LionGuard Capital Management Inc.
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LIONGUARD OPPORTUNITIES FUND LP
QUARTERLY REPORT – SEPTEMBER 2015

Dear Investors,

During the quarter ended September 30, 2015, LionGuard Opportunities Fund LP ("Fund") had a negative net (after fees) return of -5.81% (based on Class S units). This compares favorably to the S&P/TSX Total Return Index ("Index"), which registered -7.86% during the same time frame.

Note that Index returns are provided for illustration purposes only and it is best to judge Fund's performance on an absolute basis and over long period of time. Therefore, despite solid outperformance of the Index, we are of course disappointed with our first negative quarter.

This quarter end also marks first full year of investment operations for the Fund. In our opinion, it provides our current and prospective investors with the first representative data point upon which to judge our investment results. It is our belief that fixation on short-term results is largely detrimental to the implementation of proper investment process (for practically all investment strategies based on fundamental research and analysis) and therefore such a mentality should be avoided at all costs.

Since inception of the Fund on October 1, 2014, it registered positive net (after fees) return of 11.43% versus the Index at -8.38%. These 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 – Sept 2015	11.43%	-8.38%	19.81%

During the quarter, most of our gains came from a mix of short positions. On the flip side, our detractors included EnWave, Alaris Royalty and Chesswood.

Since we already discussed companies mentioned above in our past quarterly reports, we will refrain from repeating ourselves. Those companies' business models did not change in any material way since our last comments, while their quoted market prices did. Market prices alone of course have no bearing on our view of those companies' business prospects and our calculation of their intrinsic values.

We do want to briefly comment on interesting market dynamics happening with one of our recent positions: **Home Capital Group (HCG)**. Home Capital Group is a mortgage lender to primarily new immigrants and self-employed individuals with most of their operations focused in Ontario. The Company has shown outstanding results by generating returns on equity of around 20% over the past 20 years. It has one of the best management teams in the country and they are very prudent lenders, who realized practically no credit losses to speak of since inception of the Company. Recent issues around some of the bad apples found within their mortgage broker channel, in our humble opinion, presents an

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opportunity to acquire piece of an outstanding franchise at a discount. Our analysis lends to believe that identified issues are not widespread and will not materially impact Company's profitability. Identified loans came from prime mortgage originations and not from their higher yielding product. Also, credit experience of those loans to-date has been comparable to that of the rest of the book, which is a good indication for the future. What is even more important in our opinion is how senior management of the Company handled identified issues – in a transparent and professional manner.

In addition to market concerns surrounding identified cases in the broker channel, there has been an attack on the Company's shares by short sellers, mainly from the U.S. based hedge funds. Some of those investors look for ways to short Canadian housing market, while others attempt to purposefully mislead investing public by making false negative statements about HCG through social media and other means. Of course such investors stand to benefit from the decline in the Company's share price.

While the stock price may remain volatile in the short term, we believe HCG has a lot of room to continue delivering solid organic loan growth, while maintaining strong credit quality. We also believe that they are in position to continue with share buybacks and dividend increases, especially given that they have plenty of excess capital in relation to regulatory mandated levels.

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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