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LIONGUARD OPPORTUNITIES FUND LP
QUARTERLY REPORT – MARCH 2016

Dear Investors,

During the quarter ended March 31, 2016, LionGuard Opportunities Fund LP ("Fund") had a positive net (after fees) return of 7.09% (based on Class S units). This compares favorably to the S&P/TSX Total Return Index ("Index"), which was up by 4.54% during the same time frame. Since inception of the Fund, on October 2014, it registered positive net return of 25.38% versus the Index at -5.57%.

To-date, 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	Outperformance (underperformance)
Oct 2014 – Dec 2015	3.99%	-1.47%	5.46%
Jan 2015 – Mar 2015	7.50%	2.58%	4.92%
Apr 2015 – June 2015	5.83%	-1.63%	7.46%
July 2015 –Sep 2015	-5.81%	-7.86%	2.05%
Oct 2015 – Dec 2015	5.07%	-1.20%	6.27%
Jan 2016 – Mar 2016	7.09%	4.54%	2.55%
Annualized	**16.27%**	**-3.75%**	**20.02%**
Cumulative	**25.38%**	**-5.57%**	**30.95%**

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.

During the quarter, our largest contributors included Home Capital Group, Alaris Royalty and Canadian Western Bank. On the flip side, our detractors included AutoCanada and GlobalSCAPE. Some comments on these companies' operations should provide greater clarity on how we operate.

First of all, in the interests of providing a proper background, please refer to our discussion, six months ago, about **Home Capital Group (HCG)**, included in "Quarterly Report – Q3 2015" which can be found on our website. Since then, Home's management team continued to deliver excellent quarterly results and addressed short-sellers' misguided attacks on the Company (by increasing regular quarterly dividend and announcing Dutch auction to buy back up-to $150 million worth of its outstanding shares. Subsequently, we have had a sea change in terms of Company's perception by investors, which led to material appreciation in the stock price. Looking back, we remain amazed that a company of this quality, within the last several months, at some point traded for as low as 1.1x price/book value and at less than 5.5x price/earnings. Only during the financial crisis did it touch similar valuation levels. Clearly, this time around, the company's business model (and the stability of a whole financial system) was not at risk, its earnings were expected to grow materially for the foreseeable future, its funding sources were in excellent shape and excess capital was (and will still be post the completion of the Dutch auction) plentiful etc. At the time of this writing, in our humble opinion, Home Capital remains one Canada's outstanding companies and is trading at highly attractive long-term valuation multiples. We should also highlight, that none of the senior management team is participating in the Dutch auction. Lastly, with regards to Mr. Gerald Soloway announcing his retirement from the role of a CEO, the Company remains in excellent hands with Mr. Martin Reid, its current President, taking on the new title. Corporate Canada should take note and draw conclusions from Mr. Soloway's exemplary stewardship of the Company and focus on shareholder value creation over his career.

Alaris Royalty (AD) was already discussed in our "Quarterly Report – Q4 2014", also founds on our website. The company's business model did not change since that time. However, its stock price has been on a roller coaster ride mainly due to (1) overall higher market volatility during the period and (2) some relatively small hiccups that they experienced over last year with several of their partner companies. As it often happens in financial markets, especially in a short-term, fear overtook rational thinking and Alaris's stock price traded at level which in our opinion was not justified given overall excellent quality of its "loan" book, excellent management team, lack of financial leverage and bright prospects for further accretive capital deployment.

Canadian Western Bank (CWB) operates mainly in the commercial lending space in Western Canada. Despite inherent volatility of oil and gas prices, and resulting boom/bust economic conditions in Alberta, CWB has demonstrated industry leading loss ratios over past economic cycles. Such credit experience can only be achieved by adherence to superb risk management culture throughout the organization. Although we fully expect higher loan losses from CWB in the near term, current price levels present an opportunity to own a piece of a great business at a sizable discount to its intrinsic value.

AutoCanada (ACQ) remains one of our high conviction and contrarian positions. ACQ operates automobile dealerships across Canada, with 39% of those located in Alberta. With new car sales in Alberta down materially, on the back of increase in unemployment rate and gloomy at best economic prospects for the near-term, same store gross profit numbers, as well as high margin finance & insurance revenues, have been under pressure. As the only publicly traded automobile dealership in Canada, ACQ has access to all needed financial resources to outlast Mom & Pop dealership operators in the Province. As other dealerships retreat, remaining players' market positioning improves notably. This is driven by both pickup in car sales, and various revenue streams associated with exited players, as well as gaining high margin maintenance & repair business that is still under warranty. ACQ should also be able to acquire struggling dealerships at sizable discounts, further improving its business prospects over the longer-term. Exact duration of the rationalization in struggling market in Alberta is of course unknown, and shall be mainly driven by prevailing economic conditions, as well as the financial stamina of Mom & Pop operators. What is known however, is that ACQ is best positioned to weather this storm and to emerge as a much stronger player in the end. Outside of Alberta, AutoCanada's operations are in excellent shape. Lastly, we welcome the company's intention to preserve discretionary capital and to effectuate positive changes to its senior leadership team. It goes without saying, that addition of top management personnel poised to improve long-term business prospects, needs to be acted upon irrespective of short-term perceived optics of such changes.

GlobalSCAPE (GSB-NYSE) was discussed in our 2015 investment report. Other than mark-to-market fluctuations in the stock price, its business prospects remain consistent with our comments expressed three months ago. Please refer to "Annual Report – Year 2015", on our website, for details.

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

May you have any questions, feel free to contact us at any time.

Yours sincerely,

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