

ZLC Financial Group carries on the tradition

Our firm's history reflects our aspirations for the future

ZLC Financial Group got its start way back in 1945, when Harold (Hal) Zlotnik returned from England after serving as a navigator on Lancaster heavy bombers with the RAF.

After coming home, Hal landed a job with the Great West Life Company providing life insurance and other financial products to his clients.

Of course, the financial services business was a lot different back then. When Hal started, individual agents worked for one insurance company, and were required to sell only that company's products.

In 1979, Hal was one of the first agents in the country to break from this business model. He decided clients would be better served by an independent approach, so he did what business leaders do best – he started his own firm.

In 1981, Hal's son Garry joined the group, and was accompanied by Peter Lamb in 1982. From the start, their goal was to build strong client relationships, and earn client confidence through the delivery of high-quality service, coupled with truly independent financial advice.

The firm moved to Park Place at Burrard and Dunsmuir in 1985, where you can still find us today. We opened our employer-sponsored benefits and pension plans division in the same year. From a single consultant the division has grown to three benefit consultants, and four client service reps helping over 250 corporate clients with more than 15,000 employees.

In 1988, Mark Zlotnik, another of Hal's sons, joined the team, providing technical assistance to the other associates and clients.

We kept on growing from there. Today, our associates include five Chartered Accountants, one lawyer, three Elder Planning Consultants, ten Certified Financial Planners, and eight Chartered Life Underwriters. Mark also leads a technical support group of three that provides planning and product support to our associates and their clients.

Over the last 20 years, financial planning and investment services has been a growing part of our business. To that end, we founded ZLC Private Investment Management Ltd. in 2000. This division provides high-quality



Our company founder Hal Zlotnik, now and then.

investments at institutional prices to high-net-worth individuals, business owners and foundations. Since its inception, this division has been one of the fastest growing areas of our business.

Structured Settlements is an area that we have been involved in since the early 1980s. Under the leadership and expertise of Garry Zlotnik and Pip Steele, ZLC Structured Settlements has become the provincial leader in its field.

Our business has changed dramatically over the years. And we expect the changes to continue. We're proud of our name and our heritage and will continue our philosophy and tradition of giving our clients the very best service and financial advice. Every member of our team is dedicated to this goal, and is proud to be a part of a firm with such a rich history.

(continued on page 2)

We're proud of our name...

...and of our heritage.

Giving back



The Zlotnik, Lamb & Company Foundation raised \$40,000 from their annual charity golf tournament for the Foundation's two charities - Juvenile Diabetes Research Foundation (JDRF) and the BC Sports Hall of Fame and Museum. Above, tournament co-chairs Mark Zlotnik and Ross Gibson present a \$25,000 cheque to Hayley Frishling, Youth Ambassador for JDRF.

Carrying on the tradition

Continued from page 1

After more than twenty-four years, we've decided to change our company name to a new one that better reflects our growing business and the services we offer. Effective Sept. 1, 2005, Zlotnik, Lamb & Company is now ZLC Financial Group, with four divisions:

- **ZLC Insurance & Retirement Solutions** – providing tailored estate, insurance, investment, and retirement planning solutions for individuals and business owners.
- **ZLC Private Investment Management** – offering a selection of top performing investments for high-net-worth individuals, business owners and foundations.
- **ZLC Employee Benefits** – assisting in the custom design and management of employer-sponsored benefit and savings plans, including cost containment strategies for employee benefit plans.

- **ZLC Structured Settlements** – providing individually-designed lifelong tax-free settlement solutions, to meet the present and future needs of accident victims.

One thing that hasn't changed, is our focus on clients. Nobody said it better than our founder, Hal Zlotnik, over 20 years ago:

“We are good communicators; that's our strength. We listen to our clients, their plans and financial concerns, and their dreams. By asking the questions to help them define their needs, we help our clients discover the solutions to manage their finances today, and in the future.”

We look forward to working with you!

By Garry Zlotnik, President, and Mark Zlotnik, Chief Operating Officer, ZLC Financial Group 

“What happened to my clone fund?”


After much political wrangling (and a fair bit of drama!) the federal budget was finally passed this summer, bringing an official end to the foreign-property rule (FPR) for registered retirement savings plans.

When the FPR was first applied back in 1971, investors were prohibited from holding more than 10% of their portfolios in designated “foreign” investments. That limit gradually increased through the years until reaching 30% in 2001.

To get around these limits, mutual fund companies created “clone funds.” These funds used derivatives to mirror the performance of an underlying “foreign” fund without running afoul of the foreign content limit. Now that the FPR is gone, fund companies have been closing down clone funds, and rolling the assets into the fund the clone had tracked.

If you haven't already, you should be receiving a notice from the various mutual fund companies you do

business with that explains this procedure in detail. You may also receive a statement of your new portfolio holdings, which will reflect the closure of clone funds.

If you have any questions about the change, or if you'd like to review your investment needs, don't hesitate to give your ZLC Advisor a call. 

Five years of solid performance

ZLC Private Investment Management Inc. and the Vertex Funds

By Carrie Lyle, BComm, MBA, CMA, Vice-President, Portfolio Manager

For those readers unfamiliar with ZLC Private Investment Management, we represent the portfolio management business of ZLC Financial Group, in affiliation with Vancouver-based investment manager, Vertex One Asset Management.

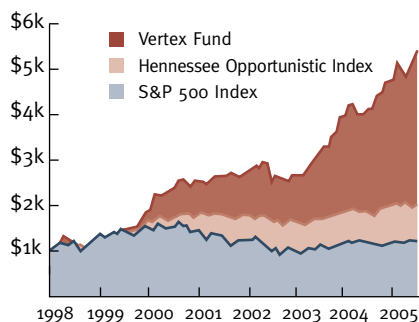
We create customized wealth management solutions for individuals, trusts and corporations with portfolios ranging from \$100,000 to over \$10-million.

In this article, I'd like to provide some background on our lead investment manager, Vertex One. Their two funds, the Vertex Fund and the Vertex Balanced Fund, remain our most popular offerings and form the foundation of the ZLC Product Portfolio. Our ZLC Product Portfolio has grown to include our relationship with both Bancorp Financial Services (mortgage investments) and Brandes Investment Partners (international and global equity).

Vertex One was established in 1997 and started with \$30-million in assets and a simple strategy: find the most efficient risk/return trade-off by combining traditional fixed-income and equity investments with alternative investment strategies.

Fig. 1: Vertex Fund

Value Added Monthly Index (growth of \$1,000)
Performance 1998 - 2005



Today, Vertex One manages over \$560 million in client assets – strong evidence of the success of the company's unique approach.

The Vertex Fund was launched in February of 1998 (Fig. 1), with an aim to achieve annual absolute returns of 8% to 12%. The fund belongs to the "alternative strategy" category, and focuses on event-driven strategies. Unlike similar funds, the Vertex Fund does not use futures contracts and employs minimal leverage. The fund boasts an impressive track record, with an average annualized return of over 25%. It is an appropriate selection for diversified portfolios, and for those investors with longer investment horizons.

The Vertex Balanced Fund was launched in April of 1998 (Fig. 2), with a focus on preserving capital. Investments include domestic equities, foreign equities, bonds and special situations. Equity holdings are concentrated in 15 to 20 core positions. On the fixed income side, the fund holds government bonds and, if risk/return tradeoffs are attractive, corporate bonds, debentures, preferred shares and convertibles.

The Vertex funds have a number of features that distinguish them from their peers. Unlike many other alternative strategy funds, the Vertex Fund is multi-strategy, and is not restricted to one method of making money. The Vertex Balanced Fund, with its concentrated portfolio, avoids the over-diversification typical of most balanced funds. Its use of options further sets it apart from more traditional balanced funds.

The firm's fee structure is another point of distinction. Vertex managers invest the vast majority of their personal wealth in their two funds,

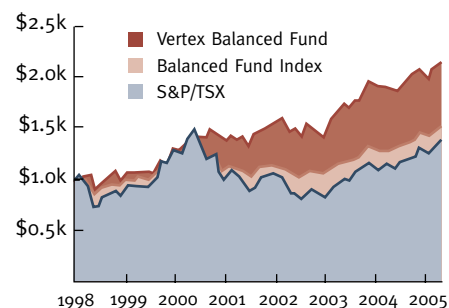



ensuring the managers are motivated to perform. In addition, performance-based fees ensure managers share in the profits when they make money, but not rewarded if they lose money.

Portfolios consisting of an equal allocation of both Vertex funds have never lost capital in the history of the firm. While past performance is no guarantee of future results, both Vertex funds have been top-rated in their categories since inception, and continue to provide exceptional returns.

Fig. 2: Vertex Balanced Fund

Value Added Monthly Index (growth of \$1,000)
Performance 1998 - 2005



If you would like to learn more about the Vertex Funds, please contact me directly at (604) 685-1096 or clyle@zlc.net. Given the strong relationship between ZLC and Vertex One, we offer clients institutional pricing and preferred access to the fund managers. We look forward to hearing from you! 

Individual Pension Plans

The ultimate retirement savings plan



Harold Zlotnik
CLU



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BA, CLU, TEP



Garry Zlotnik
BComm, CA,
CFP, CLU, CH.F.C.



Martin Zlotnik
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ZLC FINANCIAL GROUP

(Formerly Zlotnik, Lamb & Company)

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