HAHN INVESTMENT STEWARDS & COMPANY INC.

Portfolio Update 4Q 2010

WORLD MARKET RISK BAROMETER

Current Market Risk[1]

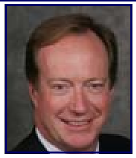
LOW ← → HIGH

Precision[3] Portfolios

1. HAHN Global Benchmark portfolio

September 2010

Current Portfolio Strategy


HAHN Investment Committee:
Wilfred Hahn-Chair, Mark Arthur-President, Jovian Capital Corp., and Tyler Mordy-Director of Research

This past quarter we continue to adapt portfolios to an evolving longer-term outlook. Additional strategy shifts were required in response to a fast-changing environment. As has been often the case over the volatile period of the past several years, events can move so fast that a long-term outlook can be fulfilled in a matter of months! Again this year, investor moods have swung dramatically; from over-exuberance to, literally, a sudden pessimism with respect to the economic outlook in recent weeks. Nevertheless, we must continue to orient ourselves to the longer-term outlook.

Looking ahead, we cannot expect an ebullient economic environment in the next few years for the world's advanced nations. Past instances of private sectors going through a deleveraging phase suggest that these are long-running adjustments, requiring many years. All the same, one needs to remain vigilant as these adjustment periods can lead to dangerous side-effects such as high inflation or economic declines.

Unprecedented times require an innovative approach and a global perspective. As such, we believe that investors with an informed, intrepid, global outlook should nonetheless be able to achieve reasonable returns.

QUARTER 4, 2010 INVESTMENT STANCE

	Versus Benchmark			Change from previous quarter
	Under	Neutral	Over	
Net Asset Mix				
Cash	●			↓ Decreased
Total Equity			●	↑ Increased
Total Fixed Income	●			↓ Decreased
Opportunity			●	↑ Increased
Canadian Investments				
Bonds			●	↓ Decreased
Stocks		●		↑ Increased
US Investments				
Bonds	●			↓ Decreased
Stocks			●	↑ Increased
International Investments				
Bonds		●		↓ Decreased
Stocks	●			↑ Increased

Focus on High Quality, High Income. Asset safety is now prized. Also, during times of low interest rates, an emphasis on higher-income assets (with moderate risk) will be rewarded. Exposure to high-yield assets have been increased further.

Asset Mix Shift To Equities. We have moved back to an equity overweight. Earlier in the year, we had anticipated a strong bond market. This indeed occurred, even far beyond our expectations. We do not anticipate a second recession. As such, equity markets are now the most attractive in comparison to bonds in many decades.

Companies With No Country. We favour large, globally-diversified, multinational firms that retain pricing power and deliver solid dividend yields. In some ways, these securities may be of better quality than some government bonds. In addition, these companies are better able to navigate volatile international conditions. Similarly, we continue to emphasize quality corporate bonds.

Global "Economic Polarity". We favour selective investments in the "non-advanced" nations of the world and have added positions in both Brazil and India. In our view, these nations have the best prospects over the longer-term.

Gold and Inflation-hedges. Gold prices and industrial commodities over the near-term continue to be buoyed by currency debasement and inflation worries. While we do not expect high inflation in the near future, we nevertheless hold a sizable exposure to gold in the form of equities. Given the high possibility of extraordinary policy and/or geopolitical events around the world, gold-related investments serve to balance out overall strategic risks.

Special Themes and Niche Emphasis. We continue to build investments in themes and niches that offer the prospect of untethering from a global "slow growth" outlook.

Sectors. An overweight in telecoms has been rewarded and is now removed in favour of an emphasis on energy sectors. This sector offers excellent value in view of future global demand dynamics. An overweight in utilities remains.

Opportunity Investments. Investments in this special category of our portfolios are selected to boost growth and offer "shock absorber" qualities. Currently, heavy use is made of this portfolio component, holding gold equities, agriculture, emerging market equities, fixed-income, and several high-yield assets.

Currencies. Foreign currency exposures remain unhedged other than partially euro vs. the USD.

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INVESTMENT

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