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LIONGUARD OPPORTUNITIES FUND LP
QUARTERLY REPORT - JUNE 2016

Dear Investors,

During the quarter ended June 30, 2016, LionGuard Opportunities Fund LP ("Fund") had a negative net (after fees) return of -0.98% (based on Class S units). This compares to the S&P/TSX Total Return Index ("Index"), which was up by 5.07% during the same time frame. Since inception of the Fund, on October 2014, it registered positive net return of 24.15% versus the Index at -0.78%.

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%
Apr 2016 – June 2016	-0.98%	5.07%	-6.05%
Annualized	**13.16%**	**-0.44%**	**13.60%**
Cumulative	**24.15%**	**-0.78%**	**24.93%**

Although we are not too pleased with our first quarter of underperformance vs the Index, we would like to remind our current and prospective investors 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 and over a long period of time.

Of course this quarterly report would not be complete without touching on the two topics many investors are fixated on – gold prices and Brexit – and providing our take on how to best navigate current environment.

Sizable gold price appreciation since the beginning of the year led to major gold equities rally, which largely explains positive Canadian indexes performance over last 6 months, especially as it relates to smaller capitalization benchmarks. As we communicated in prior quarterly reports, LionGuard Opportunities Fund does not invest in direct production and exploration activities, and as a result we did not have any precious metals exposure.

While gold (and silver) potentially can be viewed as a special case within the overall commodities complex, and we can certainly relate to current dynamics which lead to its price appreciation, we remain of the opinion that carefully selected mix of productive assets, with much more stable and predictable business dynamics, is the winning recipe for capital allocation as it related to both long-term investment performance and risk management objectives. Overall, we make no attempt to forecast commodity prices or to profit from deviations from the consensus view in that regard.

Our view on Brexit, and the initial stock market reaction following official results release, is that when it comes to evaluating odds of various outcomes people often neglect soft (in this case social) aspects and are instead fixated on hard (easily quantifiable and thus seemingly less prone to error) data. Needless to say, all of us are subject to said biases, especially when they are supported by consensus views and “expert” opinions. With yet another humbling reminder to market participants, case can be made for a need to look at pre-established notions and opinions, as it relates to potential future outcomes of any investment activity.

Whether or not there will be a contagion effect from other Euro nations, we believe it is better to be prudent and to limit exposure to negative repercussions that will be associated with those dynamics. On the opposite side, we look forward to over-reactions in the marketplace (such as the one immediately following Brexit developments), which would present attractive buying levels for companies not impacted or very slightly impacted by the developments. Of course to make such a determination, one need to conduct detailed fundamental research and analysis on businesses at hand, which we believe is the best allocation of time irrespective of the future course of political events. As it relates to our investments, we always do our best to limit our exposure to potential changes in regulatory and/or political regimes, especially those that would have an adverse impact on the earnings power of the companies we invest in.

During the quarter, our largest contributors included AutoCanada and Alaris Royalty. On the flip side, our detractors included Terra Firma and Element Financial.

AutoCanada (ACQ) and **Alaris Royalty (AD)** were just discussed in our prior quarter report “Quarterly Report – Q1 2016”, which can be found on our website.

Terra Firma (TII) was discussed in our prior quarterly report, specifically in “Quarterly Report – Q2 2015”, which can be found on our website. TII’s stock price has been under pressure recently, as one of the real estate development companies to which they lend capital, Urbancorp, filed for bankruptcy. Although not a positive development by any stretch of an imagination, we believe that TII is in position to fully recover their investment and that the rest of their business is not impacted by this matter. As they recover Urbancorp-related investment and deploy new capital in other projects (mainly in the

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Unites States), we believe sentiment on the company should improve materially. One would also expect that currently irrational (in our opinion) major discount to tangible book value per share would cease to exist.

Element Financial (EFN) is one of Canada's great success stories and is one of the world's largest equipment leasing companies. Element provides leasing solutions across numerous industries including rail cars, fleet and aerospace. After several years of successful organic and acquisitive growth, management of EFN recently announced their intention to separate the company into two businesses: Element Fleet and Element Commercial Asset Management. There are major benefits, in our opinion, of separating the company into two entities. They include: access to cheaper cost of funding (on the back of higher ratings by credit agencies), more focused management teams for respective businesses, major multiple re-rating (two businesses are currently trading at a large discount to comparable companies) and other. We also believe that stand-alone entities should be able to generate higher returns on employed capital. As recent concerns surrounding the depth of securitization market in the United States dissipate, we believe that market participants shall start paying attention to forthcoming positive catalysts to an already excellent business. Separation into two companies is currently planned for the end of September 2016.

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

May you have any questions and/or want to inquire about new or follow-up investment possibilities, feel free to contact us at any time.

Yours sincerely,

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