August 17, 2011

Dear clients and friends,

Re: Three Year Anniversary for Lewin Capital

June 30th marked an important milestone for our company – the third anniversary of opening LCM's first account in 2008. We are also pleased to have finally moved into our new offices. Our new address is Suite 211, 2150 Western Parkway in UBC Village and we would be happy to show it off if you are in the neighborhood.

On a personal note, 2011 marked another milestone for me. Twenty years ago this May I reported for work in the Equity Research Department of ScotiaMcleod in Toronto for my first job in the investment business. In 1991, the ravages of the just-ending recession were still visible and the recent layoffs meant that I (a student with zero work experience) was given my own office with a view of Lake Ontario. The view of the lake was beautiful, but the hurdles facing the markets in the early '90s seemed insurmountable as investors grappled with Canada's rising federal deficit, looming questions of Quebec sovereignty, and how Canada's largest province could emerge from a crippling recession. One thing that held true then was that worry created opportunity.

Mark Twain said that, "History doesn't repeat itself, but it does rhyme." Today, while the view from my office has changed, the issues facing the world again seem insurmountable as investors grapple with the rising federal deficit in the US, looming questions of EU dissolution, and how the global economy can emerge from recession. History is not repeating itself, but there is rhyme in that the current climate of fear and uncertainty will create opportunity. It is thus important to prepare mentally to endure tough times in the short term to be best able to capitalize on long term opportunities.

At June 30th, we have our capital deployed in a focused, yet well-diversified list of high-confidence investments with 29% of our portfolio in cash. All of our positions are attractively valued, have decent quality business models and about half of our positions have minimal debt or net cash on their balance sheets. As you know, I am personally invested in the same portfolio as every client and have no outside holdings, so our interests are aligned.

I have attached the first three years of results to this letter as well as a snapshot of our current portfolio. We are satisfied with the results given the market environment, and pleased that these returns are a product of our patient and disciplined approach. As always, we are grateful for your support. Please call if you have any questions.

Sincerely,

Dan

LCM results*

Performance to June 30, 2011 (not annualized)

	2011 YTD	One Year	Three Years (Since Inception)
LCM Portfolio	1.6%	19.8%	40.0%
50/50 North American Equity Index Portfolio	1.3%	19.7%	2.5%
LCM Outperformance	0.3%	0.1%	37.5%

- Long term goal is to earn in excess of 7% per year on average. Since inception cumulative return of 40.0% corresponds to 11.9% annualized return.

- Over the past year, thirty four percent of the portfolio on average was in cash so the *invested* portion of the portfolio earned roughly 30%, to generate a total portfolio return of 19.8%.

* See last page for full description of performance reporting.

Current portfolio

At June 30, 2011

- 71% of portfolio invested in 9 positions
- Broadly diversified
- 2/3 of positions Canada, 1/3 United States
- Market capitalization range: $150 million to $50 billion
- Half of our investments are in companies with zero or minimal debt on balance sheet
- 29% of portfolio in cash not a macro call on markets, rather a residual of our rigorous and selective approach

*All stated returns are gross of fees. Index portfolio is composed of 50% S&P TSX Composite Total Return Index to represent the Canadian stock market returns and 50% S&P 500 Total Return Index translated into Canadian dollars to represent the U.S. stock market. Returns for LCM are from a representative account as all client assets are held on a segregated basis. Small differences will occur between accounts due to rounding and timing of cashflows.