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LIONGUARD OPPORTUNITIES FUND LP
ANNUAL REPORT - YEAR 2015

Dear Friends and Investors,

Year 2015 & Since Inception Investment Performance:

For the year 2015, LionGuard Opportunities Fund LP ("Fund") had a positive net (after all fees) return of 12.59% (based on Class S units). This compares favorably to the S&P/TSX Total Return Index ("Index"), which lost 8.32%.

Since inception of the Fund, our investment results can be summarized as follows:

Time period	LionGuard Opportunities Fund LP (net returns, Class S units)	S&P/TSX Total Return Index	Annualized Outperformance (Otherwise) vs Index	Cumulative Outperformance (Otherwise) vs Index
Oct 2014 – Dec 2015	17.08%	-9.67%	21.25%	26.75%

Note that Index returns are provided for illustration purposes only and that in our opinion it is best to judge Fund's performance on an absolute basis.

Recent Award:

At the end of year, we have been notified and humbly accepted Acquisitions International (AI) 2016 Hedge Fund Awards for LionGuard Opportunities Fund LP for the following two categories:

- Best Long/Short Equity Manager – Canada
- Best Canadian Long/Short Equity Fund (1 Year)

We are certainly pleased to have received this award, while we want to highlight that our returns objectives are based on long-term investment horizon and this is how we want our current and prospective investors to think of as well.

Q4/2015 Performance & Contributors:

During the quarter ended December 31, 2015, LionGuard Opportunities Fund LP ("Fund") had a positive net (after all fees) return of 5.07% (based on Class S units), compared to -1.20% for the S&P/TSX Total Return Index ("Index").

During the fourth quarter, some of our best contributors were GlobalSCAPE and Chesswood. On the flip side, our sizable detractors included Home Capital Group and Alaris Royalty. All these companies were addressed in our past quarterly letters (which can be found on our website at www.lionguardcapital.com), except for GlobalSCAPE.

GlobalSCAPE (GSB) is one of our U.S positions* that trades on New York Stock Exchange. GSB is a specialized technology company that provides managed transfer platform (MFP) solution to organizations in the United States. MFP allows for secure exchange of sensitive data, which is a growth industry in the U.S. on the back of growing data security concerns, new regulatory compliance requirements, adherence to higher governance standards etc. Despite being a relatively small company, GSB has been recognized by various industry organizations as a leader in its field. Company's business model provides for highly recurring maintenance and support (M&S) services revenue stream, which now represents around 90% of total revenue. As of the end of September 2015, their year-to-date new license bookings have increased 31% from 2014 levels. This bodes well for future trend in M&S, which typically lags new license sales. Company has very high insider ownership, at around 38%, which provides for excellent alignment of interest with minority shareholders. GSB also has zero debt on its balance sheet and is sitting on a cash position, which currently amounts to approximately 20% of its market capitalization. Company's management has been open about the fact that they are actively examining various avenues for unlocking shareholder value.

** Note that we invest in U.S. market on a currency-hedged basis, as we do not attempt to make foreign exchange predictions. Also, during the year 2015, we invested in excess of 85% of the Fund's assets in Canadian market with the balance accounting for U.S. market.*

Market Comments:

Year 2015 has been a very challenging year for Canadian equity markets. With energy prices and the rest of the resources complex under great pressure, all major resources-rich stock markets (Canada included) closed in deep red territories. To put it in perspective, during the year, S&P/TSX Composite Index was down by 11.09% and S&P/TSX Small Cap Index was down by 15.84%.

As the world adjusts to slower growth rates in China, many questions (in particular about eventual global demand levels for commodities and potential for further devaluation of Yuan) remain unanswered. In addition, there are growing global concerns on the geopolitical front. In this environment of heightened uncertainty, behavior of individual Chinese investors and that of nervous money managers around the world only further exacerbates prevailing market volatility.

As we enter 2016 with a glut of negative sentiment towards Canadian equity markets, we take this opportunity to introduce a positive (and certainly foreign to most people) concept, which we will refer to as "Commodity-Free Canada" (CFC). CFC constituents shall be composed of companies, whose economic characteristics are practically not impacted by commodity prices fluctuations. Number of these businesses continue to generate solid levels of free cash flow to their investors, often-times continue to grow their top and bottom lines, are managed by excellent and personally invested management teams, may very well (some largely so) benefit from recently much weaker Canadian dollar etc. Within this CFC universe, diligent and patient investors can nowadays (in our humble opinion) find high quality stable businesses selling at attractive prices.

Whether or not these pockets of market irrationalities will persist for long periods of time, become more exacerbated on the back of further commodities-linked broad market selloff (which would only make these companies more attractive purchases), or correct themselves in short order, remains to be seen. Good news however is that those who do have the flexibility to operate predominantly within said CFC universe are able to come across companies with risk-adjusted return profiles (with risk defined as permanent loss of capital, rather than temporary negative mark-to-market quotation) that are superior to where they were a year ago.

On another front, for businesses that are largely exposed to commodity prices, those with thin (or at this point negative) profit margins and high levels of indebtedness may very well face potentially unsurmountable challenges. Like in the past cycles, well-capitalized and smartly managed operators should be able to take advantage of this downturn to improve their long-term business prospects.

Business Growth & Development:

Year 2015 has in many ways been a transformational year for LionGuard. Early in the year, we engaged Mr. Lionel Alcoloumbre, as Senior Vice-President, Sales & Marketing. Thereafter, following successful completion of his internship, we engaged Mr. Colin Lebeau Mathieu as an Investment Analyst.

In the first half of the year we made a decision to launch our second fund, LionGuard Canadian Small Cap Equities Fund, tailored to institutional investors. In our opinion, there are big synergies to manage both funds (long/short equity fund a.k.a. Opportunities Fund and long only fund a.k.a. Canadian Small Cap Fund) internally, from investment and business standpoints. Our long only fund further capitalizes on our skills to identify attractive investment opportunities in the smaller capitalizations universe of the Canadian market.

Following the launch of LionGuard Canadian Small Cap Equities Fund, we applied and have been selected as one of the participants/winners in the Quebec's Emerging Managers Program (or in French – Programme des gestionnaires en émergence du Québec (PGEQ)). We welcome this highly entrepreneurial initiative and congratulate its co-founders and all of the related parties for providing a major boost to the Quebec's investment management industry.

Conclusion:

Altogether, we believe that the current market environment, including prevailing market volatility, is favorable to long-term investment operations of the Fund.

May you have any questions and/or want to obtain more details on how to invest in the Fund, feel free to contact us at any time.

Yours sincerely,

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