

MPIC Fund I, LP

**Annual Report
2017**

“...Over time, markets will do extraordinary, even bizarre, things. A single, big mistake could wipe out a long string of successes. We therefore need someone genetically programmed to recognize and avoid serious risks, including those never before encountered. Certain perils that lurk in investment strategies cannot be spotted by use of the models commonly employed today by financial institutions.

Temperament is also important. Independent thinking, emotional stability, and a keen understanding of both human and institutional behavior is vital to long-term investment success. I've seen a lot of very smart people who have lacked these virtues...”

***- Warren Buffett
Berkshire Hathaway 2006 Annual Letter to Shareholders***

MPIC Fund I, LP

**Annual Report
2017**

MPIC Fund I, LP's Performance vs. the S&P 500

Year	<u>Annual Percent Change</u>		Relative Results <u>(1)-(2)</u>
	in Net Asset Value Per Share of MPIC Fund I <u>(1)</u>	in S&P 500 with Dividends Included <u>(2)</u>	
2006	8.5%	9.6%	(1.1%)
2007	26.8%	5.5%	21.3%
2008	(19.1%)	(37.0%)	17.9%
2009	41.3%	26.5%	14.8%
2010	12.8%	15.1%	(2.3%)
2011	(8.5%)	2.1%	(10.6%)
2012	11.5%	16.0%	(4.5%)
2013	22.7%	32.3%	(9.6%)
2014	40.6%	13.7%	22.7%
2015	(20.4%)	1.4%	(21.8%)
2016	8.0%	12.0%	(4.0%)
2017	(1.2%)	21.8%	(23.0%)
Compounded Annual Gain – 2006-2017	8.7%	8.6%	0.1%
Overall Gain – 2006-2017	164.6%	161.5%	3.1%

Notes: Data are for calendar years with these exceptions: 2006, eight months ended 12/31.

Both, the S&P 500 and MPIC Fund I, LP, performances are pre-tax. MPIC Fund I, LP results are audited and after all expenses, including incentive allocation.

MPIC Fund I, LP

To the Partners of the MPIC Fund I, LP:

Our net return to partners for 2017 was -1.2%, while the S&P 500 Total Return was +21.8%. Since inception on May 1, 2006, the MPIC Fund I, LP's (the "Fund") cumulative net return to partners is +164.6%, while the S&P 500 Total Return has gained +161.5%.

During that same period, our performance is slightly ahead of the comparative index by a +0.1% differential per annum, after all expenses including incentive allocation. Partners should also remember that we will not receive any future incentive fees until we surpass our previous high watermark, plus 6% annual compounding from that point.

Commentary

Our unconditional duty, and the only one we abide by, is to **grow investment capital at an above average rate** while **avoiding any permanent loss**. We will not participate when we feel a margin of safety is not present in the investments available to us.

Since inception, we have provided a very modest advantage to our partners relative to our index. As most of you are acutely aware, the last three years have been painful for the Fund's partners, and this has been during the time we invested in Premier Diversified Holdings Inc. ("Premier" or "PDH"). We sincerely apologize for this performance!

The good news is that we are now, once again, in a position to outperform markets. With Premier under control, at a level we are comfortable with in terms of asset allocation, we believe that this market is now once again going to provide considerable opportunities to patient, value investors.

At the insistence of your director, Andrew Cooke, I have expanded a few areas of the letter this year. In fact, Andrew was so adamant about the change, he helped draft some of the letter with me. I hope you find the additional detail helpful! Andrew has a habit of being fairly forceful when he believes change is warranted or needed. He is not only one of the original investors in the fund, but a director and part owner of the general partner. His interests, along with ours, are fully aligned with yours!

Cash

Our cash and cash equivalents balance at the end of 2017 was just under 30% of the Fund. During the year our cash balance averaged approximately 36% of the Fund's invested assets. While this may seem high during a period when market returns have been great, and the masses are fully invested, I am always cautious with our capital. Having a significant cash balance gives me so much flexibility when opportunities arise. If history is any indicator of the future, which it usually is, do not expect this to change in the future. I am a creature of habit! Over the past 11 years managing the Fund, I have consciously maintained the cash balance in the 20 to 40 percent range - only once did I alter course and we were fully invested. That was after the financial crisis when investments represented over 95% of the Fund.

There are two points that partners need to remember in terms of the fund's function and methodology:

- We are pure value investors...we cannot join a raging bull market, unless we find ideas that meet our view of undervalued investments trading below their intrinsic value...because of that we may be out of step for short or long periods of time. If you expect anything different, then we may not be the right fund.

- Our long-term goal is growth and preservation of capital...we aren't going to change our behavior because everyone else is doing so...we will never buy investments in hot sectors or follow trends.

One disadvantage, particularly in a rising market, of maintaining a large cash position is the impact on our return compared to the S&P index, which by nature is 100% invested all the time. Naturally it makes it a little more difficult to keep pace with the index. In fact, if we consistently maintain a 33% cash balance in the Fund, we need to perform 50% better on the 67% of the funds allocated to investments just to keep pace with the index.

For example, the S&P returned 21.8% in 2017, so if you started the year with \$10,000 you would have earned a return of \$2,180. To earn that same return while holding 33% of the fund in cash means you would need to earn \$2,180 on \$6,700 (\$10,000 *(1-33%)) or 32.5%. The return of 32.5% is about 50% greater than the 21.8% index return. I know this is a bit of a painstaking explanation, but Andrew has been telling me all year "Your great performance this year is being hidden by the by the large cash position and the poor performance of Premier - you have to highlight everything to the partners this year". With that let's talk about our investments.

Investments

2017 was a very good year for non-PDH investments. We had realized gains of \$1.5 million for the year while sitting on another \$3.3 million in unrealized gains as at December 31, 2017. That is the good news. The bad news is Uncle Sam, as always, is going to want a share of our gains at tax time, as such there was some substantial capital gains on your K-1 this year - mainly in the form of long term gains.

So, what did we make money on in 2017?

Andrew has kindly prepared two summary tables to illustrate the 2017 realized gains and unrealized gains at December 31, 2017:

2017 Realized Gains

	Cost	Proceeds	Realized Gain <Loss>	Return	Holding Period	Comments
BANK OF AMERICA - OPTIONS	\$ 252,292	\$ 958,852	\$ 706,560	280.1%	1 year	Example of using leverage to increase returns on well established large position of the fund. We continue to hold the common and increased the position in early 2018 by exercising our remaining options
OVERSTOCK COM	\$ 397,519	\$ 805,961	\$ 408,442	102.7%	mostly 1 year, and some for 6 months	Reduced position size as valuation got extremely high and in excess of our calculated intrinsic value
LEUCADIA NATIONAL	\$ 353,471	\$ 617,206	\$ 263,735	74.6%	14 months	Intrinsic value met - sold out position
FIAT CHRYSLER	\$ 111,818	\$ 306,670	\$ 194,852	174.3%	1 year	Reduced position size as valuation nears our intrinsic value calculation
WELLS FARGO	\$ 169,429	\$ 358,734	\$ 189,305	111.7%	6 years	Sold in August 2017.
APPLE	\$ 94,015	\$ 164,032	\$ 70,017	74.5%	14 months	Reduced position size by 1/4 prior to launch of new iPhone in September 2017
FAIRFAX	\$ 315,317	\$ 361,446	\$ 46,129	14.6%	2 months	Small position exited
GILEAD SCIENCES	\$ 339,747	\$ 358,682	\$ 18,935	5.6%	2 months	
BUCKLE	\$ 1,120,113	\$ 1,088,714	\$ (31,399)	-2.8%	2 to 5 months	5% dividend offset loss. Sold and switched to another retailer, Macy's who has a much larger margin of safety due to its real estate holdings
OVERSTOCK - PUTS	\$ 57,787	\$ 19,629	\$ (38,158)	-66.0%	1 month	Hedging the downside as Overstock rose quickly during the year. Took hedge off and started selling Overstock shares as valuation got ridiculously high
SPDR S&P 500 - PUTS	\$ 160,567	\$ 69,680	\$ (90,887)	-56.6%	5 months	Hedge market early in 2017 after initial Trump run up. Took hedge off mid year continued to rally and rally
GENERAL ELECTRIC	\$ 720,939	\$ 609,500	\$ (111,439)	-15.5%	2 months	I was too early, year end tax selling
FORD CALLS	\$ 303,755	\$ 183,228	\$ (120,527)	-39.7%		Sold JAN 2018 Calls and purchased JAN 2019 calls to give Ford share price more time to reach intrinsic value
TOTAL	\$ 4,396,769	\$ 5,902,334	\$ 1,505,565	34.2%		

Unrealized Gains at December 31, 2017

	Cost Basis	Market Value	Unrealized Gain <Loss>	Return	Period held
OVERSTOCK COM	\$ 271,586	\$ 1,182,150	\$ 910,564	335.3%	6 months
BANK OF AMERICA	\$ 148,361	\$ 811,800	\$ 663,439	447.2%	6 years
MACY'S	\$ 1,627,175	\$ 2,090,770	\$ 463,595	28.5%	2.5 months
FIAT CHRYSLER	\$ 207,512	\$ 579,800	\$ 372,288	179.4%	15 months
WALMART	\$ 407,196	\$ 691,250	\$ 284,054	69.8%	14 months
APPLE	\$ 277,361	\$ 507,690	\$ 230,329	83.0%	18 months
BANK OF AMERICA - CALLS	\$ 24,438	\$ 207,188	\$ 182,750	747.8%	2 years
FORD CALLS	\$ 245,255	\$ 387,000	\$ 141,745	57.8%	7 months
GILEAD SCIENCES	\$ 656,691	\$ 716,400	\$ 59,709	9.1%	7 months
HUDSONS BAY	\$ 740,105	\$ 751,296	\$ 11,191	1.5%	2.5 months
GENERAL ELECTRIC	\$ 447,272	\$ 436,250	\$ (11,022)	-2.5%	2 months
TOTAL	<u>\$ 5,052,952</u>	<u>\$ 8,361,594</u>	<u>\$ 3,308,642</u>	<u>65.5%</u>	

The chart directly above is all our non PDH investments at December 31, 2017. I just wanted to make a few further observations:

- Virtually all positions are large, US-based multinationals. The exceptions being Hudson's Bay, a Canadian retailer, and Overstock would be a mid-cap sized company.
- Concentration portfolio of investments - 10 positions.
- All positions opened in the past 18 months with the exception of Bank of America. They are hard to find, but I am still finding some opportunities despite the strong market performance.
- Our unrealized gains on those investments exceed 50% at December 31, 2017.

Premier Diversified Holdings Inc.

Now let's talk about Premier, which had a negative impact on our results in 2017. Premier's share price declined 50% during the year, with the market value of our holdings in Premier similarly declining. This unfortunately offset many of the solid gains we produced in our non-PDH investment portfolio. I was about to use the words "wiped out the solid gains", but I want to remind everyone that these are unrealized losses. We feel the intrinsic value of the company exceeds the market value and given time the market will reflect this despite the two difficult decisions we made during 2017 at Premier:

1) Liquidation of Sequant Re Holdings, Inc. ("Sequant")

After three years of commitment to locating an institutional partner to fund Sequant's ILS (Insurance Linked Security) portfolio, regrettably Premier made the decision to stop funding Sequant. There was a multitude of interest, meetings and significant due diligence conducted on Sequant, but none of the interest materialized into a firm commitment. As such, the board of Sequant without the continued financial support of Premier, decided it was time to move the company into voluntary liquidation.

As a result of the liquidation of Sequant, Premier wrote down the carrying value of the Investment in Associate in the amount of approximately \$2,500,000 to \$nil as of September 30, 2017.

2) Shut-down of Chinese Operations

The Company made the decision to write-down the assets of the China operations on its audited annual financial statements for the year ended September 30, 2017.

During 2017, the Company's revenue from the Beijing Clinic was impacted by government and operational issues at the hospital level, such as changes in management and changes in the competitive environment in Beijing, which could not be mitigated by Premier's management team in China. As a result, there was a significant decrease in the operational results of the Beijing clinic which persisted, and the decision was made to shut-down the joint venture.

More details on Premier can be found in the "2017 PDH Shareholder Letter" in Appendix C.

Last year I stated that we would have liked PDH to account for no more than about 33% of Fund assets. This was mainly achieved due to the growth of the non-PDH assets and the \$5 million investment from two subsidiaries of Fairfax Financial in early 2017. At December 31, 2017, Premier represented less than 19% of the Fund's asset - a level where we are very comfortable.

We continue to feel there are tremendous long-term benefits for the partnership owning a significant stake in Premier:

- Greater tax efficiency for MPIC Fund investors that don't hold their investment in IRA's, as more capital gains can be retained in PDH and compounded over many years.
- Operating leverage of PDH and its businesses will increase returns to the Fund.
- The Fund can participate in businesses that it normally wouldn't have access to, including private businesses.
- PDH, and thus indirectly the MPIC Funds, have access to various forms of financing - cash, debt, equity & operating cash flow.
- If the current trends of massive amounts of cash entering market ETF's continues, some of the best prospects for long-term investing will happen in the private sector and that may be one of the few advantages the active fund business will have in outperforming market indices.

We are well and truly "eating our own cooking" with Premier – the Fund's ownership of Premier increased to almost 43% of the outstanding shares at December 31, 2017 (36% at December 31, 2016). We believe that Premier will do well over time!

A reminder that due to the fact that we do not have a lockup, if any partner removes a significant portion or all of their investment in the Fund, we will allocate to them their proportionate share of cash and Premier shares during their redemption. The reason for this is simple:

- We will not allow any single partner to put the Fund's liquidity at jeopardy due to fears in the Fund's strategy! (Please refer to #1 in Appendix A, "Ground Rules" for the Fund operations.)

Miscellaneous

Audit & Annual Report

Our audit for 2017 was once again conducted by Patke & Associates. We would like to thank Ron Niemaszyk, Shana Sparber and Lisa Clausen for their work. Patke distributed K-1's to partners around the last two weeks of March, both by mail and email, so please make sure we always have your correct mailing address and email.

If you are looking for a good auditor, that provides excellent customer service and diligent oversight, give Ron a call at (847) 382-1627.

Directors

Corner Market Capital U.S. is the general partner for the MPIC Fund I, LP. The board of directors is composed of Alnesh Mohan, Andrew Cooke, Glen Rollins & Sanjeev Parsad. Andrew and Glen provide invaluable support and advice...we don't know what we would do without them! They are also both minority shareholders in the general partner and terrific friends to the partnership.

- Andrew, as many of you already know, is a CPA with previous experience at subsidiaries of Fairfax Financial, and as Treasurer for Lumbermen's Mutual Group (formerly Kemper Insurance). He has spent many years studying value investing. He continues to do tremendous amount of work for the Fund over the last year, including his contributions as a director of Premier and a director of Sequant Re. Partners owe Andrew a debt of gratitude for all his hard work!
- Glen was a director of Rollins Corporation and was Chief Executive Officer of the Orkin PCO pest control division for many years. Not only did he serve on the board of a NYSE-listed company, but he oversaw a multitude of franchisees and several thousand employees. He's been a Berkshire Hathaway shareholder for over 25 years.

Our existing and prospective partners are welcome to contact Andrew at cooke_work@hotmail.com and Glen at gwrollins@gmail.com. They receive no fees for their service, except for a box of cookies every Christmas!

Curo Law

Marta Davidson, at Curo Law, looks after all of Corner Market Capital's and MPIC Fund I, LP's Canadian legal requirements and filings. She is also a director of Premier Diversified Holdings and is general counsel for the company. If you need a terrific attorney in Canada, give Marta a call at 604-307-4539 or email at mdavidson@curolawcorp.com.

Dorsey & Whitney LLP

Alan Bell, and his legal assistant Kathryn Shelton at Dorsey & Whitney LLP in Salt Lake City, handle all of Corner Market Capital U.S.'s and the MPIC Fund I, LP's legal requirements and filings. If you need a good attorney for a U.S. corporation or partnership, give Alan a call at (801) 933-7361.

Liccar

Liccar of Chicago is our third-party independent administrator for MPIC Fund I, LP. We have been extremely happy with their work! Our many thanks to Michael Liccar, Mike Atwater, Donald Pizziferro and their team at Liccar.

Going forward all client subscriptions, redemptions can be sent to both myself (sparsad@cornermarketcapital.com) and Maureen Murphy (mmurphy@liccar.com). Maureen and Liccar will now be assisting us with all fund administrative duties going forward. If you are looking for a great fund administrator, give Mike Atwater a call at (312) 922-8877.

UBS Private Wealth Management

As we've stated in our previous annual reports, Ajay Desai and his team of Melissa Wilczak, Randy Bruns, Tim Dillow & Frank Pellicori are hands down our best service provider and make your managing partner's day to day duties far easier with their execution, service and value.

Whenever any new fund manager asks me for a recommendation regarding our service providers, the first name that I always tell them is Ajay's. We receive no discounts, special consideration or anything else to the surprise of those managers. Plain and simple, they are the best we have seen and we could not run the funds efficiently without them! I cannot recommend Ajay and his team enough...give them a call at (855) 314-8910.

Frequently Asked Questions & Ground Rules

Towards the end of the Annual Report, you will find our "Ground Rules" in Appendix A. These are the fundamental principles that our partnership tries to abide by and that guide our conduct. We think these principles align our interests with your interests and allow for a truly equitable partnership. In Appendix B, you will find our answers to some frequently asked questions. We will expand this as time goes by.

Operational Costs

Operational costs, relative to assets under management, decreased to 30 basis points in 2017 from 2016's 34 basis points. Even with Liccar taking over most administrative duties and increased filing costs related to Premier, we expect the operational costs to continue to decrease over time. Other than ETF's and a handful of funds like the Pabrai Funds, which operate identically to us but with a larger asset base, we are one of the most efficient and equitable ways to get active investment management.

Our Promise to You

Finally, we cannot begin to explain how we feel about the fiduciary responsibility we've been entrusted with. For most of you, the capital invested within the MPIC Funds is due to a lifetime of effort, and all the challenges that you faced to get here. We will *never* take that responsibility lightly!

We thank you for your trust, friendship and confidence. As always, we keep an open-door policy, and our partners can contact us at anytime about any subject. We wish you and your families well.

Sincerely,



Alnesh Mohan



Sanjeev Parsad

In the following pages, you will find the Audited Financial Statements for the MPIC Fund I, LP ending December 31, 2017.

MPIC FUND I, LP

FINANCIAL STATEMENTS

DECEMBER 31, 2017

CONTENTS

INDEPENDENT AUDITOR'S REPORT	1
STATEMENT OF FINANCIAL CONDITION	2
CONDENSED SCHEDULE OF INVESTMENTS	3
STATEMENT OF OPERATIONS	4
STATEMENT OF CHANGES IN PARTNERS' CAPITAL (NET ASSET VALUE)	5
NOTES TO FINANCIAL STATEMENTS	6-13



Patke & Associates, Ltd.
300 Village Green Drive, Suite 210
Lincolnshire, Illinois 60069
847.913.5400 P
www.patke.net

INDEPENDENT AUDITOR'S REPORT

To the Partners of
MPIC Fund I, LP

Report on the Financial Statements

We have audited the accompanying financial statements of MPIC Fund I, LP (a Delaware limited partnership), which comprise the statement of financial condition, including the condensed schedule of investments, as of December 31, 2017, and the related statements of operations and changes in partners' capital (net asset value) for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of MPIC Fund I, LP as of December 31, 2017 and the results of its operations and changes in partners' capital (net asset value) for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Patke & Associates, Ltd.

Lincolnshire, Illinois
February 27, 2018

MPIC FUND I, LP

STATEMENT OF FINANCIAL CONDITION DECEMBER 31, 2017

Assets

Investments in securities, at fair value (cost \$12,594,321)	\$ 12,704,194
Derivative contracts, at fair value (cost \$269,693)	594,188
Due from broker	2,287,263
Cash at bank	88,600
Due from related party	110,888
Other assets	<u>43,573</u>
Total assets	<u>\$ 15,828,706</u>

Liabilities and Partners' Capital (Net Asset Value)

Liabilities

Accounts payable and accrued liabilities	\$ 19,610
Redemption payable	<u>40,000</u>
Total liabilities	<u>59,610</u>

Partners' Capital (Net Asset Value)	<u>15,769,096</u>
Total liabilities and partners' capital (Net Asset Value)	<u>\$ 15,828,706</u>

The accompanying notes are an integral part of these financial statements.

MPIC FUND I, LP

CONDENSED SCHEDULE OF INVESTMENTS DECEMBER 31, 2017

Description	Shares / Units	Fair Value	% of Net Asset Value
Investments in securities			
United States common stocks			
Consumer discretionary			
Overstock.com, Inc.	18,500	\$ 1,182,150	7.5%
Macy's Inc.	83,000	2,090,770	13.3%
Other securities		1,198,940	7.6%
		<u>4,471,860</u>	<u>28.4%</u>
Financials			
Bank of America Corp.	27,500	811,800	5.1%
Industrial Goods			
		436,250	2.8%
Healthcare			
		716,400	4.5%
Total United States (cost \$3,835,644)		<u>6,436,310</u>	<u>40.8%</u>
Canada common stocks			
Healthcare			
Premier Diversified Holdings Inc.	65,286,407	2,937,888	18.6%
Consumer discretionary			
		751,296	4.8%
Total Canada (cost \$6,556,118)		<u>3,689,184</u>	<u>23.4%</u>
Europe common stocks			
Consumer goods			
		579,800	3.7%
Total Europe (cost \$207,513)		579,800	3.7%
Total common stocks (cost \$10,599,275)		<u>10,705,294</u>	<u>67.9%</u>
United States Treasuries			
Treasury bills, due January 2018 (cost \$1,995,046)			
		1,998,900	12.7%
Total investments in securities (cost \$12,594,321)		<u>\$ 12,704,194</u>	<u>80.6%</u>
Derivative contracts - assets			
Options purchased			
United States			
Financials			
Bank of America Corp. 1/19/18 13	125	\$ 207,188	1.3%
Consumer goods			
		387,000	2.5%
Total derivative contracts - assets (cost \$269,693)		<u>\$ 594,188</u>	<u>3.8%</u>

The accompanying notes are an integral part of these financial statements.

MPIC FUND I, LP

STATEMENT OF OPERATIONS YEAR ENDED DECEMBER 31, 2017

Investment income

Dividends	\$ 131,819
Interest income	<u>24,832</u>
Total investment income	<u>156,651</u>

Expenses

Professional fees	<u>44,225</u>
Total expenses	<u>44,225</u>
Net investment income	<u>112,426</u>

Realized and unrealized gain (loss) on investments

Net realized gain on investments in securities and derivative contracts	1,398,394
Net change in unrealized (depreciation) on investments in securities and derivative contracts	<u>(1,739,163)</u>
Net (loss) on investments	<u>(340,769)</u>
Net (loss)	<u>\$ (228,343)</u>

The accompanying notes are an integral part of these financial statements.

MPIC FUND I, LP

STATEMENT OF CHANGES IN PARTNERS' CAPITAL (NET ASSET VALUE) YEAR ENDED DECEMBER 31, 2017

	Partners' Capital		
	General Partner	Limited Partners	Total
Balance, beginning of year	\$ 1,366,646	\$ 10,175,719	\$ 11,542,365
Allocation of net (loss):			
Pro rata allocation	(13,848)	(214,495)	(228,343)
Capital additions	-	5,100,000	5,100,000
Capital withdrawals	(35,000)	(609,926)	(644,926)
Balance, end of year	<u>\$ 1,317,798</u>	<u>\$ 14,451,298</u>	<u>\$ 15,769,096</u>

The accompanying notes are an integral part of these financial statements.

MPIC FUND I, LP

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2017

NATURE OF OPERATIONS

MPIC Fund I, LP (the “Fund”) is an investment fund organized on March 13, 2006, under the Revised Uniform Limited Partnership Act of the State of Delaware, for the purpose of engaging in buying and selling securities. The General Partner of the Fund is Corner Market Capital US Inc. (“General Partner”). The General Partner is a wholly-owned subsidiary of Corner Market Capital Corporation, a corporation registered in British Columbia. The Fund will continue until May 1, 2036 unless terminated earlier or extended in accordance with the provisions of the Partnership Agreement.

The Fund’s investment objective is to earn above market returns and long-term appreciation. The Fund seeks to achieve its investment objective by investing principally in marketable securities of U.S. and non-U.S. companies.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

METHOD OF REPORTING

The Fund’s financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”). The General Partner has evaluated the structure, objectives and activities of the Fund and determined that the Fund meets the characteristics of an investment company and therefore applies the guidance in Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 946, Financial Services – Investment Companies.

INVESTMENTS IN SECURITIES

Securities transactions and any related gains and losses are reported on a trade date basis. Any unrealized gains or losses on open positions at the date of the financial statements are stated on the statement of operations. The Fund records interest income in the period it is earned. Dividend income is recorded on the ex-dividend date.

DERIVATIVE CONTRACTS

The Fund records its derivative activities at fair value. Gains and losses from derivative contracts are stated on the statement of operations.

Options Purchased

When the Fund purchases an option, an amount equal to the premium paid by the Fund is recorded as an asset and is subsequently adjusted to the current fair value of the option purchased. Premiums paid for purchased options that expire unexercised are treated by the Fund on the expiration date as realized losses from investments. Premiums paid for purchased option contracts that are sold prior to expiration are offset against the proceeds of the related sale transaction, net of brokerage commissions, to determine the realized gain or loss.

MPIC FUND I, LP

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2017

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

DUE FROM BROKER

Amounts due from brokers may be restricted to the extent that they serve as deposits for certain marketable securities.

In the normal course of business, substantially all of the Fund's securities transactions, money balances and securities positions are transacted with the Fund's broker, UBS Financial Services Inc. At December 31, 2017, the amount due from broker reflected in the statement of financial condition is due from this broker.

TRANSLATION OF FOREIGN CURRENCY

Assets and liabilities denominated in foreign currencies are translated into U.S. dollar amounts at the year-end exchange rates. Transactions denominated in foreign currencies, including purchases and sales of investments, and income and expenses, are translated into U.S. dollar amounts on the transactions date. Adjustments arising from foreign currency transactions are reflected in the statement of operations.

The Fund does not isolate that portion of the results of operations arising from the effect of changes in foreign exchange rates on investments from fluctuations arising from changes in market prices of investments held. Such fluctuations are included in net realized gain on investments in the statement of operations.

INCOME TAXES

The Fund prepares calendar year informational U.S. and applicable state tax returns and reports to the partners their allocable shares of the Fund's income, expenses and trading gains or losses. No provision for income taxes has been made in the accompanying financial statements as each partner is individually responsible for reporting income or loss based on such partner's respective share of the Fund's income and expenses as reported for income tax purposes.

Management has evaluated the application of GAAP as it relates to income taxes and has determined that no reserves for uncertain tax positions were required to have been recorded. Generally, the Fund is subject to income tax examinations by major taxing authorities during the three year period prior to the period covered by these financial statements.

USE OF ESTIMATES

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

STATEMENT OF CASH FLOWS

The Fund has elected not to provide a statement of cash flows as permitted by ASC 230 "Statement of Cash Flows".

MPIC FUND I, LP

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2017

FAIR VALUE MEASUREMENTS

All investments are recorded at their estimated fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and in the principal or most advantageous market for that asset or liability. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are categorized in one of the following levels:

Level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the Fund can access at the measurement date.

Level 2 inputs are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs and significant to the entire fair value measurement.

The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement falls in its entirety is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

The following is a description of the valuation methodologies used by the Fund for assets and liabilities measured at fair value.

Equity securities and derivative contracts, such as options, which are listed on a national securities exchange or reported on the NASDAQ national market, are valued based on quoted prices from the exchange. To the extent these financial instruments are actively traded, and valuation adjustments are not applied, they are categorized in Level 1 of the fair value hierarchy. Equity securities traded on inactive markets or valued by reference to similar instruments are generally categorized in Level 2 of the fair value hierarchy.

U.S. Treasury bills are based on quoted prices in active markets and are categorized in Level 1 of the fair value hierarchy.

MPIC FUND I, LP

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2017

FAIR VALUE MEASUREMENTS (Continued)

The following table presents information about the Fund's assets measured at fair value as of December 31, 2017.

Assets (at fair value)	Level 1	Level 2	Level 3	Total
Investments in securities				
Common Stocks				
United States				
Consumer discretionary	\$ 4,471,860	\$ -	\$ -	\$ 4,471,860
Financials	811,800	-	-	811,800
Industrial goods	436,250	-	-	436,250
Healthcare	716,400	-	-	716,400
Canada				
Healthcare	-	2,937,888	-	2,937,888
Consumer discretionary	751,296	-	-	751,296
Europe				
Consumer goods	579,800	-	-	579,800
Total common stocks	7,767,406	2,937,888	-	10,705,294
Treasury bills	1,998,900	-	-	1,998,900
Total investments in securities	9,766,306	2,937,888	-	12,704,194
Derivative contracts - assets				
Options purchased	594,188	-	-	594,188
Total derivative contracts - assets	594,188	-	-	594,188
Total	\$ 10,360,494	\$ 2,937,888	\$ -	\$ 13,298,382

INVESTMENTS IN PREMIER DIVERSIFIED HOLDINGS INC.

The Fund, along with MPIC Canadian Limited Partnership (individually the "Canadian Partnership" and collectively the "Partnerships") holds approximately 43% of the issued and outstanding share capital of Premier Diversified Holdings Inc. ("PDH"). The Partnerships are affiliated through common managing general partners of the Partnerships (Sanjeev Parsad and Alnesh Mohan), who form part of the key management personnel of PDH. Key management personnel are persons responsible for planning, directing and controlling the activities of an entity, and include executive and non-executive directors. Subsequent to the Fund's investment in PDH, Sanjeev Parsad was appointed CEO and director and Alnesh Mohan was appointed CFO and director of PDH.

At December 31, 2017, the Fund held 65,286,407 of common shares in PDH with a fair value of \$2,937,888 and a cost of \$5,816,013. For the year ended December 31, 2017, change in unrealized depreciation on investments in securities in the statement of operations relating to PDH was (\$3,006,305).

MPIC FUND I, LP

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2017

DERIVATIVE CONTRACTS

Derivative contracts held or sold by the Fund are used for speculative trading purposes.

At December 31, 2017, the volume of the Fund's derivative activities based on their notional amounts and number of contracts, categorized by primary underlying risk, are as follows:

Primary Underlying Risk	Long Exposure		Short Exposure	
	Notional Amounts	Number of Contracts	Notional Amounts	Number of Contracts
Equity price				
Options contracts (a)	\$ 2,242,500	1,625	\$ -	-

(a) Notional amounts presented for derivative contracts are based on the fair value of the underlying shares as if the derivative contracts were exercised at December 31, 2017.

The following table identifies the fair value amounts of derivative contracts included in the statement of financial condition as derivative contracts, categorized by primary underlying risk, at December 31, 2017. The following table also identifies the net realized and change in unrealized gain and loss amounts included in the statement of operations, categorized by primary underlying risk, for the year ended December 31, 2017:

Primary Underlying Risk	Derivative Asset Fair Value	Derivative Liability Fair Value	Realized Gain (Loss)	Change in Unrealized Gain (Loss)
Equity price				
Options contracts	\$ 594,188	\$ -	\$ 456,988	\$ (395,271)

As of December 31, 2017, the Fund's financial instruments and derivative contracts are not subject to a master netting agreement or similar arrangement.

PARTNERS' CAPITAL

CAPITAL ACCOUNT

A capital account shall be established for each partner. The initial balance of each partner's capital account shall be the amount of the initial contribution to the Fund.

PROFIT AND LOSS ALLOCATION

Partners share in the profits and losses of the Fund in the proportion in which each partner's capital account bears to all partners' capital accounts.

MPIC FUND I, LP

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2017

PARTNERS' CAPITAL (Continued)

PARTNER REDEMPTIONS

A limited partner may, upon sixty (60) calendar days' advance written notice to the General Partner, withdraw all or part of its capital account as of the last day of any calendar quarter. Because a significant portion of the fund assets are in PDH, withdrawals over 15% of a limited partners' capital balance are made in cash and a proportionate share of PDH shares. Withdrawals may not be made without the consent of the General Partner if they would reduce a limited partner's capital account balance below \$100,000 and must be made in minimum increments of \$20,000. The General Partner, in its sole discretion, may waive the foregoing restrictions and allow the withdrawal of all or any part of the capital account of any limited partner at any time and for any reason.

Payments of withdrawals are made as soon as practicable after the withdrawal date; however, the General Partner has the right to delay payments in extraordinary circumstances. In the event of a total withdrawal, part of the withdrawal payment will be retained, pending final reconciliation of valuations (generally not to exceed 120 days). The General Partner has the discretion to (a) waive or increase the required minimum amounts of withdrawals of capital or the required minimum capital account balances following partial withdrawals of capital, and (b) otherwise modify the Fund's procedures and requirements for capital withdrawals.

Notwithstanding the foregoing, the General Partner may limit or prohibit withdrawals if, in its opinion, the withdrawal would have an adverse or disproportionate effect on the Fund's assets or performance because of illiquidity of the Fund's investments or the magnitude of the withdrawal compared with the total capital accounts for all partners, or if the Fund's ability to liquidate assets to fund the requested withdrawal is delayed for reasons beyond its reasonable control.

INVOLUNTARY LIQUIDATION OF A LIMITED PARTNER'S INTEREST

The General Partner may, in its sole discretion, upon 15 days advance written notice to any limited partner, terminate the interest of any limited partner in the Fund, as of any month-end.

INCENTIVE AGREEMENTS AND RELATED PARTY TRANSACTIONS

Certain limited partners are affiliated with the General Partner. The aggregate value of the affiliated limited partners' share of net asset value at December 31, 2017 is approximately \$427,000.

The Fund entered into an agreement with a Canadian Partnership with related directors and management. The agreement involved the sale of WOW Media shares by the Fund to the Canadian Partnership as the shares could not be sold in the US markets. The shares were received when Rainmaker Entertainment convertible debt was converted by the issuer after its acquisition and rebranding as WOW Media. As the proceeds from the sale were not received prior to year-end a due from related party of \$110,887 was recorded. The transfer completed subsequent to year-end.

MPIC FUND I, LP

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2017

INCENTIVE AGREEMENTS AND RELATED PARTY TRANSACTIONS (Continued)

The General Partner serves as the trading advisor. At the end of each calendar month (or at the time of a withdrawal, in respect to the amount withdrawn), the General Partner will be allocated an amount equal to 25% of the amount by which the net profits of each limited partner's capital account exceeds an annualized rate of return of 6%, in excess of those profits allocated to restore any previously allocated losses. The incentive allocation is calculated at the end of each calendar month and will be reallocated and credited to the capital account of the General Partner. The net profit is equal to the current month's profit less any loss carry-forward from previous months. No incentive allocation was earned for the year ending December 31, 2017. The General Partner may, at its sole discretion, waive the incentive allocation, in whole or in part, with respect to any or all limited partners.

Operating expenses are paid by the Fund.

TRADING ACTIVITIES AND RELATED RISKS

The Fund's trading activities involve financial instruments, primarily securities and derivative contracts. These financial instruments may have market and/or credit risk in excess of the amounts recorded in the statement of financial condition.

MARKET RISK

All financial instruments are subject to market risk, the risk that future changes in market conditions may make an instrument less valuable or more onerous. As the instruments are recognized at fair value, those changes directly affect reported income. Theoretically, the investments owned by the Fund directly are exposed to a market risk (loss) equal to the notional value of the financial instruments purchased and unlimited liability on certain financial instruments sold short.

Generally, financial instruments can be closed out at the discretion of the General Partner. However, if the market is not liquid, it could prevent the timely close-out of any unfavorable positions or require the Fund to hold those positions to maturity, regardless of the changes in their value or the trading advisor's investment strategies.

FOREIGN CURRENCY RISK

Foreign currency risk exists if the Fund invests directly in foreign currencies or in securities that trade in, and receive revenues in, foreign currencies, or in derivative contracts that provide exposure to foreign currencies. The Fund is subject to the risk that those currencies will decline in value relative to the base currency of the Fund.

CREDIT RISK

Credit risk arises primarily from the potential inability of counterparties to perform in accordance with the terms of a contract. The Fund's exposure to credit risk associated with counterparty nonperformance is limited to the current cost to replace all contracts in which the Fund has a gain.

MPIC FUND I, LP

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2017

TRADING ACTIVITIES AND RELATED RISKS (Continued)

CONCENTRATION OF CREDIT RISK

Concentrations of credit risk (whether on or off balance sheet) that arise from financial instruments exist for groups of counterparties when they have similar economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions.

INSOLVENCY RISK

The Fund has a substantial portion of its assets on deposit with financial institutions. In the event of a financial institution's insolvency, recovery of Fund assets on deposit may be limited to account insurance or other protection afforded such deposits.

INDEMNIFICATIONS

In the normal course of business, the Fund enters into contracts and agreements that contain a variety of representations and warranties and which provide general indemnifications. The Fund's maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Fund that have not yet occurred. The Fund expects the risk of any future obligation under these indemnifications to be remote.

SUBSEQUENT EVENTS

The General Partner evaluated subsequent events through February 27, 2018, the date the financial statements were available to be issued. There were no subsequent events to disclose.

FINANCIAL HIGHLIGHTS

Total return and ratios to average net assets are calculated for the limited partner class taken as a whole. An individual partner's return and ratios may vary from those percentages based on different incentive allocation arrangements and the timing of capital transactions. Financial highlights for the year ended December 31, 2017 are as follows:

Total return:

Total return before and after incentive allocation	(1.17)%
--	---------

Ratios to average net assets:

Expenses before and after incentive allocation	0.30 %
Net investment income	0.76 %

Appendix A

The Ground Rules

1. View the partnership as one whole entity.

While legally each partner is solely responsible only for their allocated investment, we believe that partners should view the Fund as a whole. Anything that is good for the partnership is good for all partners. Anything that is not in the best interest of the partnership is not in the best interest of all partners.

2. We eat our own cooking.

The general partner, Corner Market Capital U.S., is one of the largest investors in MPIC Fund I, LP. Regardless of what the future holds, we will always reinvest the majority of the performance fee paid back into the Fund.

3. When you look good, we look good!

We receive a performance fee only when our partners have achieved at least a 6% annualized return. If we don't perform, we don't get paid. It's that simple!

4. We will not utilize margin or debt to leverage our balance sheet.

We have no intention, nor any desire, to utilize margin trading or debt to leverage our returns. We also avoid any behavior where our liability is unlimited, such as shorting stocks or writing options.

5. We only buy investments with a significant margin of safety.

Partners should never correlate activity with success. We allocate capital only when a significant discount to the underlying intrinsic value of an investment is offered. For superior returns, you need a superior discount. We will often be out of step with our "value" peers, let alone the investment industry, because we will not pay up.

6. We manage a very concentrated portfolio.

There will be times when we have perhaps 10-12 ideas in the Fund, and other times we may only have 5-6 ideas. The better the idea, the more likely it will make up a larger portion of the Fund. Concentration in the Fund can be directly correlated with greater certainty in our decision-making and/or more control over the asset.

7. Where we can avoid taxes, we will!

Often, we will let our best ideas grow unfettered, so that the unrealized gains can compound for years without any taxable income being triggered. A concentrated portfolio in great businesses, with very low turnover, will allow the Fund to behave tax-efficiently.

8. We will be candid in our assessment.

When we strikeout, we will tell you. When we hit a homerun, we will tell you. Whether the Fund succeeds or fails, we will always give you the truth.

9. We will only discuss the portfolio as much as warranted.

While we promise to be truthful with our partners, we will only discuss the investment portfolio where we feel information is pertinent and doesn't compromise our positions.

10. We keep an open-line of communication with our partners.

We encourage partners to contact us whenever necessary. Our door is always open to you!

Appendix B

Frequently Asked Questions

How is Corner Market Capital associated with the MPIC Fund I, LP?

Corner Market Capital U.S. is the general and managing partner to the MPIC Fund I, LP. Corner Market Capital U.S. is a Delaware registered U.S. corporation. It is a subsidiary of Corner Market Capital Corporation, a Canadian corporation controlled by Alnesh Mohan and Sanjeev Parsad.

How is the managing partner compensated?

The general partner, Corner Market Capital U.S., is solely compensated by a performance fee that is calculated and paid monthly. The performance fee is 25% of the profits (after all operating expenses) generated above a 6% annualized hurdle that is carried from year to year.

Does the managing partner participate as an investor in MPIC Fund I, LP?

The managing partner, Corner Market Capital U.S., is one of the largest investors in the Fund. The managing partner expects to reinvest the majority of its performance fees after taxes into the Fund for the foreseeable future.

What happens to my investments if something happens to both Alnesh & Sanjeev?

All partnership funds are held in a cash account at UBS under MPIC Fund I, LP. The accounts are monitored by Ajay Desai and his staff at UBS Private Wealth Management in Chicago, as well as Mike Atwater and his team at Liccar in Chicago. Andrew Cooke, who is a director and signatory of the general partner for MPIC Fund I, LP, is aware of most, if not all, administrative and investment events at the Fund.

If something were to happen, UBS Private Wealth Management and Liccar, along with our attorney at Dorsey & Whitney and the input of Andrew Cooke, will liquidate the Fund and disperse all proceeds to our partners.

Are my investments guaranteed from losses?

Investment capital is allocated into a broad range of investments. As the partnership utilizes a cash account, the assets in the MPIC Fund I, LP account are segregated from UBS's own equity. While we attempt to preserve capital by buying investments with a large margin of safety, these investments will fluctuate with market conditions and there is no guarantee from potential losses.

How is your fund different than most of the other funds out there?

Preservation of capital is our most important concern. We buy investments with a large margin of safety, often below their liquidation value, so that we are protected from permanent loss. We do not short individual stocks, trade on margin, utilize debt or allocate more than 25% of capital into any single idea. Our compensation is based solely on performance, and achieving a minimum return for our partners. We are more efficient and flexible than most of our industry peers.

Can I add funds to my limited partnership account?

Yes, you should contact us as far ahead as possible and let us know of your intentions. We will send you a deposit slip that needs to be signed and sent back to us. Existing partners can add to their account in increments of \$20,000.

Can I withdraw funds from my account?

Yes, by contacting us with sixty days notice. You can withdraw funds from your account in \$20,000 increments, with a minimum remaining balance of \$100,000. The general partner at their sole discretion can lower these limits.

Why is 60 days notice required?

Investment capital is often allocated into investments that may not be readily liquid. It may take a bit of time for us to selectively liquidate a portion of the portfolio to meet any requested redemption. We will try to accommodate partners as quickly as we can, as we normally maintain a considerable amount of liquidity.

Do you have a client website?

Corner Market Capital Corporation has a website at www.cornermarketcapital.com, which provides information regarding the Fund, its management and contact information. Our annual reports are also available on the site.

Can I contact you if I have a question?

Yes, we absolutely insist that our partners contact us directly with any query or concern they may have. The buck stops here!

Appendix C



#301 – 3185 WILLINGDON GREEN
BURNABY, BC V5G 4P3
PHONE: (604) 678-9115

January 29, 2018

To the Shareholders of Premier Diversified Holdings Inc. ("Premier" or the "Company"):

This letter, which I write annually to you, will provide an update of what has happened at the Company in the past year.

Many of you may wonder how best to understand how things are changing at Premier. We cannot give you any short-term advice in this matter, nor do we comment on the stock price. Every company has a basic underlying intrinsic value.

In my view, a business' long-term stock price ultimately follows the changes in the intrinsic value, which I believe is simply the amount of cash that can be taken out of a business during its life-time, discounted back to the present day at a single-point in time. As the business changes and grows during its lifetime, the intrinsic value will also change. I believe that in the short-term, stock price will move on market sentiment, but over the long-term it will be based on changes in intrinsic value per share.

In Premier's case, as we focus on increasing our profitability, we anticipate that those earnings or cash will be retained in shareholder equity over time. The changes in Premier's shareholder equity per share will give you a simple benchmark for how things are improving or declining at the Company over time. 2017 culminated in a setback for the Company in that respect!

After our write-down of Sequant Re and China operations, shareholder equity decreased in 2017 to \$2.83M and \$0.018 per outstanding share. A very painful year for all shareholders and one that we do not want to repeat again. Part of our corporate culture is that sometimes, even after doing the analysis, things can go wrong. If so, are lessons learned and are precautions taken to minimize that risk? That is our goal every day!

Here is a partial list of activities at Premier during 2017:

- Our Premier Diagnostic Center PET/CT Clinic, ("PDC"), saw its gross revenues grow, and was approved for two more Alzheimer's studies which now encompasses a total of six clinical trials from ten different sites. The clinic also completed an in-depth market study and is working towards a re-launch of its brand in 2018 to coincide with its expansion plans.
- The first cash distribution of \$0.05/share from Russell Breweries Inc. occurred in April of 2017, with the final distribution of \$0.035/share scheduled for the end of January 2018.
- We raised over \$1.5 million in private placements with little cost to the Company, and without payment of any commissions or finder's fees.
- We increased our stake in MyCare and its telemedicine business, goevisit.com, to a little over 30%.
- We received conditional approval for our listing on the TSX-V. The listing was delayed while we addressed changes with our Chinese operations and Sequant Re. Our efforts will now be focussed on completing the listing in early 2018.
- Alnesh Mohan was appointed CFO and Marta Davidson was appointed General Counsel...changes which we view as important for the long-term success of Premier.

The 2017 financial statements show that there are built-in costs at the corporate level that are inherent as a public company. Until we acquire additional businesses with good operating cash flows, or our existing businesses

continue to mature and grow their cash flows, we do not anticipate being profitable on a net basis. I encourage all shareholders to read the 2017 financial statements in their entirety, together with the explanatory "Notes" and the corresponding "Management Discussion and Analysis." There is a great deal of operational and financial information that this letter cannot encompass in as much detail.

The key sections of the financial statements that I would like to highlight are:

- Gross revenues (essentially PDC) were up 23% in 2017.
- Gross margins are increasing.
- Financial liabilities at the holding company level are now minimal...we have no debt at the parent company level.

Some expectations in terms of operating costs for 2018:

- Salary costs are expected to continue to decrease as the China operations are wound down.
- Financing costs for Sequant Re are now zero.
- Financing costs for MyCare/goevisit.com are expected to be zero.
- Net operating revenues are expected to increase substantially as patient scans continue to ramp up and PDC expands into new lines of diagnostic and therapeutic services.

Operations

Premier operates in a decentralized fashion, where we have vice-presidents or general managers in place, and we do not micromanage at the subsidiary or associate level. These vice-presidents and managers report to me, but I do not tell them how to spend their day or how to build their business. They are generally as passionate about what they do, as I am about what I do. As such, staffing at Premier's corporate office is kept to a minimum, with only three full-time employees including myself!

China Operations

As many of you may have noticed from our quarterly reports, the China operations have reported declining revenue numbers since 2016. This was primarily a result of the Chinese government re-examining how they utilize state-run military hospitals, and our joint venture partner was a military hospital. The hospital administration suggested that government discussions may lead to the closure of some hospitals and third-party joint ventures may be terminated. As these decisions were being implemented in 2016 and slowly handed down to hospital administrators, marketing and referral budgets were eliminated, which led to decreasing revenues.

In 2017 we began efforts to sell the China operations. These discussions continue and are inherently long in nature, so we have decided to take the conservative route and write-down the China operations at this time. Any recovery of assets will be treated as a gain in subsequent quarters.

Operating in China is very challenging, especially for a small management team such as Premier. While China is an enormous market, our management team has determined there are more opportunities closer to home in North America, which are not hindered by some of the operational challenges we faced in China, including:

- Enforcement of property rights and legal contracts.
- Currency risk.
- Accessibility and ability to withdraw liquid assets.
- Cultural barrier.
- Lack of transparency in dealing with government entities.

Premier Diagnostic Center ("PDC")

We continue to be very excited by the short and long-term prospects of our PET/CT business, Premier Diagnostic Center. PDC is the only functioning private PET/CT clinic in Canada...we have no direct competition other than the government. Clinic Director, Geoff Waters, has done an excellent job over the last three years. In 2017, with PDC moving to the next stage of development, the board appointed Company Chairman, Dr. Simon Sutcliffe, as PDC's interim CEO.

Some highlights:

- Implemented DAP (Decision Analytic Protocols) within the clinic and received accreditation by the College of Physicians and Surgeons of British Columbia.
- Procured more clinical trial agreements.
- Increased non-clinical trial related neurology scans.
- Added the ability to do cardiology scans.
- Expanding into prostate cancer clinical trials in 2018.
- Increased the number of cumulative scans at PDC: up 21% in 2017.
- Increased revenue by 23%.
- Increased gross margins to 69.2% in 2017 from 63.9% in 2016.
- Increased the number of completed clinical trial scans to 70 in 2017 compared to 23 in 2016.
- Attracted interest, recognition and partners from across North America, as well as Europe and Australia.

Sequant Re

Over the last three years, Guy Cloutier and his team have presented Sequant Re's portfolio of insurance-linked securities ("ILS") offering to a multitude of institutions from hedge funds, pension plans, banks, insurers, family offices and even sovereign funds. They managed to get meetings with people whose doors they had no business getting through...a remarkable effort!

They formed a few partnerships with smaller players, who wanted to convert existing catastrophe bond funds or set up a co-marketed fund. There was a myriad of issues that the Sequant team encountered, with the primary concern of potential investors being the longevity of Sequant.

The Sequant team's efforts in the last year revolved around finding a credible, large institutional partner that could inject capital into the holding company, as well as seed the ILS portfolio. We had three such large credible potential investors conduct due diligence in 2017. Each round of due diligence generally takes a few months to complete. Each time, a relatively minor issue would arise – for example, a small possibility of tax exposure...concerns regarding competing in the catastrophe bond market...etc. In our view, the tax issues were not markedly different than any other reinsurers operating offshore, and we did not compete in the catastrophe bond market head on. We were trying to educate the experts...an uphill battle when you are right, a lost war if you are deemed to be wrong!

At the end of 2017, after the last potential investor conducting due diligence bowed out, we had to make the tough decision of whether to continue operations, or to take our lumps and move on. The longer Sequant went without funding the ILS portfolio, the more questions and stigma would arise. As such, Sequant's board made the difficult decision to liquidate Sequant Re. It was a very tough decision for all parties involved, and a hit to our balance sheet.

In hindsight, our view remains that the decision to partner with and develop Sequant Re was not a mistake. If we are building businesses with good economics and a long-term view, then Sequant Re was a bet worth making...although we could have pulled the plug a bit sooner than we did.

We would like to thank Premier's director, Andrew Cooke, who assisted the Sequant team extensively for three years and received virtually no compensation. Andrew made significant sacrifices to develop Sequant Re, and Premier shareholders are fortunate to have him as a director! We would also like to thank Dr. Glen Van Arsdell, who has been a long-time supporter of Premier and Sequant Re.

MyCare/goevisit.com

In 2016, we invested in MyCare, which owns goevisit.com, a telemedicine business which facilitates 24/7 online calls between patients and physicians/nurse-practitioners across Canada. The service is free to the user and Premier bought just over 14% of the business. In 2017, we increased our investment to a little over 30% of the company.

Jim Viccars and Liz Bryant run goevisit.com, and they have set up a call-centre in downtown Vancouver. The online portal's protocols were designed by the Mayo Clinic, and can treat and diagnose well over 30 conditions, including common ailments such as rashes, flu, etc. The physicians and nurse practitioners can also provide prescriptions to the patient, who has the option of using MyCare's online pharmacy to receive their medication by courier the next day.

Jim, Liz and their team have been meeting with some of the most prominent insurers/administrators of health insurance in Canada and are negotiating agreements on the procured client user base. The list is expansive, and they are making excellent progress. They began provincial billing for all provinces and are adding several other revenue-generating services alongside their online pharmacy.

After learning our lesson with Sequant, we told MyCare earlier in 2017 that they will have to find outside funding going forward, or be self-financing, as we have completed our financing commitment. Recently, they signed a \$2.5M outside financing, at a \$8M valuation for MyCare. The financing comes with some tight targets and deadlines for MyCare, including a liquidity event in 2019. Expectations are high for MyCare!

Kingswood Asset Management ("Kingswood")

We continue to have a long-term relationship with Kingswood. Although some believe that real estate, like many asset classes, may be overvalued due to low interest rates, supply is at a 25 year low in Vancouver, and to our knowledge new construction projects coming on line are also relatively low. We will take a cautious approach to real estate, and as with all of our holdings, anticipate seeing our best opportunities in a distressed environment. We have invested in two Kingswood projects to date, Bentley Homes LP and Arcola Developments Inc. We have declined further opportunities as the economics and timelines are below our expectations with a margin of safety.

Bentley Homes LP ("BHLP")

BHLP is developing a bi-duplex property in a popular area of East Vancouver, about 10 minutes drive from downtown Vancouver. The project has gone through several revisions from the City of Vancouver and is in its final reading now. Originally, Kingswood expected to break ground in summer 2017, with completion 10 months out. Unfortunately, the real estate market in Vancouver is so hot, that there is a huge backlog in permit approvals. After months of waiting and pushing the City of Vancouver, it looks like we are getting close to approval. Original estimates for the price per square footage selling price were around \$655-705. In the present environment, that number is around \$800+ per square foot, with a neighbouring, higher-end project that sold in 2017 at over \$1,000 per square foot!

Arcola Developments Inc. ("Arcola")

Arcola is the second Kingswood project we are involved in. This is a 22-unit townhouse project in South Burnaby, about 25-30 minutes from downtown Vancouver by car and 20 minutes by Skytrain. Arcola was expected to begin

construction in August 2017 with completion in summer 2018. Not unlike BHL, permit approvals in the City of Burnaby are also delayed. We expect approval soon for the project. Price per square footage on the original sale price estimates was between \$535-565, and that estimate is now hovering around \$700 per square foot!

Russell Breweries Inc. ("Russell")

In late 2016, Russell closed the sales of its Fort Garry brewery in Winnipeg and its Russell brewery in Surrey, B.C. The sale resulted in cash distributions made to shareholders of Russell in 2017 and 2018. The first distribution of \$0.05 per share was paid out in April of 2017, and the second distribution of \$0.035 per share was scheduled for late January 2018. Overall, our investment in Russell proved fruitful with a total capital gain of \$373,900 or an annualized return of 14.6%.

Long-Term View

When I first became involved with the Company in 2014, Premier was essentially a bankrupt, cash-starved operation. PDC was essentially worth only the accounting value of its PET/CT equipment and furniture...minus liabilities!

Today, three years later, Premier is healthy with little in liabilities, and without giving any specific valuation, PDC's intrinsic value far exceeds the accounting value of its continuing assets.

We also want to convey the message to our shareholders that Premier is an investment for shareholders with a long-term horizon. We've planted some seeds with our acquisitions and investments that I discussed above, and we look forward to seeing growth in these projects. But it will take more seeds, more watering and more care to get us to where we want to be in the long-term. We expect to add more businesses to our portfolio in the ensuing months and years, all the while doing our best to increase shareholder value.

Annual General Meeting

The Premier Annual General Meeting is at 10:00am on Tuesday, April 3rd, 2018 in the Princess Louisa Room at the Fairmont Waterfront Hotel in Vancouver. We will have a hot breakfast and presentation for attendees. The Premier Board of Directors and management team will be attending to meet shareholders. Please RSVP to Nicole Chin at nchin@pdh-inc.com.

Our Thanks

I would like to thank our Board of Directors and employees for their enormous efforts! I would also like to thank our many service providers, suppliers and partners who work with us.

I cannot begin to explain how we feel about the fiduciary responsibility we've been entrusted with. I have an enormous vested interest in Premier's long-term future. For most of you, the capital invested in Premier is due to a lifetime of effort, and all the challenges that you faced to get here. As such, our interests are in alignment and I will *never* take that responsibility lightly!

We thank you for your trust, friendship and confidence. We wish you and your families well!

Sincerely,

"Sanjeev Parsad"

Sanjeev Parsad
President & CEO

MPIC Fund I, LP

**c/o Corner Market Capital Corp.
Suite 301
3185 Willingdon Green
Burnaby, BC, Canada V5G 4P3**

**Phone: 604-612-3965
Fax: 866-279-2907
Website: www.cornermarketcapital.com**

Directors

Andrew Cooke CPA, CA

**Telephone: 703-527-2967
Email: cooke_work@hotmail.com**

Glen Rollins

**Telephone: 404-375-4004
Email: gwrollins@gmail.com**

Alnesh Mohan CPA, CA, MST

Vice-Chairman & CEO

**Telephone: 778-228-2853
Email: amohan@cornermarketcapital.com**

Sanjeev Parsad

Chairman & President

**Telephone: 604-612-3965
Email: sparsad@cornermarketcapital.com**