and expenses charged by LSWM. Please see Item 12 of this brochure regarding broker-dealer/custodian.

C. Prepayment of Fees

In connection with its advisory services, LSWM collects its fees in arrears.

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

Separately Managed Account Fees

LSWM does not charge any performance fees in connection with its separately managed account services.

Fund Management Services

In connection with our management of the Steinberg High Yield Fund, for each series, the Manager-Trustee shall be entitled to receive from the fund, on an annual basis, a performance fee equal to 20% of the increase, if any, in the Series Net Asset Value (as defined in the fund's offering materials) (adjusted to include distributions and cash flows and to exclude any accrual of the performance fee) for the fund's financial year after the first 5% of returns attributable to the series (i.e. the hurdle). For further details about this performance fee, please refer to the offering document of the fund. There is no performance fee charged with respect to the Steinberg Value Equity Fund. LSWM may charge performance fees in connection with future fund offerings.

Conflict of Interest

In the future, LSWM may manage accounts that incur performance-based fees (a share of capital gains on or capital appreciation of the assets of a client) and accounts that do not incur performance-based fees. Managing both kinds of accounts at the same time may present a conflict of interest because LSWM and/or its supervised persons have an incentive to favor accounts for which LSWM receives a performance-based fee. LSWM addresses the conflicts by ensuring that clients are not systematically advantaged or disadvantaged due to the presence or absence of performance-based fees. LSWM seeks best execution and upholds its fiduciary duty for all clients. Clients paying a performance-based fee should be aware that investment advisers have an incentive to invest in riskier investments when paid a performance-based fee due to the higher risk/higher reward attributes.

Performance-based fees may create an incentive for our firm to make investments that are riskier or more speculative than would be the case absent a performance fee arrangement. In addition, performance fees, as well as asset-based fees, may vary among clients. Accordingly, clients are subject to conflicts of interest by the management of multiple accounts that follow similar or the same investment strategy. The conflict for the private funds presents itself at both the client and investor level. Such a conflict may create an incentive for us to favor one client over another (e.g. allocation of aggregated trades). LSWM has policies and procedures reasonably designed to mitigate these conflicts. For example, LSWM monitors such conflicts by implementing "best execution" and trade allocation procedures as well as by

maintaining a Code of Ethics. See Items 11 and 12 below. All accounts within a particular investment strategy are managed in accordance with the same or similar investment process irrespective of fee structure.

Performance-based fees (as well as asset-based fees) also may create an incentive for our firm to overvalue investments that lack a market quotation. Although we generally invest in securities that have a market quotation, to address this possible conflict, we have adopted policies and procedures that require our firm to “fair value” any investments that do not have a readily ascertainable value.

Item 7 Types of Clients

LSWM generally provides advisory services to the following types of clients:

- High-Net-Worth Individuals
- Businesses
- Charitable Organizations
- Foundations
- Family Offices
- Trusts
- Pension Plans
- Private Funds

The minimum account size for LSWM’s separately managed account services is \$150,000, subject to LSWM’s sole discretion.

The minimum investment for the Steinberg High Yield Fund and Steinberg Global Value Equity Fund is \$150,000 or \$25,000 in the case of an “accredited investor” as defined by the securities laws and regulations in each province and territory of Canada that are applicable to the funds and the requirements, rules, policies, instruments and decisions of the local securities authorities that are applicable to the funds (“Securities Legislation”).

In the future, we may also offer investment advisory services to U.S. private funds that are not registered with the SEC as investment companies under the Company Act for investors similar to our advisory clients.

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

A. Methods of Analysis and Investment Strategies

Methods of Analysis

Our investment philosophy is based upon the principles of fundamental value investing. Fundamental value investing involves the analysis of financial statements,

the general financial health of companies and/or the analysis of management or competitive advantages. Fundamental analysis maintains that markets may incorrectly price an investment in the short run but that the “correct” price will eventually be reached. Profits can be made by purchasing the wrongly priced security and then waiting for the market to recognize its “mistake” and reprice the security.

The type of company in which we seek to invest is one whose intrinsic value is greater than the stated price of its shares. While we are not active traders, we will not hesitate to sell all or part of an investment if we believe it has become overvalued. We carefully monitor our existing holdings to confirm whether our investment thesis remains valid. Our investment ideas are generated through rigorous in-house research and analysis, as well as through our proprietary screening process.

Investment Strategies

LSWM generally implements a long term trading strategy, but we may vary our strategy in our sole discretion. We may invest in a wide variety of securities and financial instruments, domestic and foreign, whether publicly traded or privately placed. That being said, client assets typically will be invested in fixed income securities, equities and mutual funds. In certain situations, we may seek to hedge the currency risk of our clients’ investments, but we are not required to do so. Our investment strategies and advice may vary depending upon each client’s specific situation. As such, we determine investments and allocations based upon the stated objectives of each fund and, in the case of separately managed accounts, each client’s investment objectives and risk tolerance. Any restrictions and guidelines may affect the composition of a client’s portfolio.

Risk of Loss

Investing involves risk of loss that clients should be prepared to bear. We do not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. We cannot offer any guarantees or promises that a client’s financial goals and objectives will be met. Each investment strategy also is subject to risks unique to itself. The risks below may apply depending on strategy type. Past performance is in no way an indication of future performance.

B. Material Risks Involved

Methods of Analysis

Fundamental analysis concentrates on factors that determine a company’s value and expected future earnings. This strategy would normally encourage equity purchases in stocks, for instance, that are undervalued or priced below their

perceived value. The risk assumed is that the market will fail to reach expectations of perceived value.

Investment Strategies

Long term trading involves various risks such as the failure to materialize of the intrinsic value believed to be present in an investment during the anticipated time-frame, as well as the risk that an investment can be lost altogether due to unforeseen events. In addition, there is an opportunity cost inherent in holding fewer positions over an extended period when other investment opportunities might have the opportunity to render greater profits in a more condensed period.

Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.

C. Risks of Specific Securities Utilized

Clients should be aware that there is a material risk of loss using any investment strategy. The investment types listed below are not guaranteed or insured by the FDIC or any other government agency.

Fixed income investments generally pay a return on a fixed schedule, though the amount of the payments can vary. This type of investment can include corporate and government debt securities, leveraged loans, high yield, and investment grade debt and structured products, such as mortgage and other asset-backed securities, although individual bonds may be the best known type of fixed income security. In general, the fixed income market is volatile and fixed income securities carry interest rate risk. (As interest rates rise, bond prices usually fall, and vice versa. This effect is usually more pronounced for longer-term securities.) Fixed income securities also carry inflation risk, liquidity risk, call risk and credit and default risks for both issuers and counterparties. The risk of default on treasury inflation protected/inflation linked bonds is dependent upon the U.S. Treasury defaulting (extremely unlikely); however, they carry a potential risk of losing share price value, albeit rather minimal. Risks of investing in foreign fixed income securities also include the general risk of non-U.S. investing described below.

Equity investment generally refers to buying shares of stocks in return for receiving a future payment of dividends and/or capital gains if the value of the stock increases. The value of equity securities may fluctuate in response to specific situations for each company, industry conditions and the general economic environments.

Exchange Traded Funds (ETFs): An ETF is an investment fund traded on stock exchanges, similar to stocks. Investing in ETFs carries the risk of capital loss

(sometimes up to a 100% loss in the case of a stock holding bankruptcy). Areas of concern include the lack of transparency in products and increasing complexity, conflicts of interest and the possibility of inadequate regulatory compliance.

Mutual Fund investment carries the risk of capital loss and thus you may lose money investing in mutual funds. All mutual funds have costs that lower investment returns. The funds can be of bond “fixed income” nature (lower risk) or stock “equity” nature.

Non-U.S. securities present certain risks such as currency fluctuation, political and economic change, social unrest, changes in government regulation, differences in accounting and the lesser degree of accurate public information available.

Concentration risk may exist to the extent LSWM may at times concentrate its investments by investing a significant portion of its assets in the securities of a single issuer, industry, sector, country or region, although this concentration will not occur under normal market conditions. To the extent LSWM concentrates a client’s investments in any of these ways, the overall adverse impact on the client of adverse developments in the business of such issuer, such industry or such government could be considerably greater than if they did not concentrate their investments to such an extent.

Hedging risk presents a risk in that hedging will not always offset a drop in the value of a hedged instrument and hedging can prevent an investment from making a gain it otherwise may have made. There is also no guarantee that a hedging strategy will always work, as the elements that determine the value of a derivative may change in a manner that is contrary to the intent of the hedge. Further, there is no guarantee that the hedging instrument will be bought or sold at the right time to make a profit or limit a loss, or that the other party to the contract will meet its obligations. Additionally, if the other party goes bankrupt, the investing party could lose any deposits made or assets pledged in favor of the other party under the contract.

Country risk may exist to the extent that domestic events – such as political upheaval, financial troubles or natural disasters - may weaken a country’s securities markets. Because we may invest a large portion of a client’s assets in securities of companies located in any one country, performance may be disproportionately impacted by the poor performance of investments in a single country.

Restricted or illiquid securities risk may exist to the extent that LSWM may purchase securities subject to restrictions on resale. Restricted securities may be sold only pursuant to an exemption from registration under the Securities Act, or in a registered public offering. Where registration is required, the holder of a registered

security may be obligated to pay all or part of the registration expense, and a considerable period may elapse between the time it decides to seek registration and the time at which it may be permitted to sell a security under an effective registration statement. Difficulty in selling such securities may result in a loss to the fund or cause it to incur additional administrative costs.

Adverse tax consequences may result as our strategies and investments may have unique and significant tax implications. However, unless we specifically agree otherwise, and in writing, tax efficiency is not our primary consideration in the management of client assets. Regardless of client account size or any other factors, we strongly recommend that clients regularly consult with a tax professional prior to and throughout the investing of their assets.

Past performance is not indicative of future results. Investing involves a risk of loss that you, as a client, should be prepared to bear.

Item 9 Disciplinary Information

Item 9 is not applicable to us as we have no reportable material legal or disciplinary events.

Item 10 Other Financial Industry Activities and Affiliations

LSWM and its management persons are not registered or has any pending registration as a broker-dealer, broker-dealer representative, futures commission merchant, commodity pool operator, commodity trading advisor or associated person.

LSWM and its members and employees will devote as much of their time to the activities of a particular client as they deem necessary and appropriate. LSWM and its affiliates are not restricted from forming additional investment funds, from entering into other investment advisory relationships, or from engaging in other business activities. These activities could be viewed as creating a conflict of interest in that the time and effort of LSWM and its members and employees will not be devoted exclusively to the business of a particular client but will be allocated between the clients.

Lorne Steinberg is a member of the board of directors of Imaflex Inc. (“Imaflex”), an issuer whose common shares are listed on the TSX Venture Exchange. The President and controlling shareholder of Imaflex, Joseph Abbandonato, is a client of LSWM and is related by marriage to Lorne Steinberg. LSWM does not believe that it has any material conflicts with respect to this relationship with Imaflex and its owner, but will seek to mitigate any conflicts that may present themselves.

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

A. Code of Ethics

We have adopted a Code of Ethics, the full text of which is available to clients upon request. We strive to comply with the applicable laws and regulations governing our advisory services. Therefore, our Code of Ethics includes guidelines for professional standards of conduct for our firm's principals and employees. Provisions in the Code of Ethics relate to the confidentiality of client information, a prohibition on insider trading and personal securities trading procedures, among other things. Our goal is to protect our clients' interests at all times and to demonstrate our commitment to our fiduciary duties of honesty, good faith and fair dealing with clients. All our employees are expected to adhere strictly to these guidelines and must acknowledge their obligation to comply with the Code of Ethics annually. Our Code of Ethics also requires that employees submit reports of their personal account holdings and transactions to our Chief Compliance Officer ("CCO"), who will review these reports on a periodic basis.

Our firm's principals and employees may serve as officers or directors of, or have similar positions with, companies in which client assets are invested. A list of those companies will be maintained by the CCO and delivered to each person covered by the Code of Ethics. To reduce the possibility that a transaction in a security of such a company might take place during a time when such person might be in possession of inside information, every transaction in a security of such a company, whether for a client account or a personal account, must be approved, in advance, by the CCO. Transactions in such securities, if any, by the CCO must be approved, in advance, by a principal of LSWM.

B. Participation or Interest in Client Transactions

As described above, we serve as the investment adviser to certain private funds and separately managed accounts. Persons associated with our firm may have significant investments in these funds. We advise, and may organize or advise in the future, investment vehicles that invest in similar or different investments. The management of these clients may conflict in some circumstances. For example, we may determine that an investment opportunity is appropriate for a particular client, but not for another. We may have different types of clients, including private funds and separate accounts, and our clients may be subject to different regulations. Clients may have different investment strategies, objectives and restrictions and may be subject to different terms. These terms include, but are not limited to, the following: investor lock-up periods, management and performance fees, liquidity terms, rights to receive information regarding the portfolio and such other rights as may be negotiated by investors or other accounts. As a result, we may have an incentive to favor one account over another when making investment decisions.

There may be instances when allocating investments among clients in which some clients may participate in certain opportunities while other clients may not. Where accounts have competing interests in a limited investment opportunity, we may not allocate investment opportunities pro rata among clients but rather allocate

investment opportunities on the basis of numerous other considerations, including, without limitation, a client's cash flows, investment objectives and restrictions, participation in other opportunities, compliance with applicable laws, and tax concerns as well as the relative size of different accounts' same or comparable portfolio holdings. Taking into consideration the conflicts of interest disclosed above, it is important to note that it is our policy to allocate, to the extent operationally and otherwise practical, investment opportunities to each client on a fair and equitable basis relative to our other clients.

C. Investing Personal Money in the Same Securities as Clients

In appropriate circumstances, consistent with our clients' investment objectives, we may cause certain client accounts to purchase or sell securities in which certain employees and/or our clients (including pooled investment vehicles referenced above) directly or indirectly have a position or interest. All employees are required to comply with our Code of Ethics prior to investing for their own accounts. The Code of Ethics is designed to assure that the personal security transactions, activities and interests of those individuals will not interfere with making investment decisions in the best interests of our clients. Under our Code of Ethics, personal securities transactions generally must be cleared with our CCO. However, certain classes of securities (including open ended mutual funds) and transactions (including non-volitional stock splits, etc.) are designated as exempt from pre-clearance requirements, based upon a determination that trading in these securities would not materially interfere with the best interests of our clients. There is a possibility that our employees or existing clients may benefit from market activity by another client. Personal trading is monitored under our Code of Ethics to reasonably prevent conflicts of interest with our clients.

D. Trade Error Corrections

Where the firm has identified or been made aware of a trade error, this must be corrected as soon as reasonably practicable. The firm has in place controls to identify trade errors. All trade errors are to be reported to management immediately upon being identified.

Upon identifying any such trade error, steps are taken in consultation with the CCO to rectify the error and, where appropriate, clients are notified of the details and the steps taken by the firm. Soft dollars cannot be used to correct trade errors.

Item 12 Brokerage Practices

A. Factors Used to Select Custodians and/or Broker/Dealers

When placing orders with brokers and dealers, LSWM's primary objective is to obtain the most favorable net price and execution for its clients under the circumstances, but this obligation shall not be deemed to obligate LSWM to place

any order solely on the basis of obtaining the most favorable price if the other standards hereinafter set forth are satisfied.

In selecting a dealer to execute a trade, LSWM will look at the trading expertise of the dealer in the particular security (or type of security) being traded, as well as whether the dealer takes principal positions in the security in order to improve the liquidity of access to that security. In addition, LSWM may also take into account, to the extent permitted by law, the broker or dealer's facilities, reliability and financial responsibility, the ability of the broker or dealer to effect securities transactions, particularly with regard to such aspects as timing, size and execution of orders, and research services, statistical (including data, software, and IT infrastructure) and other similar services provided to LSWM for the benefit of clients. LSWM's dealer selection process may take into account whether or not the dealer provides other services and benefits in return for brokerage commissions.

In selecting brokers, LSWM usually negotiates "execution only" commission rates. However, LSWM could, at any time, pay regular commission rates which would include other services provided by the broker to a Steinberg Fund or the account or to LSWM for the benefit of s Steinberg Fund or the account. Such services could include the provision of advice, research and related data bases or software. LSWM has an obligation to make a good faith determination that the Steinberg Funds or the account receive reasonable benefit from any research goods and services received, relative to the amount of brokerage commission paid.

LSWM will not be restricted from directing brokerage transactions to brokers who have referred new investors to the Steinberg Funds, provided that LSWM determines that the service is comparable to that which it may obtain from other brokers and the commission rates are equivalent to or better than those that would have been normally charged by the broker. LSWM will monitor the level of service provided by any broker retained on behalf of a Steinberg Fund or an account with respect to the cost and execution of trades.

Trades are always executed in a timely manner and according to the instructions of the portfolio manager. Trades are monitored post execution in order to ensure that they are settled in the required time period. Failed trades and trading errors are resolved in a timely manner at no cost to the client.

1. Soft Dollar Practices

LSWM does not currently engage in soft-dollar transactions, but may do so in the future.

2. Directed Brokerage

LSWM will encourage clients to use specific broker-dealers to execute transactions. Not all advisers encourage clients to use a particular broker-dealer. In directing brokerage, we may be unable to achieve the most favorable execution of client transactions, and as a result this practice might result in increased costs for investors.

In an unusual case, a client may instruct our firm to use one or more particular brokers for the transactions in their account. If a client chooses to direct our firm to use a particular broker, this will prevent us from aggregating trades with other client accounts and from effectively negotiating brokerage commissions on their behalf. This practice may also prevent our firm from obtaining a more favorable net price and execution. Thus, when seeking to direct brokerage business, a client should consider the commission expenses, execution, clearance and settlement capabilities that they will obtain through their broker in comparison to those that we would otherwise obtain for them. We encourage clients to contact us to discuss their available alternatives.

B. Aggregating (Block) Trading for Multiple Client Accounts

LSWM may be engaged to act as an advisor to many clients, including the Steinberg Funds. It may aggregate orders for a number of client accounts for the purchase of a particular security or derivative instrument. LSWM's usual process is structured on the basis of pro-rata allocation per client account based upon target weighting as determined by the portfolio manager at the time of order entry. Furthermore, considering that most components within our portfolios are liquid, clients would normally receive targeted allocation. However, LSWM recognizes that no rigid formula will always lead to a fair result, and that a degree of flexibility to adjust to specific circumstances is necessary, especially in situations where the order is not entirely filled. Therefore, under certain circumstances, allocation on a basis other than strictly pro-rata based on order size is permitted if we determined that such allocation is fair and reasonable. The overriding principle to be followed in applying the afore-mentioned guideline is to be fair and reasonable to all clients based upon client investment objectives and policies and to avoid the appearance of favouritism or discrimination among clients.

Although the aggregation of trade orders is expected to benefit clients overall, aggregation may, in any circumstance, disadvantage a particular client. There may be circumstances in which we determine not to aggregate client trade orders that otherwise could have been aggregated or in which aggregation is not feasible. LSWM's discretionary clients and accounts where the client has elected to direct brokerage may trade the same securities at approximately the same time. In these circumstances, LSWM will seek to effect trading on behalf of its clients in a manner in which it believes is fair and equitable although LSWM does not control the trading processes for clients who have directed brokerage and therefore such clients may

receive less favorable pricing. To the extent that orders cannot be completed on the same day or require a lengthy trading cycle to complete, LSWM will seek to rotate orders among clients. Due to the nature of the trade rotation process, LSWM's discretionary accounts may obtain more favorable execution prices than directed brokerage clients or vice versa.

Item 13 Review of Accounts

A. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews

All client accounts for LSWM's advisory services are reviewed at least annually with regard to clients' respective investment policies and risk tolerance levels.

B. Factors That Will Trigger a Non-Periodic Review of Client Accounts

Reviews may be triggered by material market, economic or political events, or by changes in client's financial situations (such as retirement, termination of employment, physical move or inheritance).

C. Content and Frequency of Regular Reports Provided to Clients

Each client of LSWM's advisory services will receive a quarterly report detailing the client's account, including assets held, asset value and calculation of fees. This written report will come from the custodian or fund administrators.

For Canadian funds, each unitholder will receive a copy of the audited annual financial statements within 90 days of each fiscal year end and a copy of the unaudited interim financial statements within such delay prescribed by Securities Legislation, except where the unitholder has waived such requirement.

Item 14 Client Referrals and Other Compensation

We do not compensate any persons for client referrals, nor do we receive any additional compensation beyond that described in this Brochure.

Item 15 Custody

We have the authority to cause certain client accounts to be debited directly for the payment of our advisory fees. This ability to deduct our advisory fees causes our firm to exercise limited custody over funds or securities in such clients' accounts; however, we do not have physical custody of clients' funds or securities. Clients' funds and securities will be held with a bank, broker-dealer or other independent "qualified custodian" (as defined in the SEC's custody rule). We will send at least quarterly statements to separately managed account clients upon their request.

Item 16 Investment Discretion

Our investment advisory or, in the case of a pooled investment vehicle, its

organizational documents or subscription agreement, contains an authorization by which clients grant us discretion to make purchases and sales for their accounts or the pooled vehicle's account without requiring us to obtain client consent or approval prior to each transaction, to select the types and amounts of investments that we buy or sell for such clients' accounts or the pooled vehicle's account, the broker or dealer we use to effect such transactions and the commission rates paid. However, in the case of a separately managed account, clients may specify their investment objectives and guidelines, select their portfolio strategies and impose certain reasonable conditions or investment parameters for their accounts. For example, clients may specify that the investment in any particular stock or industry should not exceed specified percentages of the value of the portfolio and/or reasonable restrictions or prohibitions of transactions in the securities of a specific industry or security. In all cases, we exercise our discretion in a manner consistent with the investment objectives each client states for its account or as stated in a pooled investment vehicle's offering documents, as applicable. In the case of a separately managed account, we may ask clients to provide us with written investment objectives or guidelines or to confirm their objectives, guidelines or any trading restrictions when opening the account or at any time after we begin to manage the account.

Item 17 Voting Client Securities

The Firm votes all client proxies, and takes the responsibility seriously. The Firm must have policies and procedures designed to ensure that it collects and analyzes all relevant information for each meeting, apply its proxy voting guidelines accurately, and execute the votes in a timely manner. Ultimately, each vote must reflect the specific situation at stake, and these vary broadly. Therefore, the Firm has discretion to vote proxies in the best interests of each client portfolio it manages. In making voting decisions, the Firm is supported by its Corporate Governance Committee, which consists of the CCO and the Ultimate Designated Person ("UDP").

In the event that the Firm, as an investment fund manager and in its capacity as a security holder, is granted the discretion to vote proxy for a client's account and also where an equity security needs to be voted, the Firm will use the following proxy voting policy:

- i. As a fiduciary, the Firm will use its best efforts to preserve or enhance the value of the client's account
- ii. The Firm will consider the proxy questions within the individual circumstances of the issuer. If the proxy question, on its face, has the capability of affecting the economic value of the issuer's stock, the Firm will vote in a way that will attempt to preserve, or give the opportunity for enhancement of, the stock's economic value.
- iii. For routine matters, the Firm expects to vote in accordance with the recommendations of the issuer's management. However, the Firm may vote

against the recommendations of the issuer's management on a case-by-case basis. For all other matters, the Firm will decide how to vote on a case-by-case basis, considering the relevant circumstances of the issuer.

- iv. If the Firm is given authority to vote proxies for a client's account, the Firm must be authorized to vote all proxies for the account in the Firm's discretion. The Firm will not accept partial voting authority or instructions from clients on how to vote on specific issues where the Firm is given authority to vote proxies for a client's account, except in the case of registered investment companies.

The Firm's policy is that the advising representatives are responsible for performing research on the issuers in which the Firm invests. These advising representatives will be responsible for decisions regarding proxy voting, as they would be most familiar with issuer-specific issues.

The Firm may abstain from voting a client's proxy if the Firm concludes that the effect on the client's economic interests or the value of the portfolio holding is indeterminate or insignificant. The firm may also abstain from voting a client's proxy for cost reasons.

With respect to foreign securities, in accordance with the Firm's fiduciary duties, the Firm will weigh the costs and benefits of voting proxy and make a determination as to whether voting proxy is prudent in the circumstances. The decision to vote proxy will take into account the effect that the vote of the Firm's client, either alone or in together with other votes, is expected to have on the value of the client's investment and whether the expected effect on the client's investment outweighs the cost of voting.

To address potential conflicts of interest that may arise if a client grants the Firm discretion to vote proxy, the Firm will establish a Proxy Voting Committee ("Committee"). The Committee will consist of the CCO and the UDP. The Committee will make reasonable efforts to determine whether a potential conflict may exist, including screening proxies against a list of clients with whom the Firm has a material business relationship.

Any of our clients, or any underlying investor in any of our clients, may request a copy of our proxy voting policy and procedures, as well as relevant information concerning how we voted client securities, by e-mail at geoffrey.smith@steinbergwealth.com.

Item 18 Financial Information

Item 18 is not applicable to us.