LionGuard Capital Management Inc.
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LIONGUARD OPPORTUNITIES FUND LP
QUARTERLY REPORT – SEPTEMBER 2016

Dear Investors,

During the quarter ended September 30, 2016, LionGuard Opportunities Fund ("Fund") had a positive net (after all fees) return of 5.06% (based on Class S units). This compares to the S&P/TSX Total Return Index ("Index"), which was up by 5.45% during the same time frame. Since inception of the Fund, it delivered an annualized net return of 14.21% versus the Index at 2.29%.

This quarter end also marks two years of our track record. Over this time frame 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 – Sep 2015	11.43%	-8.38%	19.81%
Oct 2015 – Sep 2016	17.06%	14.21%	2.85%
Annualized	**14.21%**	**2.29%**	**11.92%**
Cumulative	**30.43%**	**4.64%**	**25.79%**

As in other quarterly reports, 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.

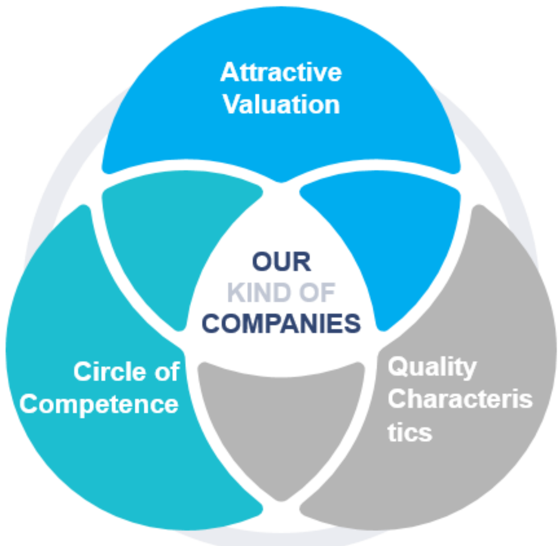
To further illustrate a point above, we have computed an often cited statistic, based on Fund's data since inception. Its results are the following:

- As of the end of September 2016, our "Upside Capture Ratio" amounted to 102% and our "Downside Capture Ratio" to -2%. This means that when the Index was up during a given month, on average we have been able to capture all of its upside, and when the Index was down during a given month we have not captured any its downside.

What we want to highlight however is that most of performance assessment related statistics used in finance industry do not take into consideration, or almost always improperly account for, the amount of risk-taking and thus should not be relied upon when choosing an investment fund manager. As a result, we caution investors from relying on such metrics to a large extent when evaluating fund managers' performance.

What we advise investors to do, as a starting point for evaluating past performance, is to thoroughly understand fund manager's investment process and risk management approach.

In this light, we take an opportunity to further educate our current and prospective investors about LionGuard's investment philosophy. In this report, we examine three parameters that define "our kind of companies". They are: Circle of Competence, Quality Characteristics and Attractive Valuation.



Here is how we define them:

- Circle of Competence: Those are the businesses that we understand well and which we have typically studied for an extensive period of time. In other words, we are comfortable that we have a good grasp on the company's underling operations, ongoing industry dynamics, prevailing regulatory environment, quality of the management team and board of directors etc. This is accomplished as a result of a detailed bottom-up fundamental research and analysis.

- Quality Characteristics: We define quality businesses as those with high return on invested capital (ROIC), solid free cash flow generation, stable and predictable business models, capable and aligned with minority shareholders (as demonstrated by accretive capital allocation over time) management team and board of directors.

- Attractive Valuation: Companies that trade at a sizable discount to their intrinsic value, as computed by using proprietary fundamental bottom-up research and with the help of internally built financial models.

Since all three parameters ought to be satisfied, we often end up developing competence on a good number of quality companies which trade at a low to non-existent discount to its intrinsic value. In those cases, we would refrain from making an investment until discount to intrinsic value increases towards attractive for us levels. From our experience, given the nature of the market we operate in, such

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opportunities are practically certain to present themselves over a lengthy time frame. Patience therefore is the most important virtue in order to acquire a quality business at an attractive price.

During the quarter, our largest contributors included Element Financial, Norsat International and Badger Daylighting. On the flip side, our detractors included AutoCanada and Alaris Royalty. Devoted readers of our reports may notice an interesting occurrence: during the prior quarter AutoCanada and Alaris were our largest contributors while Element Financial was one of largest detractors. This simply goes to highlight that fixation on short-term results (3 months in this case) is a wrong way to go about evaluating any sensible investment process.

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 options, feel free to contact us at any time.

Yours sincerely,

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