



Small-Cap Value Equity

Overview

- Privately owned and independent
- Long history and well-defined investment philosophy
- Fundamental research approach
- Expertise in small/mid cap companies
- Value equity specialists

Objective

- Absolute return
- Capital preservation

Differentiated Approach

- Identify the “Steinberg Stock”
- Long-term investment horizon
- Capitalize on short-term volatility to capture long-term returns
- Concentrated portfolio with distinctive holdings

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*Over Three Decades
of Value Investing*

Firm

Steinberg Asset Management, LLC (SAM), was founded by Michael A. Steinberg in 1982. The firm manages over \$485 million for institutions, endowments, foundations, family offices, and wealthy individuals. SAM specializes in the management of small, mid, smid and all-cap value equity portfolios.

Philosophy

SAM believes that a focused investment portfolio of businesses, with extraordinary risk/return profiles purchased at attractive valuations will generate superior long-term investment returns.

The “Steinberg Stock”

SAM seeks to uncover “Steinberg Stocks” which we have identified as possessing an extraordinary risk/reward profile. Key characteristics of a Steinberg Stock include potential for the following:

- **Preserve Capital:** Steinberg Stocks have what SAM believes to be a low risk of permanent loss of capital and typically have a combination of the following characteristics: strong balance sheets, significant sustainable free cash flow generation, strong core earnings power, and an asset base providing support for the business value.
- **Grow Capital[^]:** Invest in stocks with the potential to generate annualized returns of 18-24% over a three to five-year period. Central to SAM’s return target is the development of the investment’s earnings profile over a strategic horizon, and the free cash flow generation of the base businesses as identified through deep, proprietary, fundamental research.
- **Free Calls*:** SAM’s in-depth fundamental research seeks to identify one or more “free calls” - events or developments that represent an opportunity to meaningfully increment the earnings power, asset value and/or cash flows of the investment not currently reflected in the security’s price - in each of its investments. Free calls provide an opportunity for the investment to generate outsized returns further tilting the risk/reward profile in our clients’ favor.

High “Active Share”

“Active Share”: A measure of the percentage of stock holdings in a portfolio that differ from its benchmark index. Studies have shown that high Active Share is a key condition for long-term outperformance. SAM’s investment process results in exceptionally high Active Share.

- For the past 10 years, the Active Share in SAM’s portfolios has been in the top decile with greater than 90% of weightings differing from the benchmark.
- Outperformance over the Russell 2000[®] Value Index of 1.24% on an annualized basis since inception.*

*SAM’s Small-Cap annualized gross performance less annualized performance of the Russell 2000[®] Value Index from 1/1/95 to 3/31/17.

Portfolio Management Team

Michael A. Steinberg
Managing Partner
Portfolio Manager/Analyst

Jason A. Kesselman
Partner, Director of
Research/Analyst

Justin S. Steinberg
Partner, Analyst



Performance History (Figures as of the Period Ending 3/31/17)

Small-Cap Value Equity (%)	Annualized						
	1Q17	1 Year	3 Years	5 Years	10 Years	15 Years	Since Inception (1/1/95)
SAM Small-Cap Value Equity (Gross)	7.3%	15.6%	2.5%	8.3%	4.4%	8.6%	12.4%
SAM Small-Cap Value Equity (Net)	7.1	14.6	1.5	7.2	3.4	7.5	11.5
<i>Russell 2000® Value Index</i>	<i>-0.1</i>	<i>29.4</i>	<i>7.6</i>	<i>12.5</i>	<i>6.1</i>	<i>8.5</i>	<i>10.8</i>
<i>S&P 500 Index</i>	<i>6.1</i>	<i>17.2</i>	<i>10.4</i>	<i>13.3</i>	<i>7.5</i>	<i>7.1</i>	<i>9.7</i>

Top Ten Holdings

Company	Weighting
Golar LNG Ltd	8.2%
Navigator Holdings Limited	6.8
Par Pacific Holdings Inc	5.5
Markel Corp	5.2
Capital Senior Living Corp	4.8
XPO Logistics Inc	4.8
Golar LNG Partners LP	4.7
ViaSat Inc	4.2
Deltic Timber Corp	4.1
AECOM	4.1

Sector Allocation

	Small-Cap Value Equity	Russell 2000® Value
Energy	25.2	5.4
Consumer Discretionary	21.4	9.8
Industrials	14.9	12.9
Information Technology	7.2	10.3
Materials	5.9	4.9
Financials	5.2	32.2
Health Care	4.8	4.7
Consumer Staples	0.6	2.8
Real Estate	0.0	10.1
Telecomm Services	0.0	0.6
Utilities	0.0	6.3

All information is from a representative account in the composite. The securities in the Top Ten Holdings list represent the top ten largest positions in the portfolio as of the quarter-end indicated based on the aggregate dollar value. This list should not be deemed as a recommendation to buy the specific securities in the list and do not represent all the securities purchased or sold and it should not be assumed that investments in these securities were or will be profitable. A listing of our 13(f) securities is filed with the SEC on Form 13F, please contact Steven Feld if you would like a copy of the last filed form. This information is shown as supplemental information only and complements the disclosures which appear at the bottom of this page. SAM has established a Partner Participation Plan which gives Partners a guaranteed portion in the profits of the firm on an annual basis.

^The return targets included in this presentation are not intended as, and must not be regarded as, a representation, warranty or prediction that any account will achieve any particular rate of return over any particular time period or that any account will not incur losses. Although SAM believes, based on these factors, that the referenced return targets are reasonable, return targets are subject to inherent limitations including, without limitation, the fact they cannot take into account the impact on future trading and investment decisions of future economic events, such as changes in interest rates and/or benchmarks greater than those occurring within the historical time period examined in developing the return target, future changes in laws or regulations, future political events, or future natural resource supply shocks.

*When used by SAM in describing its investment philosophy "free call" refers to a future event or transaction that may or may not occur, the value of which is not reflected in a company's share price. For example, it could be the potential appreciation of intellectual property or increased demand for a product. This event or transaction when realized serves as a long-term catalyst for the share price and will, in SAM's estimation, add value to the company that will be reflected in a higher share price as the market recognizes this. SAM is not implying that an investor receives securities or options in securities for no cost by use of the term "free call".

PERFORMANCE DISCLOSURE

SAM is an SEC registered investment advisor. For purposes of GIPS, the firm is defined as all portfolios managed by SAM, including assets managed by Steinberg India Asset Management, Ltd., a wholly owned affiliate. All composite accounts were invested using the same "value" investment philosophy now employed at SAM. Historic performance is no guarantee of future performance, profitability, or the avoidance of losses.

The Small-Cap Value Equity composite was created in January 2000 and inception on January 1, 1995. The composite was created to reflect all portfolios managed with a similar mandate. The composite contains concentrated, commission-paying, value equity accounts managed using a bottom-up, fundamental investment approach and each with a market capitalization focus of holdings consistent with the composite name. All accounts are included in the composite unless: (a) the account size is less than \$250,000; or (b) the account was not in place on the first day of the calendar quarter following its start date; or (c) the client has not given full investment discretion over the account. The composite was modified effective June 30, 2016 to contain both taxable and non-taxable portfolios; prior to this date, the composite included only non-taxable portfolios. The change was made to better reflect that the firm over time managed taxable and non-taxable portfolios more and more in the same manner. Both gross and net results include the reinvestment of dividends and income and are gross of custody fees but net of transaction costs. Withholding tax on dividends is treated as a reduction of the security's dividend income for companies not domiciled in the U.S. Withholding tax on U.S. equities held by non-domestic accounts is treated as a cash withdrawal. Returns include the effect of foreign currency exchange rates. Composite performance is presented net of foreign withholding taxes on dividends, interest income, and capital gains. Withholding taxes may vary according to the investor's domicile. Net performance reflects the deduction of actual advisory fees. Other expenses, such as custody fees, which the investors may have incurred independently, may have further reduced investors' actual results. The currency used to calculate performance is the U.S. dollar. A percentage of the composite may be invested in non-U.S. securities. Portions of the Small-Cap Value Equity composite have been carved-out from an account with an all capitalization mandate. (The carve-out represents 100% of the Small-Cap Value Equity composite from 1995-1999 and 80.71%, 72.82%, 67.24% and 51.81% respectively from 2000-2003. Cash has been allocated to the carve-out based on the small cap percentage of the total account using the ending market value. Beginning January 1, 2004, carve-outs were no longer included in the Small-Cap Value Equity Composite.) Additional information regarding policies for valuing portfolios, calculating performance, and preparing compliant presentations as well as a compliant presentation or a complete list of SAM's composite descriptions is available upon request by calling (212) 980-0080. SAM's investment management fee schedule is 1.00%. Actual investment advisory fees incurred by clients may vary. Non-commission portfolios generally incur fees, e.g. "wrap fees" charged separately by the plan sponsor and are included in net of fee performance calculations.

SAM's Small-Cap Value Equity composite is compared to the Russell 2000® Value Index. For additional information, the composite has also been compared to the S&P 500 Index. The Russell 2000® Value Index is a hypothetical and unmanaged index compiled by the Frank Russell Company. The S&P 500 Index is a hypothetical and unmanaged index compiled by Standard and Poor's. Both indices are weighted by market capitalization and their returns include the reinvestment of dividends. The indices do not account for transaction costs or other expenses which an investor might incur in attempting to obtain such returns. The Russell and S&P indices are taken from published sources and deemed reliable. Russell Investment Group is the source and owner of the Russell Index data contained or reflected in this material and all trademarks and copyrights related thereto. The presentation may contain confidential information and unauthorized use, disclosure, copying, dissemination or redistribution is strictly prohibited. This is a presentation of SAM. Russell Investment Group is not responsible for the formatting or configuration of this material or for any inaccuracy in SAM's presentation thereof. The composite may differ significantly from the relevant performance benchmarks. Specifically, the composite may invest in fewer companies, and have significantly different industry exposure. The annual composite dispersion presented is an asset-weighted standard deviation calculated for the accounts in the composite the entire year.