



BURGUNDY®

ASSET MANAGEMENT LTD.

Ivey Value Investing Course

March 10th, 2011

Richard Rooney

Our Focus

– To Preserve and Build Client Capital

Since the Firm's inception in 1991, we have focused on:

- Following a disciplined approach to value investing
 - This is our profession, not just our business
- Independent investment analysis and valuation
 - At its core, Burgundy is a research firm
- Building our international expertise
- Controlling asset growth

Our Foundation

– Developing People

Consistency and stability in our people have been cornerstones of the firm.

- Build depth and succession throughout the firm
 - Hire opportunistically, just as we invest
- Commitment to remaining 100% employee owned
 - Attracts and retains the best people
- Partners are personally invested in Burgundy's Funds
 - Aligns our interests with our clients'

Building Depth & Succession

– Investment Team

Portfolio Managers	Years with Burgundy	Years Experience	Principal Role	Research & Management Role
Tony Arrell	19	42	PM	U.S. Large Cap, <i>Chief Executive Officer</i>
Richard Rooney, FCA, CFA	16	27	PM	EAFE, Global, <i>Chief Investment Officer</i>
Stephen Mitchell, CFA	18	23	PM, Analyst	U.S. Large Cap, Global
Allan MacDonald	16	21	PM, Analyst	Canada and U.S. Small Cap
Craig Pho, CFA	13	14	PM, Analyst	Asia
David Vanderwood, CFA	10	19	PM, Analyst	Canada
Kenneth Broekaert, CFA	8	13	PM, Analyst	Europe
Anne-Mette de Place Filippini	3	19	PM, Analyst	Emerging Markets
Vincent Hunt, CFA	7	22	PM, Analyst	Fixed Income
Ken Jesudian, CFA	6	13	PM, Analyst	U.S. Small/Mid Cap
Analysts – North America				
John Ewing	5	4	Analyst	North America, <i>Director of Research</i>
Eugene Profis, CFA	3	6	Analyst	North America
Robert Sankey, CFA	6	4	Analyst	North America
Charles Walker, CFA	3	11	Analyst	North America
Jeff Daley	2	2	Analyst	North America
Stephen Shuttleworth	5	2	Analyst	Fixed Income
Analysts – International				
Doug Winslow, CFA	4	8	Analyst	International
Natsuko Douglas, CFA	6	8	Analyst	International
Sunil Parthasarathy	-	1	Analyst	International
Oméonga Saidi	4	4	Analyst	International
Andrew Choi	1	1	Analyst	International
Carla Robinson	5	1	Associate	International

PM = Portfolio Manager



Investment Philosophy

– Guiding Principles

Protecting and growing capital are our primary goals.

- Business approach to ownership – invest in businesses, not stocks
- Original research of individual companies/management
- Build portfolios company by company (“bottom-up”) – not by sectors
- Compound capital through long-term buy and hold approach

In-Depth Individual Company Analysis

Analyzing a Company

#1 Financials

- Superior growth in free cash flow
- Consistent high return on invested capital
- High rates of return on re-investment
- Industry leader in profit margins
- Strong balance sheet – low leverage

#2 Intangibles

- Strong management; insider ownership
- Good corporate governance
- Effective capital allocation
- Economic resilience
- Industry leader/recurring demand
- Limited competition; barriers to entry



Long-term growth of intrinsic value



#3 Valuations

Discount to “intrinsic value”

Discounted cash flow/discount to private market value

Margin Of Safety

Dream Team

< 30%



≥ 30%



Burgundy Investments



Independent Research

– In-depth Individual Company Analysis

- Comprehensive review and assessment of financial reports and regulatory filings
- Phone interviews with management
- On-site company visits – over 500 worldwide every year
- Network of business contacts

Sell Discipline

Re-Evaluate Assumptions When a Company Hits its *Intrinsic Value*

Sell When Any of the Following Occur:

- Stock becomes overvalued – all *margins of safety* disappear
- Deterioration in the company's fundamentals
- Appearance of a better investment opportunity

Investment Results

- Annualized Rates of Return, as at December 31, 2010

	<u>Quarter</u> (%)	<u>One Year</u> (%)	<u>Three Years</u> (%)	<u>Five Years</u> (%)	<u>Ten Years</u> (%)	<u>Since Inception</u> (%)	<u>Inception Date</u>
Partners' Global Fund	5.6	11.9	2.2	3.1	4.2	9.8	31/03/93
Partners' Global Benchmark ⁽¹⁾	5.3	6.6	(4.1)	0.1	(0.4)	7.3	
Global Equity Fund	4.4	7.7	-	-	-	2.6	29/02/08
MSCI World Index	5.3	6.6	-	-	-	(1.1)	
Focus Canadian Equity Fund	6.8	19.0	3.6	7.3	10.5	11.4	31/05/99
S&P/TSX 60 Index	8.3	13.8	1.1	6.5	6.1	8.0	
American Equity Fund	4.8	5.6	(0.1)	(0.2)	1.0	5.7	30/06/96
S&P 500 Index	7.0	9.2	(2.7)	(0.9)	(2.7)	4.0	
EAFE Fund	2.9	9.8	(0.6)	3.1	-	3.6	31/07/05
MSCI EAFE Index	3.0	2.7	(6.4)	(0.3)	-	0.8	
European Equity Fund	4.2	9.0	(2.7)	5.3	7.1	7.8	31/03/00
MSCI Pan-Euro Index	0.7	(2.3)	(8.4)	(0.1)	(0.9)	(1.4)	
Asian Equity Fund	4.0	15.3	10.7	1.6	2.7	6.7	28/02/98
MSCI AC Asia Pacific Index	5.6	11.3	(1.7)	1.5	2.3	2.7	
MSCI Japan Index	8.3	9.7	(4.3)	(5.4)	(2.9)	(1.0)	

Reported in C\$, gross of fees

Investment Results

- Calendar Year Rates of Return

	<u>2010</u> (%)	<u>2009</u> (%)	<u>2008</u> (%)	<u>2007</u> (%)	<u>2006</u> (%)	<u>2005</u> (%)	<u>2004</u> (%)	<u>2003</u> (%)	<u>2002</u> (%)	<u>2001</u> (%)	<u>2000</u> (%)	<u>1999</u> (%)
Partners' Global Fund	11.9	12.5	(15.2)	(4.8)	14.6	4.8	12.2	7.9	(8.2)	10.7	22.1	(5.5)
Partners' Global Benchmark ⁽¹⁾	6.6	11.4	(25.7)	(4.1)	18.8	9.1	8.1	10.5	(20.0)	(8.7)	(3.3)	18.2
Global Equity Fund	7.7	5.9	-	-	-	-	-	-	-	-	-	-
MSCI World Index	6.6	11.4	-	-	-	-	-	-	-	-	-	-
Focus Canadian Equity Fund	19.0	29.3	(27.8)	9.0	17.3	17.5	19.4	30.9	(4.5)	8.8	49.3	-
S&P/TSX 60 Index	13.8	31.9	(31.2)	11.1	19.2	26.3	13.8	25.5	(14.0)	(14.8)	8.0	-
American Equity Fund	5.6	0.4	(5.8)	(10.2)	10.7	(3.0)	3.9	3.6	(9.0)	16.8	31.6	(6.0)
S&P 500 Index	9.2	7.7	(21.6)	(10.5)	15.7	1.6	3.3	5.3	(22.7)	(6.5)	(5.5)	14.1
EAFE Fund	9.8	10.8	(19.3)	(5.0)	25.0	-	-	-	-	-	-	-
MSCI EAFE Index	2.7	12.8	(29.1)	(5.3)	26.8	-	-	-	-	-	-	-
European Equity Fund	9.0	15.5	(26.9)	0.2	40.4	2.2	26.8	16.5	(4.5)	6.5	-	-
MSCI Pan-Euro Index	(2.3)	15.3	(31.9)	(1.7)	33.0	6.0	11.5	12.4	(19.5)	(15.4)	-	-
Asian Equity Fund	15.3	0.7	16.7	(15.9)	(4.9)	14.8	12.1	12.5	(3.7)	(13.8)	(9.1)	74.6
MSCI AC Asia Pacific Index	11.3	17.4	(27.3)	(2.8)	16.8	19.9	10.4	15.3	(9.1)	(15.8)	(25.6)	49.3
MSCI Japan Index	9.7	(9.4)	(11.7)	(18.7)	6.3	21.7	8.0	11.4	(10.9)	(24.9)	(25.2)	52.6

Reported in C\$, gross of fees

Burgundy Asset Management

– Assets by Asset Class, as at December 31, 2010

<u>Asset Class</u>	<u>C\$MM</u>	<u>%</u>
Canadian Equities	3,530.2	42
U.S. Equities	2,423.6	29
European Equities	1,137.2	14
Asian Equities	471.5	6
Emerging Markets	44.4	0
Bonds	<u>782.5</u>	<u>9</u>
Total	<u>8,389.3</u>	<u>100</u>



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Richard Rooney

Schindler (I)



2005

2006

2007

2008

2009

2010

2011

Elevator & Escalator Highlights (million, Swiss Francs)

Revenue	6,890	7,829	8,752	8,761	8,281	8,187	
EBIT	632	717	802	895	962	980	+9.2%/year
EBIT Margin	9.2%	9.2%	9.2%	10.2%	11.6%	12.0%	

Schindler (II)

ORIGINAL THESIS

Resilient with >80% of profits from service and modernization of installed base

Strong position in global oligopoly – top 4 have 2/3rds of market

Margin expansion – Otis almost double

Aligned with savvy owner/managers, and own same share-class as Schindler family

Great long-term record

Inexpensive with rock solid balance sheet

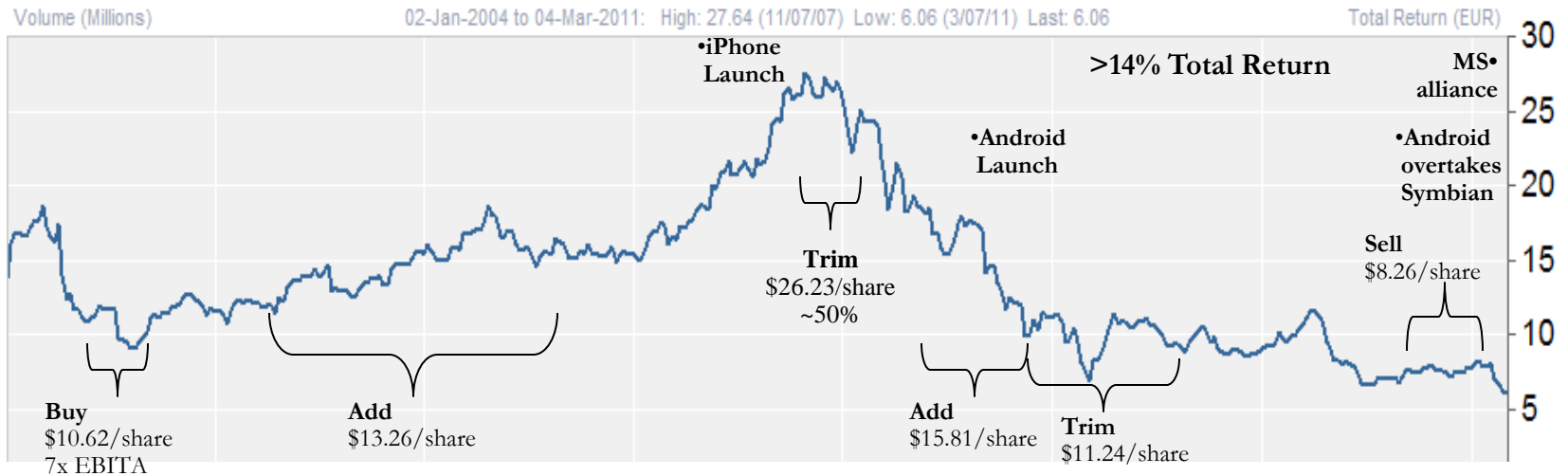
NOW

Even more resilient than expected from Asian new installations and increasing market share from new product lines

Significant margin progress drove profit growth each year through recession

Net cash from Chf 425m to 2.5 billion

Nokia (I)



	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
EBIT	€5.0billion	5.7	8.3	5.2	1.2	2.1	
EBIT Margin	14.6%	14.0%	16.3%	10.2%	2.9%	4.9%	
Market Share						<u>Q2-10</u>	<u>Q4-10</u>
- Basic Phones			38%				34%
- Smartphones			60%			43%	31%

Nokia (II)

ORIGINAL THESIS

Earned >50% of industry profits

Multiple advantages – low-cost, R&D, distribution, brand

No “Wintel” like in PC’s

Mid-teens margins, >100% ROCE

€11.5 billion of net cash

Shares depressed from Motorola Razr

Confident would respond to Razr

2008 TO PRESENT

Game changed to software

- 1st iPhone at high end. Nokia still dominant in mid and low-end, core to thesis
- Then Android entered at mid end

Overestimated Nokia’s ability to respond and capabilities in software

- Symbian³ too late and not good enough
- Share from 43% in Q2 to 31% Q4 2010, including losses to Android in mid-end

Thesis broken, stock sold but still earned 14%

- “Margin of safety” in purchase price, cash, high margins/cash flows
- Lesser businesses with debt go bankrupt from game-changing attack during recession

Burgundy Asset Management

Thank you