

**MPIC Fund I, LP**

**Annual Report  
2014**

*“...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  
2014**

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

<u>Year</u>	<u>Annual Percent Change</u>		<u>Relative Results (1)-(2)</u>
	in Net Asset Value Per Share of MPIC Fund I (1)	in S&P 500 with Dividends Included (2)	
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 .....	36.4%	13.7%	22.7%
Compounded Annual Gain – 2006-2014	13.6%	7.6%	6.0%
Overall Gain – 2006-2014	202.0%	88.7%	113.3%

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 2014 was +36.4%, while the S&P 500 Total Return was +13.7%. Since inception on May 1, 2006, the MPIC Fund I, LP's cumulative net return to partners is +202.0%, while the S&P 500 Total Return has gained +88.7%. During that same period, we have outperformed our comparative index by a +6.0% differential per annum, after all expenses including incentive allocation.

### **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.

While this will create some envy for some partners over why "the grass is greener on the other side", we hope that you will understand that we aren't concerned about how green the grass is, but that you will always have grass on your lawn when others don't. The sheer panic and helplessness of 2008/2009 should not be lost on investors, but a constant reminder to apply Ben Graham's laws of buying with a significant margin of safety.

Never has the world influenced monetary policy more than in the last seven years. We have seen a massive deleveraging of financial institutions, but where has that leverage gone? Into sovereign balance sheets! The question everyone should be asking, but no one seems to want to ask when tides are rising, is how are those sovereign nations going to deleverage their balance sheets? Greece has once again found itself at the epicenter of that question in 2015. We have no idea how that will unwind, and unless securities provide us a significant margin of safety, we must remain cautious.

Fortunately, we are able to provide you returns in such an environment, because opportunities do present themselves from time to time, but please do not consider that a reason to lower your guard! The greatest investments present themselves to the prepared individual, when few are prepared and even fewer have the courage to allocate capital. Measure us over the long-term, not on cycles of the market.

### **Premier Diversified Holdings Inc.**

For nine years, during some of the most tumultuous times in the last century, we have made money for our partners. In 2014, our strategy changed significantly due to our investment in Premier Diagnostics Health Services, and then the subsequent evolution of that business into Premier Diversified Holdings. Virtually all of our existing partners and many new Premier shareholders are excited about where we will take the company. You will find a copy of Premier's "2014 Letter to Shareholders" in "Appendix C" at the end of this Annual Report. We encourage you to read what has happened at Premier over the last year.

MPIC Partners have a very symbiotic relationship with Premier...for better or worse! As Premier now composes a great deal of the fund, the underlying partnership benefits are:

- Operating leverage of Premier and its businesses will increase returns to the fund when acquisitions are successful

- The fund now has long-term, captive capital working for it
- Premier, and thus the MPIC Funds, have access to various forms of financing - cash, debt, equity & operating cash flow
- MPIC Funds, via Premier, can invest in both public or private businesses
- Greater tax efficiency for MPIC Fund investors that don't hold their investment in IRA's, as more capital gains can be retained in Premier

While investors are pleased that we make money for them, from time to time, their own doubts and fears create an environment where they start to behave emotionally. We've experienced this in the past with some partners and we'll experience this in the future with others.

As such, and 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. There are many investors out there who are eager to buy blocks of Premier shares, and we will happily facilitate a block sale of shares by the partner. 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.)

That being said, in a liquidation, Corner Market Capital U.S. and its directors will happily take all of their investment back in shares of Premier Diversified Holdings Inc. We believe Premier will do very well over time!

## Investments

- Cash & T-bills accounted for about 20% of the fund at December 31, 2014. With some inflows of capital in the early part of 2015, alongside a couple of investment sales, cash & T-bills are closer to 30% as of writing.

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- We retained our equity in Bank of America, but disposed of our remaining "A" warrants. Bank of America did increase their share buybacks in 2013, but the expected dividend increase in 2014 did not materialize. We do expect regulators to allow BAC to increase their dividend at some point in the future.
- We continue to hold on to our stake in Wells Fargo (WFC). We believe it is the best run large bank in America, although Bank of America under Brian Moynihan's stewardship isn't far behind. Wells Fargo's loyal customer base and cross-selling of products is the exact model that Bank of America is now trying to emulate. Wells continued to raise its dividend, as its robust cash flows fill its coffers.

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- We continue to maintain a modest investment in Fairfax Financial. We have owned the company for a very long time, and we expect Fairfax to continue to do well under Prem Watsa's leadership. Fairfax appreciated significantly in 2014 and into 2015.

\*\*\*\*\*

- In 2014, we sold off our entire position in Sandridge Energy between \$6.40 and \$7.15. The timing could not have been better as the price of oil collapsed shortly thereafter. We sold a couple of investments in 2014 due to them simply being too difficult to fully grasp. To paraphrase Warren Buffett, we prefer 2-foot hurdles to 10-foot hurdles! With oil now below \$60 a barrel, Sandridge's future has become a fairly steep hurdle to evaluate.

\*\*\*\*\*

- In 2013, we purchased 4.8% of SED International, an electronics distributor with business in the U.S. and Latin America. SED had fallen on hard times and was trading at a tiny fraction of sales. Sham Gad, who runs Paragon Technologies and Gad Funds, had acquired nearly 30% of SED. He replaced the board and became CEO. We felt that if Sham could get even the most modest of efficiencies in place at SED, the business could become profitable once again, while maintaining a competitive net margin at a fraction of its peers. If that would occur, SED would be a home-run investment. He has made some progress but there is still a long ways to go.

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- We sold our position in Glacier Media, which was a media company that focused on diverse publications with very specific content. From small community newspapers that serve their specific region of businesses and readers, to industry-specific publications and publications that serve particular occupations. Glacier was trading at a very reasonable terminal multiple of earnings if you have a conservative view of the publication business, and has some quality assets that they could sell to strengthen their balance sheet. We felt that it was trading at a significant discount to intrinsic value, and paid a fat dividend that was a better alternative than cash.
- We ended up selling our position after attending the 2014 AGM. After a few questions, we found that management was beholden to a couple of large institutional investors. It was highly unlikely that management would do what was necessary to really change the business. Glacier also had a fairly significant setback after we sold due to a Canada Revenue Agency tax reassessment.

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- In 2012, Rainmaker had an agreement to sell their animation business to Chinese media company Xing Xing, shortly after the departure of CEO Catherine Winder. That deal was not completed, and management chose to retain the animation business with the upcoming release of their largest production, "Escape From Planet Earth". "Escape" did above average, but one of the things Rainmaker found was that contracts in Hollywood are hardly enforceable with large studios. Their share of Escape's revenues and profits became smaller and smaller as the movie was released and distributed.
- CEO Craig Graham brought in Michael Hefferon as President, and together they have changed things immensely in the culture at Rainmaker. Previously, Rainmaker was a good animation studio but not a good business, as there is a distinction between an operating business and a creative business. Together, Craig and Michael have achieved a suitable compromise where Rainmaker understands that it needs to be profitable to survive, and they garnered more work and interest in their first 12 months, than the previous three years combined! 2015 & 2016 are expected to be much better as revenues from projects start to hit the income statement.

\*\*\*\*\*

- Fortress Paper run by Chad Wasilenkoff is a local company we've followed for some time. Several years ago, Fortress was a high-flying stock trading well above the book value of its various assets, including dissolving pulp mills, a specialty banknote and currency business, and cogeneration facilities. It found itself in considerable trouble as pulp prices plummeted, while it had built up considerable debt converting to the dissolving pulp business from the specialty paper business.
- In 2013, Fortress sold off their Dresden Mill which reduced their debt load and gave them a considerable amount of cash. In short, it alleviated a lot of their short-term issues and the business was not going under. We began buying shares and continued to add as prices fell. The thesis behind Fortress was not that different than our thesis behind Sandridge...at some point in time the specific commodity price will stabilize or increase, and the losses will stop. Like Sandridge, we accepted that we have certain limitations in assessing and prognosticating about future commodity prices. Thus we sold our position at a slight loss and walked away from another 8-foot hurdle!

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- In 2014, CEO Ben Liu completed another successful year at Russell. Their "Angry Scotch Ale" won a gold medal at the Canadian Beer Awards. The craft brewery segment of the beer industry is the only one showing significant growth. Russell continued to increase revenue and earnings, and the company is working on expanding their reach. Presently, Corner Market Capital through MPIC Fund I, LP and MPIC Canadian LP, owns almost 17% of Russell Breweries, making us the single largest shareholder by far. We have a very specific vision for Russell and look forward to working with management to increase shareholder value over the very long-term!

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- In late 2013, Mohnish Pabrai announced his intention to start Dhandho Holdings. Dhandho would begin life as an LP and initiate early rounds of financing to raise capital. That capital would be used to acquire a quality, Florida-based insurer with which Mohnish had already negotiated a verbal deal with. The deal was consummated and approved by Florida regulators in late 2014. The next step is to list Dhandho on an exchange and then do an IPO in 2015. In total, the idea would be to raise around \$200-250M with the initial financing and subsequent IPO. Dhandho would then acquire other private businesses over time and use insurance float for leverage, not unlike Berkshire Hathaway, Fairfax Financial or Markel.
- While investing was a no-brainer, certain issues arose in discussions with MPIC Fund I, LP's legal counsel, auditor and third-party administrator. All of them felt that the Dhandho investment by MPIC Fund I, LP should be "side-pocketed"...meaning that the investment would be allocated only to those investors in the fund at the end of March 31, 2014. It would be monitored on a separate line-item in your account, and would not be available for redemption. Once Dhandho is freely trading on an exchange in 2015 after the IPO, then the investment would be fully redeemable again.
- Initially we were against side-pocketing the investment. We felt that just like any other investment, its impact on partners should fluctuate with capital flowing in or out. We weren't concerned about redemptions, as we keep considerable liquidity, and the LP agreement gives us the right to shut the fund to redemptions if we believe it is detrimental to partners. Our legal counsel, auditor and third-party administrator were also concerned about "what if things went sideways? " Our answer was that if things went sideways, the general partner should be the first to eat losses! They were surprised by the response and thought we were joking. We weren't!



- Finally, the discussion with the auditor came to valuation of Dhandho. In the short-term, there is no adequate way to measure value for Dhandho, outside of the quarterly statements Dhandho will issue. Our auditor felt that, regardless of whether investors were diluted if the sidepocket did not exist, there was always the risk of a partner's investment in Dhandho not being adequately valued...either to the upside or downside. Based on that, we decided that the sidepocket would be implemented for the Dhandho investment, so that investors would suffer the exact same fate...either good or bad...and no one would be inadequately compensated because of an error in valuation.
- With our investment in Premier, we will reevaluate our decision to invest in Dhandho, and whether we hold on to the investment once it does become freely trading in late 2015 or early 2016.

## **Miscellaneous**

### **Audit & Annual Report**

Our audit for 2014 was once again conducted by Patke & Associates. We would like to thank Ron Niemaszyk and Shana Sparber for their work. It was late this year due to delays at Dhandho reporting on their financials and the large position in Premier. The one outstanding material issue or opinion was that it was hard to come to a fair value opinion on Dhandho, due to Dhandho's audit being completed later in the year.

The partnership's tax return and partner K-1's were also handled by Patke & Associates. If you are looking for a good auditor, that provides excellent customer service and diligent oversight, give Ron a call at (847) 382-1627.

Jason Romo & Charlene Donaghey of Wired Digital Print & Imaging ([www.wire-it.ca](http://www.wire-it.ca)) published the MPIC Fund I, LP's 2014 Annual Report once again. Jason does all of our print work for us. He does a fantastic job for a great price!

### **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 CA / CPA with previous experience at subsidiaries of Fairfax Financial, and as Treasurer for Lumbermens Mutual Group (formerly Kemper Insurance). He has spent many years studying value investing. He did a tremendous amount of work for the fund over the last year, including his addition as a director of Premier and a director of Sequant Re.
- 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 20 years. Many of our good investment ideas come from Glen!

Our existing and prospective partners are welcome to contact Andrew at [cooke\\_work@hotmail.com](mailto:cooke_work@hotmail.com) and Glen at [gwrollins@gmail.com](mailto:gwrollins@gmail.com) . They receive no fees for their service, except for a box of cookies every Christmas!

### **Dorsey & Whitney LLP**

Alan Bell, and his legal assistant Barb Allen, 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. Recently, Barb was promoted at Dorsey, and Kathryn Shelton took over her role of looking after MPIC Fund I, LP. We wish Barb well and welcome Kathryn! 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 administrator for MPIC Fund I, LP. We have been extremely happy with their work! Our many thanks to Michael Liccar, Mike Atwater, and their team at Liccar, especially Donald Pizziferro who deals with us regularly on the fund's monthly financials. 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 Qui Lam, Randy Bruns, Tim Dillow, Andrew Lindblom & Frank Pellicori are hands down our best service provider, and make your Chairman's day to day duties far easier with their execution, service and value. Last year, Qui Lam transitioned away from the team and Melissa Wilczak stepped in. The team did not miss a beat! We wish Qui well in the future and have enjoyed working with Melissa.

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, had dropped to 32 basis points in 2012 from 2011's 61 basis points. In 2013, operational costs rose slightly to 42 basis points, due to the engagement of Liccar as MPIC Fund I, LP's third party administrator. Operating costs dropped back down to just over 25 basis points in 2014. We expect costs to continue their trajectory downward in 2015 as the fund continues to grow faster than expenses going forward.

## **MPIC Funds AGM**

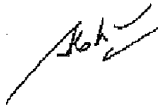
The MPIC Funds Annual General Meeting occurred on April 16, 2015. It was held, as usual, in the Pickering Room at Roy Thomson Hall immediately after the Fairfax Financial Annual General Meeting. We had about 65 people in attendance this year!

## **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, 2013.**

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# **MPIC FUND I, LP**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2014**

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## INDEPENDENT AUDITOR'S REPORT

To the Partners of  
MPIC Fund I, LP  
British Columbia, Canada

### 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, 2014, and the related statements of operations, changes in partners' capital (net asset value) and cash flows 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 qualified audit opinion.

### Basis for Qualified Opinion

We were unable to obtain satisfactory audit evidence such as audited financial statements or an independent valuation of the Partnership's investment in Dhandho Holdings, L.P. stated on the accompanying statement of financial condition at \$993,080 at December 31, 2014.

## Opinion

In our opinion, except for the possible effects of the matter discussed in the Basis for Qualified Opinion paragraph, 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, 2014 and the results of its operations, changes in partners' capital (net asset value) and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Patke & Associates, Ltd.*

Lincolnshire, Illinois  
April 10, 2015



# MPIC FUND I, LP

## STATEMENT OF FINANCIAL CONDITION DECEMBER 31, 2014

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### Assets

Investments in securities, at fair value (cost \$8,562,743)	\$ 13,426,092
Investment in investment partnership, at fair value (cost \$1,000,000)	993,080
Due from broker	269,947
Cash at bank	113,448
Other assets	7,845
	<hr/>
Total assets	<u>\$ 14,810,412</u>

### Liabilities and Partners' Capital (Net Asset Value)

#### Liabilities

Accounts payable and accrued liabilities	\$ 13,797
Total liabilities	<hr/> 13,797

Partners' capital (Net Asset Value)	<hr/> 14,796,615
Total liabilities and partners' capital (Net Asset Value)	<u>\$ 14,810,412</u>

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

# MPIC FUND I, LP

## CONDENSED SCHEDULE OF INVESTMENTS DECEMBER 31, 2014

Description	Shares / Units	Fair Value	% of Net Asset Value
<b>Investments in securities</b>			
United States common stocks			
Financials		\$ 1,324,115	8.9%
Distribution		22,275	0.2%
Total United States (cost \$854,541)		<u>1,346,390</u>	<u>9.1%</u>
Canada common stocks			
Financials		262,000	1.8%
Brewery		583,682	3.9%
Media		155,000	1.0%
Healthcare			
Premier Diagnostic Health Services Inc.	40,267,647	<u>8,053,530</u>	<u>54.5%</u>
Total Canada (cost \$4,682,668)		<u>9,054,212</u>	<u>61.2%</u>
Total common stocks (cost \$5,537,209)		<u>10,400,602</u>	<u>70.3%</u>
Canada convertible corporate bond			
Media (cost \$225,815)		<u>225,815</u>	<u>1.5%</u>
United States Treasuries			
Treasury bills, due 2015 (cost \$2,799,719)	2,800,000	<u>2,799,675</u>	<u>18.9%</u>
Total investments in securities (cost \$8,562,743)		<u>\$ 13,426,092</u>	<u>90.7%</u>
<b>Investment in investment partnership</b>			
United States			
Diversified			
Dhandho Holdings, L.P. (cost \$1,000,000)	100,000	<u>\$ 993,080</u>	<u>6.7%</u>

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

# MPIC FUND I, LP

## STATEMENT OF OPERATIONS YEAR ENDED DECEMBER 31, 2014

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### Investment income

Dividends (net of foreign withholding taxes of \$7,174)	\$ 34,426
Interest	24,258
Total investment income	<u>58,684</u>

### Expenses

Professional fees	36,165
Interest	1,081
Total expenses	<u>37,246</u>
Net investment income	<u>21,438</u>

### Realized and unrealized gain from investments

Net realized gain from investments in securities	375,364
Net change in unrealized appreciation on investments in securities	4,039,609
Net change in unrealized (depreciation) on investment in investment partnership	<u>(6,920)</u>
Net gain on investments	<u>4,408,053</u>
Net income	<u>\$ 4,429,491</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, 2014

	Partners' Capital		
	General Partner	Limited Partners	Total
Balance, beginning of year	\$ 784,504	\$ 4,844,712	\$ 5,629,216
Allocation of net income:			
Pro rata allocation	400,246	4,029,245	4,429,491
General Partner's incentive allocation	865,305	(865,305)	-
	<u>1,265,551</u>	<u>3,163,940</u>	<u>4,429,491</u>
Capital contributions	-	5,715,000	5,715,000
Capital withdrawals	<u>(100,000)</u>	<u>(877,092)</u>	<u>(977,092)</u>
Balance, end of year	<u>\$ 1,950,055</u>	<u>\$ 12,846,560</u>	<u>\$ 14,796,615</u>

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

# MPIC FUND I, LP

## STATEMENT OF CASH FLOWS YEAR ENDED DECEMBER 31, 2014

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Operating Activities	
Net income	\$ 4,429,491
Adjustments to reconcile net income to net cash provided by (used in) operating activities:	
Net realized (gain) from investments in securities	(375,364)
Net change in unrealized (appreciation) on investments in securities	(4,039,609)
Net change in unrealized depreciation on investment in investment partnership	6,920
Changes in operating assets and liabilities:	
Purchases of investments	(13,555,948)
Proceeds from sales of investments	8,975,351
(Increase) in other assets	(2,470)
Increase in accounts payable and accrued expenses	833
Net cash (used in) operating activities	<u>(4,560,796)</u>
Financing Activities	
Capital contributions	5,715,000
Capital withdrawals	<u>(977,092)</u>
Net cash provided by financing activities	<u>4,737,908</u>
Net (decrease) in cash and cash equivalents	177,112
Cash and cash equivalents at beginning of the year	<u>206,283</u>
Cash and cash equivalents at end of the year	<u>\$ 383,395</u>
Interest paid	<u>\$ 1,081</u>
Cash and cash equivalents consist of:	
Due from broker	\$ 269,947
Cash at bank	113,448
	<u>\$ 383,395</u>

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

# MPIC FUND I, LP

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2014

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### ORGANIZATION OF PARTNERSHIP

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.

### SIGNIFICANT ACCOUNTING POLICIES

#### METHOD OF REPORTING

The Fund's financial statements are presented in accordance with accounting principles generally accepted in the United States of America ("GAAP"). Effective January 1, 2014, the Fund adopted Accounting Standards Update ("ASU") 2013-08, "Financial Services — Investment Companies (Topic 946): Amendments to the Scope, Measurement and Disclosure Requirements." ASU 2013-08 changes the approach to the investment company assessment, requires non-controlling ownership interests in other investment companies to be measured at fair value, and requires additional disclosures about the investment company's status as an investment company. The adoption of this ASU did not have a material impact on the Fund's financial statements. 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 Topic 946.

#### 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.

#### INVESTMENT IN INVESTMENT PARTNERSHIP

Investment in investment partnership is recorded on the purchase and sale date as applicable. Any gains or losses from the sale of the investment partnership are recorded as a realized gain or loss in the statement of operations. The change in fair value of the investment partnership is recorded as net change in unrealized appreciation or depreciation on investment in investment partnership in the statement of operations.

# MPIC FUND I, LP

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2014

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### SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### DERIVATIVE CONTRACTS

When the Fund purchases a derivative contract, 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 contract purchased. Listed derivatives that are actively traded are valued based on quoted prices from the exchange. Premiums paid for purchased derivative contracts that expire unexercised are treated by the Fund on the expiration date as realized losses from investments in securities. Premiums paid for 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.

#### DUE FROM BROKER

In the normal course of business, substantially all of the Fund securities transactions, money balances and securities positions are transacted with the Fund's broker, UBS Financial Services Inc. At December 31, 2014, the amount due from broker reflected in the statement of financial condition is due from this broker.

#### 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 continued to evaluate 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. There are no tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly increase or decrease within twelve months. The 2011 through 2014 tax years generally remain subject to examination by the U.S. federal and most state tax authorities.

#### 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.

# MPIC FUND I, LP

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2014

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### SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### FAIR VALUE MEASUREMENTS AND DISCLOSURES

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. The Fund utilizes various methods to measure the fair value of its investments on a recurring basis. GAAP establishes a hierarchy that prioritizes inputs to valuation methods. The three levels of inputs are as follows:

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 for an asset or liability, including assumptions that market participants would use when pricing the asset or liability. Unobservable inputs shall be used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date.

Equity securities and derivative financial instruments, such as warrants, 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. To the extent that these financial instruments are traded in an inactive market, they are categorized in Level 2 of the fair value hierarchy.

Investments in restricted securities of public companies cannot be offered for sale to the public until the Fund complies with certain statutory requirements. The valuation of the securities by the General Partner takes into consideration the type and duration of the restriction, but in no event does the valuation exceed the listed price on any major securities exchange. Investments in restricted securities of public companies are generally categorized in Level 2 of the fair value hierarchy. However, to the extent that significant inputs used to determine liquidity discounts are not observable, investments in restricted securities of public companies may be categorized in Level 3 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.

Convertible corporate bonds are valued using various techniques, which may consider recently executed transactions in securities of the issuer or comparable issues, market price quotations (when observable), bond spreads and fundamental data relating to the issuer. Generally convertible corporate bonds are categorized in Level 2 of the fair value hierarchy.



# MPIC FUND I, LP

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2014

### SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments in investment partnerships are valued, as a practical expedient, utilizing the net asset valuations provided by the investee. Investments in investment partnerships are categorized as Level 2 or 3 of the fair value hierarchy. In determining the level, the Fund considers restrictions on the disposition of the investment. If the Fund has the ability to redeem its investment at the reported net asset valuation as of the measurement date, the investment is generally categorized in Level 2 of the fair value hierarchy. If the Fund does not have the ability to redeem in the investment in the near term, the investment is categorized in Level 3 of the fair value hierarchy.

The following table summarizes the inputs used to value the Fund's assets measured at fair value as of December 31, 2014.

Assets (at fair value)	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments in securities				
Common stocks				
United States				
Financials	\$ 1,324,115	\$ -	\$ -	\$ 1,324,115
Distribution	-	22,275	-	22,275
Canada				
Financials	262,000	-	-	262,000
Brewery	583,682	-	-	583,682
Media	-	155,000	-	155,000
Healthcare	-	8,053,530	-	8,053,530
Total common stocks	<u>2,169,797</u>	<u>8,230,805</u>	-	<u>10,400,602</u>
Convertible corporate bond	-	225,815	-	225,815
Treasury bills	<u>2,799,675</u>	-	-	<u>2,799,675</u>
Total investments in securities	<u>4,969,472</u>	<u>8,456,620</u>	-	<u>13,426,092</u>
Investment in investment partnership	-	-	<u>993,080</u>	<u>993,080</u>
Total	<u>\$ 4,969,472</u>	<u>\$ 8,456,620</u>	<u>\$ 993,080</u>	<u>\$ 14,419,172</u>

# MPIC FUND I, LP

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2014

### SIGNIFICANT ACCOUNTING POLICIES (Continued)

The following is a reconciliation of assets for which Level 3 inputs were used in determining value:

	Investment in Investment Partnership Level 3
Beginning balance - January 1, 2014	\$ -
Purchases	1,000,000
Net change in unrealized (depreciation) on investments	(6,920)
Ending balance - December 31, 2014	<u>\$ 993,080</u>

### 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 from investments in the statement of operations.

### INVESTMENT IN DHANDHO HOLDINGS, L.P.

In 2014 the Fund invested \$1,000,000 in Dhandho Holdings, L.P. ("Dhandho"). Dhandho is an investment partnership seeking above market returns and long-term appreciation by investing Dhandho's cash in investments including, but not limited to, controlling interests in portfolio companies, equity securities and short-term instruments such as U.S. government treasury bills. The Fund was not permitted to redeem its investment in Dhandho as of December 31, 2014, and will not be able to redeem the investment until certain future events occur.

### INVESTMENTS IN PREMIER DIAGNOSTIC HEALTH SERVICES INC.

The Fund, along with MPIC Canadian Limited Partnership (collectively the "Partnerships") holds approximately 35% of the issued and outstanding share capital of Premier Diagnostic Health Services Inc. ("PDHS"). 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 PDHS. 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 PDHS, Sanjeev Parsad was appointed CEO and director and Alnesh Mohan was appointed director of PDHS.

# MPIC FUND I, LP

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2014

### INVESTMENT IN PREMIER DIAGNOSTIC HEALTH SERVICES INC. (Continued)

A summary of the investments in PDHS are as follows:

Transaction description	Restricted Shares at December 31, 2014	Unrestricted Shares at December 31, 2014	Total Shares at December 31, 2014	Cost	Fair Value
Convertible debt and warrants plus accrued interest converted to common shares (8,181,810 shares restricted to February 25, 2015)	8,181,810	8,181,810	16,363,620	\$ 741,143	\$ 3,272,725
Preferred shares plus accrued interest converted to common shares (1,005,000 shares restricted to January 23, 2015)	1,005,000	6,581,250	7,586,250	350,518	1,517,250
Common shares purchased through private placement (restricted to February 3, 2015 - February 18, 2015)	15,277,777	-	15,277,777	2,464,160	3,055,555
Common shares	-	1,040,000	1,040,000	52,334	208,000
<b>Total</b>	<u>24,464,587</u>	<u>15,803,060</u>	<u>40,267,647</u>	<u>\$ 3,608,155</u>	<u>\$ 8,053,530</u>

At December 31, 2014, the fair value less cost of PDHS was \$4,445,375, which is recorded as change in unrealized appreciation on investments in securities in the statement of operations. The General Partner valued the investment in PDHS at \$0.20 per share at December 31, 2014. This value was determined after taking into consideration recent transactions on both exchanges that the security trades. Further, when determining the value of the restricted PDHS securities, the General Partner valued the restricted securities using the price of unrestricted securities after considering the type and duration of the restriction as well as other fundamental financial information of PDHS. The General Partner believes this is the best valuation method. Due to the inherent uncertainties in estimating fair value, it is at least reasonably possible that the Fund's estimate of fair value will change in the near term.

# MPIC FUND I, LP

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2014

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### DERIVATIVE FINANCIAL INSTRUMENTS

The derivatives held or sold by the Fund are used for speculative trading purposes, and therefore are not designated as hedging instruments pursuant to GAAP.

The gain from investments of the Fund's derivatives by instrument type, as well as the location of those gains and losses on the statement of operations, for the year ended December 31, 2014 is as follows:

<u>Instrument Type</u>	<u>Statement of Operations Location</u>	<u>Amount of Gain (Loss)</u>
Warrants	Net realized gain from investments in securities	\$ 99,057
Warrants	Net change in unrealized appreciation on investments in securities	(86,903)

### LIMITED PARTNERSHIP AGREEMENT

#### 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.

#### 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, excluding side-pocketed capital accounts for the investment in Dhandho. The Dhandho side-pocket can not be redeemed. When the investment in Dhandho is liquid, the side-pocketed capital will be transferred back to the partner's capital account. Partial 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.

# MPIC FUND I, LP

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2014

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### **LIMITED PARTNERSHIP AGREEMENT (Continued)**

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**

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. Incentive allocation earned for the year ending December 31, 2014 was \$865,305. 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 financial instruments. 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.

# MPIC FUND I, LP

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2014

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### TRADING ACTIVITIES AND RELATED RISKS (Continued)

#### 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.

#### 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 April 10, 2015, the date the financial statements were available to be issued. For the period January 1, 2015 to April 10, 2015, the Fund had capital contributions of \$200,000 and capital withdrawals from the General Partner of \$250,000. There were no other subsequent events to disclose.

# MPIC FUND I, LP

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2014

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### 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, 2014 are as follows:

#### Total return:

Total return before incentive allocation	46.90 %
Incentive allocation	<u>(10.54)%</u>
Total return after incentive allocation	<u>36.36 %</u>

#### Ratios to average net assets:

Expenses before incentive allocation	0.41 %
Incentive allocation	<u>10.58 %</u>
Expenses after incentive allocation	<u>10.99 %</u>
Net investment income before incentive allocation	0.24 %
Incentive allocation	<u>(10.58)%</u>
Net investment (loss) after incentive allocation	<u>(10.34)%</u>

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# 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 the second largest investor 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.

### **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 the second largest investor 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 and Glen Rollins, who are directors of the general partner for MPIC Fund I, LP, are 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 our two directors, 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. You can also access all documents, including deposit slips, for the fund on our website ([www.cornermarketcapital.com](http://www.cornermarketcapital.com)) under the "Client Log-In". The username is "Corner" and the password is "Market".

*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.

*If you have a very good investment idea, does the MPIC Fund I, LP or the MPIC Canadian LP get invested first?*

We send the orders to UBS and ScotiaMcLeod at the same time. We have no control over which order gets filled first, but we try to have relatively close allocations in ideas between the two funds. Depending on when capital comes into each fund, it is allocated to the cheapest ideas available at that time.

*Do you have a client website?*

Corner Market Capital Corporation has a website at [www.cornermarketcapital.com](http://www.cornermarketcapital.com), which provides information regarding the MPIC Funds, its management and contact information. There is a Client Log-In that can be accessed under the username "Corner" and the password "Market". All documents related to the MPIC Funds are available there, as well as the quarterly "Letter to Partners" since inception.

*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

March 3, 2015

To the Shareholders of Premier Diagnostic Health Services Inc.:

2014 was a year of transition for Premier Diagnostic Health Services Inc. (“Premier” or the “Company”). This letter that I will write annually to you will provide a simple explanation of what has happened at the Company in the past year.

Many of you have contacted me through the last six months to ask about this transitory period. Unfortunately, the tight regulatory rules around public company disclosure practices prevent me from individual detailed discussions, and I am limited to providing you disclosure through regulatory filings and press releases as events transpire.

During the last six months of the fiscal year ended September 30, 2014, we stepped away from the brink of insolvency and cleaned up our balance sheet, so that we could finally focus on the long-term growth of the Company. There were significant changes to our board of directors, senior executives and specifically our company culture.

The change in culture at the corporate level cannot be underestimated! Our main focus now is being fiscally prudent in how we spend every dollar of shareholder capital, while maintaining strength in our balance sheet to ensure the continued existence of Premier without being forced to seek outside financing. As you may have seen in the pro-forma discussions in the annual “Management Discussion & Analysis” (MD&A) for the fiscal year ended September 30, 2014 or within our 2015 first Quarter Report filed March 2nd, our financial position has improved significantly.

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. 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 attempt to increase the profitability of the company, we anticipate that those earnings or cash will be retained in shareholder equity. The changes in Premier’s shareholder equity per share will give you a simple proxy for how things are improving or declining at the Company over time.

Here is a partial list of the changes and accomplishments at Premier in the last nine months:

- Cut costs, redundancies and implemented a new corporate culture at Premier.
- Restructured head office accounting and improved internal controls.
- Completed a financial overhaul with changes to authorizations and directorships.
- Paid all active payables to restore services at the Clinic and Corporate levels.
- Restored supplier line and staffing at Burnaby Clinic.
- Reopened the Burnaby Clinic and ramped up Clinic scans to the point of profitability.
- Opened the Burnaby Clinic Blood Lab.
- Leased out excess space at head office to cut overhead expenses.
- Filed the financial statements for the third quarter of fiscal 2014 on time.
- Raised over \$8M in a private placement with little cost to the Company, and without payment of any commissions or finder's fees.
- Overhauled our Chinese subsidiaries and improved internal controls in China.
- Completed an audit of our Hong Kong subsidiary and tightened Asian authorizations and directorships.
- Invested in the Sequant Re reinsurance company in Bermuda.
- Settled an outstanding litigation matter.
- Completed our year-end audit and filed the audited financial statements on time.

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 and creditors who have worked with us during this transitory period. Without sacrifices by our employees and concessions by our creditors, the turnaround would have been far more difficult.

Which brings us to the subject of our Annual and Special General Meeting, at which the Premier Shareholders will be asked to consider several matters including the approval of a "change of business" and a corresponding name change. Premier's current active subsidiary businesses and managers are now essentially decentralized from the parent company. The management of each subsidiary will determine how internal capital is deployed, and their staff compensation will be aligned with the success of their business. Our duty at Premier is to oversee these decentralized businesses and make sure they have all the necessary ingredients to give them every opportunity to succeed.

The other primary duty for Premier is to make sure that any capital used by the Company is done with a view to create the maximum return for Shareholders. That often may include allocating capital outside of our existing companies and into other lines of business where the long-term investment prospects are better. **Thus we are proposing a change of business for Premier from solely a medical diagnostic company to one that invests in and acquires privately held and publicly traded companies, or the securities or assets of such companies, with a corresponding name change to "Premier Diversified Holdings Inc."**

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

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

Sincerely,

Sanjeev Parsad  
President & CEO

## **MPIC Fund I, LP**

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