Michael Steinhardt Page

A CHARISMATIC TRADER WHO CREATED HEDGE FUND HISTORY

Michael H. Steinhardt, a graduate of the Wharton School of the University of Pennsylvania, is a pioneer of hedge fund management in America.

A dollar invested with Steinhardt Partners LP in 1967 was worth $481 when Steinhardt retired in 1995.

He founded Steinhardt, Fine, Berkowitz & Co., in 1967

Steinhardt Memberships

Non-Executive Chairman, Advisor, Member of Nominating Committee and Member of Compensation Committee

Wisdom Tree Investments, Inc.

Trustee

New York University
The Steinhardt's

Steinhardt has a wife and three children David, Daniel and Sara. Steinhardt's wife, Judy, is a trustee for NYU's Institute of Fine Arts. In addition to an apartment at 1158 Fifth Avenue, the Steinhardt's have a 51-acre estate in Bedford where they keep kangaroos, camels, zebras, ostriches, antelopes, and monkeys in their own wildlife park.

Their grown up children David, Daniel and Sara share their parents love for the arts and are just as passionate about their philanthropic projects.

Michael H. Steinhardt serves as Non-Executive Independent Chairman of the Board of Wisdom Tree Investments, Inc.

From 1967 to 1995, Steinhardt served as Senior Managing Partner of Steinhardt
Partners, L.P., a private investment company, and related investment entities.

In 1995, Mr. Steinhardt closed Steinhardt Partners and eliminated his involvement in managing client assets.

He founded and now serves as President of Steinhardt Management Co., Inc., which currently manages a single private investment fund investing in other funds managed by independent investment managers.

Steinhardt currently devotes most of his time and financial resources to Jewish philanthropic causes, directed through The Steinhardt Foundation for Jewish Life for which he serves as Chairman.

Steinhardt is the co-founder of Birthright Israel and he serves on its Board of Trustees and is a supporter.

Steinhardt serves as Co-Chair of the Areivim Philanthropic Group.

Steinhardt serves on the Board of Trustees of New York University, Brandeis University and the Steinhardt Family Foundation and on the Board of Directors of the Taub Center for Social Policy Studies in Israel.

Early in his career, Steinhardt created a long standing record for making astute investment decisions. Over a 28 year period, Steinhardt Partners, L.P. made 24.5 percent returns for its clients. This sum when compared to the S&P 500 index over the same period, is almost triple the sum of returns. A veritable investment wizard, he employed several investment instruments like stocks, bonds, long and short options, currencies and time horizons ranging from 30 minutes to 30 days.

BORN TO DOUBLE OR NOTHING

Born Dec. 7, 1940, Steinhardt may have inherited his father's betting capabilities, but he chose a different path. While his father Sol “Red” Steinhardt was a gambler who kept company with mobsters - even as other American teenagers were rocking and rolling to Elvis Presley hits - Michael Steinhardt was reading stock charts and hanging around brokerage offices.

Because of his work ethic, it is no wonder he finished high school at age 16 and floated through the Wharton School of Finance in three years, graduating in 1960, still a teen!

In no time, he found work with Loeb Rhoades, a precursor to Merrill and Lynch. After seven years Steinhardt left the firm and with some funding help from Billy Salomon of Salomon Brothers and Odyssey’s Jack Nash, he founded the Hedge Fund Steinhardt, Fine, Berkowitz& Co. with partners Harold Berkowitz and Jerrold Fine.

Under Steinhardt's direction, the firm was consistently successful in identifying macro market moves and then fitting its securities and trading strategies into these situations. The title of his
company changed to Steinhardt Partners after two partners left the firm 10 years later, in 1979.

When interest rates spiked in 1994, Steinhardt’s $4.4 billion fund lost approximately 30 percent. However, a year later he had regained 21 percent and terminated the financing profession. At that point in time, he owned $500 million as reported by Forbes.

HIS LIFE IN BRIEF

Steinhardt who is a celebrated money manager devoted himself for the resurgence of Jewish life in America as a philanthropist. After graduating from the Wharton Business School in 1960 he started his professional career as securities analyst, staff writer and research associate.

Steinhardt started in hedge fund, Steinhardt Partners L.P, in 1967 and he made a spectacular fortune and a business career at Wall Street.

However, he realized the money and wealth are not the true meanings of his life. He was concerned with erosion of Jewish life in Diaspora. Thus, in 1995 he shook the financial circles and announced that he was going to close his profitable hedge fund and focus his wealth on the betterment of the Jewish life.

He established Steinhardt Foundation for Jewish Life. He is also a co-founder of Birthright Israel. He also sponsors several educational initiatives including: the Jewish Early Childhood Education Initiative, New York University’s Steinhardt School of Culture, Education, and Human Development, the University of Pennsylvania, Brandeis University, Tel Aviv University, and the Israel Museum.

Steinhardt published his memoirs, No Bull: My Life In and Out of the Markets in 2001. He with his wife, Judy, are the proud parents of David, Daniel and Sara, and the grandparents of Jacob, Joshua, Kira, Talia, Nathaniel, Theodore, Lila, Aetien and Infinity

Steinhardt Career in Investemnt

Steinhardt averaged an annualized return for his clients of 24.5 percent, after a 1 percent management fee and a "performance fee" of 15 percent of all annual gains, realized and unrealized, nearly triple the annualized performance of the S&P 500 Index over the same timeframe.

After decades of successful business, Steinhardt and his firm were investigated for allegedly trying to manipulate the short-term Treasury note market in the early 1990s. He personally paid 75 percent of a total fine of $70 million as part of settlement with the U.S. Securities and Exchange Commission and Department of Justice. His firm made $600 million on the Treasury positions. In his book "No Bull," Steinhardt said he did nothing wrong, but merely settled the case in order to "move on." Following a negative performance in his hedge fund in 1994, Steinhardt Partners enjoyed an excellent 1995, with performance in line with its historical record. The hedge fund closed and distributed all monies
to its limited partners at the end of 1995, leaving Steinhardt himself very wealthy and liquid.

In 2004, Steinhardt came out of retirement and joined Index Development Partners, Inc., now known as Wisdom tree Investments. He is chairperson of Wisdom tree. As of April, 2011, Wisdom Tree had $13.5 billion under management, including over $11 billion in ETFs, and is growing by 10 percent a month. In 2010, Steinhardt was hired by IDT Corporation to serve as Chairman of the Board of Israel Energy Initiatives Ltd (IEI), Genie’s Israel-based alternative energy affiliate.

THE STEINHARDT STYLE OF INVESTMENT

Steinhardt had a long-term investor’s perspective but, for the most part, invested as a short-term strategic trader. He bet on directional moves using an eclectic mix of securities and was backed up by a team of traders and analysts. He emphasized macro-asset allocation type moves from which he harvested his gains.

Charles Kirk, publisher of The Kirk Report, gleaned these “rules of investing” from a Steinhardt speech back in June 2004, which show that even a high-flying hedge fund investor needs to be grounded.

1. When you believe in a concept, take a large position
2. The best stocks to buy are the laggards and the low multiple stocks whereas the best shorts are the ones that are Institutional favorites. Coca-Cola, McDonald, Merck and AT&T were his list of the best shorts in the market.
3. One should estimate stock returns with their associated risk. It is wrong to expect higher returns from stocks merely because they are risky.
4. If the incremental return from equities is very modest investors should focus on bonds.
5. Smart investors get smarter with each passing mistake. Once a mistake has been committed and the losses incurred the investor will resist the trap to the same mistake again. He observes “One of the advantages of trading the way I do – being a long term investor, short term trader, individual stock selector, market timer, sector analyst – is that I have made so many decisions and mistakes that it has made me wise beyond my years as an investor”.
6. Investors should focus on the longer-term prospects of stocks even if they do not wish to hold the stock for that period. Investors should buy stocks of companies that buy back their shares from the market.
7. The maximum potential loss to being short in the market is infinite whereas the maximum potential loss to being long in the market is only 100%.
8. A good trader has to have three things: a chronic inability to accept things at face value, to feel continuously unsettled, and to have humility
9. Do not make small investments
10. Always trust your intuition.
11. Make good decisions even with incomplete information.

HIS QUOTES
1. Make all your mistakes early in life. The more tough lessons early on, the fewer errors you make later.
2. Always make your living doing something you enjoy.
3. Be intellectually competitive. The key to research is to assimilate as much data as possible in order to be to the first to sense a major change.
4. Make good decisions even with incomplete information. You will never have all the information you need. What matters is what you do with the information you have.
5. Always trust your intuition, which resembles a hidden supercomputer in the mind. It can help you do the right thing at the right time if you give it a chance.
6. Do not make small investments. If you are going to put money at risk, make sure the reward is high enough to justify the time and effort you put into the investment decision.
7. I was always anxious that my fees were egregious and that I had to have the best performance in the world to justify them.
8. Now people are charging much fancier fees, and they do not make the same demands on themselves. I was always anxious that my fees were egregious and that I had to have the best performance in the world to justify them.
9. I hope he has the breadth to do it.
10. Anyone who thinks he can formulate a success in this market is deluding himself because it changes too quickly. As soon as a formula is right for any length of time, its own success carries the weight of its inevitable failure.
11. One dollar invested with me in 1967 would have been worth $481 on the day I closed the firm in 1995, versus $19 if it had been invested in a Standard & Poor's index fund.
12. I always used fundamentals. Nevertheless, the fact is that often, the period of my investments was short-term.
13. I do an enormous amount of trading, not necessarily just for profit, but also because it opens up other opportunities. I get a chance to smell many things. Trading is a catalyst.
14. Somehow, in a business [securities trading] so ephemeral, the notion of going home each day, for as many days as possible, having made a profit – that's what was so satisfying to me.

STEINHARDT’S PHILANTHROPY

One visit to the NYU and you can spot the Steinhardt name all over the campus. He earned the honor and prestige for donating over $25 million to NYU over the years.

The Judy his wife and Michael Steinhardt Gallery of 6th Century B.C, Greek art at the Metropolitan museum has received major donations from him as well.

Presently Jewish causes are the major recipients of his generosity. As co-founder of the Steinhardt Foundation for Jewish Life, along with Charles Bronfman he helped create Birthright Israel. This organization is responsible for organizing educational trips for young Americans to Israel.

In addition, Steinhardt has also donated to the Israel Museum and Tel Aviv University.

A seemingly eccentric cause he supports, in partnership with an old hedge fund colleague
Bruce Kovner, is towards money losing daily newspaper New York Sun, owned by Seth Lipsky.

**Steinhardt The Art Aficionado**

Rarely can one find a hedge fund manager who can boast of an excellent collection of art including works by Jackson Pollock, Picasso, Paul Cezanne, Paul Klee, Max Beckman and Jean Dubuffet among others.

His collection also includes a remarkable collection of Greek and Roman antiquities as well as a rare collection of Judaica. A medley assortment that Steinhardt and his family have so passionately gathered over the years is estimated at over $200 million.

In 2001 Michael Steinhardt's autobiography, No Bull: My life in and out of markets was published with too much acclaim. Steinhardt is possibly the first hedge fund manager to assemble an excellent collection of art; he owns works by Jackson Pollock, Picasso, Paul Cezanne, Paul Klee, Max Beckman and Jean Dubuffet, among others. He also owns one of the most renowned collection of Greek and Roman antiquities and a priceless collection of ancient Judaica. Steinhardt estimates he has spent $200 million investing in his collection over the years.

**SURVIVING BAD TIMES**

Steinhardt's firm went through some rough patches during its bull run. The most publicized was the investigation for allegedly attempting to manipulate the Treasury note market in the early 1990's by the U.S Securities and Exchange Commission and Department of Justice. Steinhardt was consequently fined $70 million as part of the settlement. Nevertheless, true to form Steinhardt played a straight game and personally paid 75 percent of the total fine. On the Treasury positions, his firm made $600 million. As quoted in his book ‘No Bull’ Steinhardt states he did nothing wrong, but merely settled the case, to move on.

In 1994 Steinhardt Partners, like other financial institutions showed negative performance; but it recouped with an excellent show the following year, in line with its historical successes. Nevertheless Steinhardt chose to close down the hedge fund, distributed all monies to its limited partners, yet leaving himself quite wealthy and enviably liquid.

**Steinhardt Affiliations**

1. Diamond Offshore Drilling Inc.
2. Signature Bank
3. Christie's Inc.
4. Christie's International plc
5. New York University
6. Brandeis University
7. University of Pennsylvania - The Wharton School
8. Citizens Budget Commission
9. Christie's International SA
10. James River Group, Inc.
11. WisdomTree Asset Management, Inc.
12. Israel Energy Initiatives Ltd.

NEWS

1. Steinhardt Pledges Picassos for Real Estate as Art Loans Surge
2. WETF Michael H. Steinhardt Insider Trades For WisdomTree Investments Inc.
3. Judy and Michael H. Steinhardt
4. Richard Bell: Uz vs. Them
5. Michael Steinhardt - News - The Jerusalem Post
6. Howard Nowes Articles
7. Spoke Directory: Michael Steinhardt
8. Michael Steinhardt - DealBook - NyTimes.com
9. Steinhardt Michael H files 3 (Insider Trading (Form 3)) SEC Filing
10. The Metropoliton Museum of Art - News
11. Hedge Fund Leaders to Speak at Annual Bloomberg Summit

VIDEOS

1. MICHAEL STEINHARDT BLASTS WARREN BUFFETT 4-5-2011
2. Michael Steinhardt - how he foresaw the crash of 2008
3. Michael Steinhardt: A Father's Influence - Benzinga Exclusive
4. Michael Steinhardt
5. Michael Steinhardt "Profiles in Leadership"
6. Michael Steinhardt Speaks to Birthright Israel Alumni
7. Michael Steinhardt: The Practical Joker - Benzinga Exclusive
8. Michael Steinhardt on Jewish Life
9. Steinhardt Speech vs. Jewish Organizational Leadership
10. "Rabbi Shmuley Debates Michael Steinhardt on Gd"
12. Grinspoon Institute's 7th Camp Conference
FORTY-FOUR Old ARTICLES ABOUT MICHAEL H. STEINHARDT - ARTICLES ABOUT MICHAEL H. STEINHARDT

BOOKS

No Bull: My Life In and Out of Markets