MPIC Fund I, LP

Annual Report
2008

"…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
2008

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

Year		Annual Percent Change in Net Asset Value Per Share Of MPIC Fund I (1)	in S&P 500 with Dividends Included (2)	Relative Results (1)-(2)
2006	....	8.5%	9.6%	(1.1%)
2007	....	26.8%	5.5%	21.3%
2008	....	(19.1%)	(37.0%)	17.9%
Compounded Annual Gain – 2006-2008		4.1%	(11.2%)	15.3%
Overall Gain – 2006-2008		11.3%	(27.2%)	38.5%

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.

<u>MPIC Fund I, LP</u>

To the Partners of the MPIC Fund I, LP:

Our net return to partners for 2008 was -19.1%, while the S&P 500 Total Return was down -37.0%. Since inception on May 1, 2006, the MPIC Fund I, LP's cumulative net return to partners is +11.3%, while the S&P 500 Total Return has lost -27.2%. We have outperformed our comparative index by +15.3% per annum after all expenses, including incentive allocations.

Our unconditional duty to you, our partners, is to ***grow investment capital at an above average rate*** while ***avoiding any permanent loss***.

<u>Commentary</u>

Below are excerpts from last year's annual report written in late February 2008:

"Into early 2008, the portfolio now has about 90% of assets in the five core holdings we discuss below. This is ideally how we like to operate…good businesses at good prices, operated by excellent managers, where we can generate significant long-term unrealized capital gains. It is very efficient, economical and far more effective.

We expect considerable volatility in the fund, as much of the assets are concentrated in a few ideas. Volatility is simply quotational variations…sometimes up, and sometimes down. Imagine various real estate agents coming to your home everyday, and each offering different appraisals of your property, and how much they could sell it for. Some days they may offer 5-10% more, and some days they may offer 5-10% less…on occasion they may even offer you 30-50% less or 30-50% more! Can you imagine that?"

Who could have actually imagined we would be on the higher end of that "30-50%" discount. I would suspect if you asked virtually any investor in 2007, if they expected the stock market to be down 50% in 2008 from its peak in late 2007, you would have had very few (if any) takers for that bet. While we expected a significant correction, we certainly weren't expecting such an extreme drop…but it happened!

The S&P 500 peaked on October 9, 2007 at 1565.15, and on November 20, 2008 it closed at 752.44. A drop of almost 52%! As of writing, the index sits at 683.38, or down 56% from its peak. The actual percentage drop in the S&P 500 for 2008 was 37%. That is the largest annual decrease in the index since 1937. We continue with last year's excerpts:

"You would be absolutely foolish to sell at a price they offered on any given day, but would realistically assess the price of your home based on the market rent you could attain, the quality of the structure, the size of the property, and intangibles such as the view, a park across the street, or good schools in the neighbourhood. Yet, each and everyday investors buy or sell foolishly. They let market volatility influence their emotions, causing them to behave in an irrational manner.

Due to our concentrated portfolio, we will experience market volatility on a regular basis. We embrace it fully, since it is what gives us the opportunity to buy, when others are being foolish. Market quotations are irrelevant on a day to day basis, but over the long-run, they usually reflect the intrinsic value of an investment. Therefore our goal is to always avoid impairment of a company's intrinsic value, or its ability to operate and generate cash."

The last two paragraphs are crucial to the investment philosophy we adhere to. It is essential for our partners to grasp the underlying rationale employed here: **As painful as volatility can be in the short-term, it is what allows us to grow capital at an above average rate.** Our goal is to lose less when volatility strikes, and make more when it subsides. It is a very simple philosophy, but one that is very difficult for the vast majority of investors to execute, as a confluence of emotions always gets in their way.

Keeping Up With The Joneses

So how did we get here? Well, it's usually the same desires that lead to most other crises. Be it Bernie Madoff or Bill Miller, it didn't matter. They all got caught up. Through hook or crook in Madoff's case, or honest miscalculation in Miller's, the result was painfully real.

Everywhere you look, the reasons always sounded different but the aftermath was identical:

- The waitress at the corner deli who decided to flip houses after watching TLC.
- Your neighbor who decided to fund renovations through a new home equity line, even though he has no savings.
- Your brother-in-law who thought oil and uranium futures would go up forever.
- The young couple who supersized their home because their mortgage broker told them they could afford it.
- The hedge fund manager who levered his fund by 300% to keep up with his peers.
- The bank executive who reached for yield and bought risky credit obligations for his company.
- The politician who felt that his entire constituency deserved affordable housing, and voted to increase leverage at Fannie Mae and Freddie Mac.
- The insurance executive who decided to sell massive amounts of credit default swaps to increase his performance bonus.
- The regulators who didn't want to rock the boat because of their peers.

The list goes on and on…keeping up with the Joneses! No one is innocent. All are guilty.

A New Equilibrium

A recent study on calorie-restrictive diets indicates that the human body takes three weeks to become accustomed to a reduced caloric intake. After that, our own metabolism reaches a new state of equilibrium where it can continue to function normally on less food. In fact, the body becomes more efficient.

The analogy above can be ascribed to the current global economy. Suddenly, countries, states, cities, businesses, organizations and individuals have had their funding cut. Either they reach a new state of equilibrium through increased efficiencies, including budget restrictions and job losses, or they die. Thus we are seeing dramatic cuts in every facet of the financial world.

Those that were too heavily leveraged will disappear. Those that can liquidate some assets and fund their operations will survive. Those that were prepared by maintaining strong balance sheets will thrive. This is not a bad thing, but good as far as restoring balance to the system. In the end, capital will redistribute to where it is used most efficiently. Unfortunately, the painful reality is that some will suffer until this retrenchment ceases.

Deflation, Meet Inflation

Part of this retrenchment by businesses will mean rapid liquidation of assets, including inventory and excess stock. Be it a department store or a farmer, they will need to get rid of stock and raise cash. Inventory is just trapped assets in a period where cash is essential for survival. So we will see a deflationary environment for the next little while as businesses of every sort try and raise cash. Prices will be terrific and bargains galore!

Unfortunately this won't last. With the massive amount of capital being deployed globally, and the low interest rate environment that we are in, eventually all this stimulus will do just that and we will see a long-period of inflation. Examine how much in capital and guarantees the U.S. government alone is deploying, and this list is far from complete:

- $1.80T invested in commercial paper
- $0.90T toward a term auction facility for banks to borrow from
- $0.60T of debt bought up from Fannie Mae and Freddie Mac
- $1.00T for a loan facility for term asset-backed securities
- $1.50T in guarantees for bank-to-bank spending for the FDIC
- $0.70T for the Troubled Assets Relief Program (TARP)
- $0.17T spent in the original stimulus package
- $0.30T guaranteeing mortgage loans
- $0.79T for the new stimulus package
- $0.20T committed to Fannie Mae and Freddie Mac
- $0.08T for the mortgage relief plan

The drop in the price of oil alone, from $147 to less than $40 per barrel, will have its own stimulatory effect. For anyone sitting idle on the side and feeling safe with all that cash parked in long-term treasuries yielding 3% or less…good luck to you in the future!

One final note on equity prices today. Just this week, the Dow Jones Index hit a 12-year low. This has happened only two times before…from 1921-1932 and 1962-1974. After 1932, the Dow was up +60% within two years. After 1974, the Dow was up +70% within two years.

As horrible as the news feels these days, valuations for stocks are probably the most attractive we have seen in our investing life. In many sectors, they are probably the cheapest we will see in our remaining lifetime. Without a doubt, stocks and corporate bonds provide extraordinary value at the present time. As investors, we could not be more ecstatic!

Unrealized Investments

Normally, we begin the discussion of investments by referring to each company in our core holdings. This isn't really the way we examine businesses, so why should we report that way. We would much rather start with four names we would like our partners to become familiar with:

Prem Watsa – Chairman & CEO of Fairfax Financial
Sardar Biglari – Chairman & CEO of Western Sizzlin & Steak'n Shake
Mike Pruitt – Chairman & CEO of Chanticleer Holdings Corp
Steven White – Chairman & CEO of Itex Corporation

Most investment managers pay little heed to the actual management running a corporation. The general sentiment is that the CEO is usually the company's best salesperson. We beg to differ. While investors should be wary of the management of any company they invest in, and it should never enter the calculation of intrinsic value, we do believe that quality management will always add significant intangibles that aren't always visible to the naked eye. Often these intangibles are difficult to replicate, as ethics, judgment, wisdom and honesty are characteristics that aren't entirely universal.

Fairfax Financial Holdings Ltd.

The MPIC Fund I, LP would never have existed if we had not met Prem Watsa, CEO of Fairfax Financial. A 2005 lunch with Mr. Watsa, arranged by Francis Chou and Mr. Watsa's assistant Jo Ann Butler, was a seminal moment that provided us the courage to start this partnership. While we were pleased with how the MPIC Fund I, LP did in 2008, we were far more delighted for Mr. Watsa.

Shortly after the acquisition of two insurance businesses, and the subsequent devastation of 9/11, Fairfax Financial found themselves in the most vulnerable of positions…almost the antithesis of Berkshire Hathaway. The stock had plummeted from a high of $610 in 1998 to $84 in 2003, and the sentiment around the company had changed from euphoria to disgust. Under tremendous pressure by large hedge funds shorting the stock, and a barrage of media reports pronouncing their demise, Fairfax began the long and arduous recovery process.

After restructuring the insurance business, restoring underwriting standards, and supporting cash flows with sound investment management at Hamblin-Watsa, Fairfax's balance sheet began to improve. They continued the process by reducing reinsurance recoverables, simplifying the organization, paying down debt, and extending remaining maturities.

During this period as shareholders, we witnessed one of the most brutal assaults in memory of a CEO and his company. One journalist in particular, wrote some 40 negative articles about Fairfax in a six-month period! The fact that Mr. Watsa had the courage, fortitude and resilience to endure this onslaught was impressive. The fact that he led his company with dignity and humility in such a trying period was extraordinary. During the entire episode, malicious innuendo and all, not a single executive left the company…a testament to his leadership.

In 2008, Prem and his team at Fairfax finally recovered some of the reputation that so many attempted to shred to tatters. Through astute investment management and cautious insurance underwriting, Fairfax recorded quarterly profits of $632M, $28M, $468M and $347M respectively. If you add what Fairfax earned in the last two quarters of 2007 ($253M & $564M), Prem effectively increased shareholder equity by nearly +60%, over a period where virtually every other public company in North America lost equity. As you can see, while the MPIC Fund I, LP has done well since inception, we've only learned a sliver of what Prem Watsa knows.

Partners may have noticed there were no actual Fairfax shares in the portfolio at December 31, 2008. During the market collapse in mid-November 2008, we sold our Fairfax shares to generate cash, as Fairfax's price did not drop during that period. In exchange, we purchased FFH 2010 call options for about a 3% premium. The invested cash generated excellent short-term returns, while we still had the option of buying back our Fairfax shares for a small premium. In early January, we exercised the options to buy back most of the Fairfax shares. The dividend paid by Fairfax a week later, covered just about all the premium we had paid on the options.

Western Sizzlin Corporation & Steak'n Shake

Two primary characteristics are critical to our core holdings: The first is we like to buy at a large margin of safety, and the second is we like good "jockeys" riding the horses we bet on.

As we were influenced by Mr. Buffett, so was Sardar Biglari, CEO of Western Sizzlin. Back in 2000, Mr. Biglari started the Lion Fund, which is a limited partnership very much like the MPIC Fund I, LP. In 2006, after acquiring a large stake in Western Sizzlin Corporation, he became the company's Chairman and CEO.

Before Sardar arrived, an ill-conceived expansion by Western Sizzlin led to decreased same-store sales and a balance sheet in complete disarray. Franchisees forced change on the company, and Jim Verney, CEO of Western Sizzlin Franchise Corporation, was brought in to turn the ship around. He closed restaurants, sold property, paid down debt, ended poor franchise agreements, and added new franchises with better owners. All in all, he just did what you would consider to be common sense.

As Chairman, Sardar quickly put his talent for allocating capital to work. His first move was to take a large position in a beaten down restaurant chain called Friendly's, where he encouraged management to take action to either improve shareholder value or sell the company. Friendly's had been mismanaged by its incumbent Chairman, and the board of directors who received considerable director's fees were only happy to oblige. Sardar's pressure quickly forced management to find a buyer.

In late 2007, Sardar applied a similar strategy against a company called Steak'n Shake (SNS). He won a proxy fight in early 2008, displacing the incumbent CEO and CFO from the board of directors. Steak'n Shake was in very rough shape when Sardar took over. The business had grown far too quickly in the two previous years, and same store sales at their newer locations were deteriorating. Expenses were escalating, cash flows were decreasing and debt was slowly mounting.

With quick haste, in a terrible economic environment for restaurants and retail businesses, Sardar closed locations. He took a hatchet to operating and administrative expenses, cut hours at certain stores, simplified the menu, refranchised or sold underperforming locations, and strengthened the balance sheet. There is still a lot of work to do to restore cash flows and increase efficiencies, but SNS is turning around under Sardar's watch.

We purchased a large number of SNS June 2009 call options at $2.50 and $5.00 strike prices. These options were purchased when SNS was trading around $3 per share or about 30% of net asset value. We sold a few of these options with average returns of roughly +150%, but will be exercising the rest before the expiry date. We believe Steak'n Shake has some durable competitive advantages, strong branding in core markets, and excellent management, which will allow the business to flourish over time.

Chanticleer Holdings

We first disclosed Chanticleer as "Company X" in our 2007 Annual Report. The MPIC Fund I, LP, according to our SEC Schedule 13-G filing we made in August of 2008, owns approximately 7% of Chanticleer. The company is run by Mike Pruitt and his tag-team analysts Joe Koster and Matt Miller. We've followed Chanticleer since shortly after their inception, but frankly at times we didn't understand what Mike was trying to accomplish long-term under the BDC (business development corporation) cost structure and its limitations. Nor did we like the price that the shares were trading at.

As the price of the business came down, we continued to dig deeper into Chanticleer. Mike and his team had grown shareholder capital within a somewhat restrictive BDC structure, and did it completely using a deep-discount, margin of safety philosophy. We liked their ethics, their mindset, and their increasing focus in their investment management business. We began to buy shares.

We were very content to own little old Chanticleer Holdings, but in March 2008 they announced the acquisition of 22 Hooter's restaurants in Tampa, Chicago and Manhattan, including the talented management team that originally developed the Hooter's concept. They were quality locations, with consistent and growing cash flows. We were very surprised and continued to increase our stake. Two months later, Chanticleer made another announcement. They had acquired one of the largest franchisees in the Hooter's system - Texas Wings.

Everything was in place in mid-2008 to get these two deals completed. Chanticleer had been approved for an $85M credit facility by GE Capital, and had hired an investment bank to raise the remaining funds from the public through a share issue for the new entity. Between the two acquisitions, Chanticleer would grow their tiny company into a $225M (in revenues) behemoth…relatively speaking. One that would generate roughly $20-25M in consistent operating profits that could be funneled into high return-on-equity investments. Then about a month later the credit markets started to seize with the fall of Bear Stearns and Lehman Bros, and the U.S. was about to enter the single largest market correction since 1937! Like many other businesses in this environment, they will work to try and close these deals at some point. Unfortunately, with the huge spreads for corporate debt, terms are not favorable at all at the present time.

Our opinion of Chanticleer has not changed. The important facts remain the same. Both Hooters Inc and Texas Wings remain under contract and want nothing more than to complete this merger with Chanticleer. Chanticleer continues to hold two very important rights in the entire Hooter's system…the right of first refusal for any offer made for Hooter's of America, and the right to acquire other franchisees without approval. These rights have a very real and tangible value, although they cannot be easily traded on the open market.

A few months earlier in 2008, and this deal would have been completed with little difficulty and at reasonable terms. In just a very short period, the world became completely topsy-turvy and Chanticleer could not complete them. Funding is expensive, and credit is scarce. These are the times we live in!

Our mistake was assuming that the amount of capital that came into the fund in the first half of 2008, would continue into the second half. But as the markets tumbled, investor confidence did as well, and we raised virtually no capital in the second half of the year. Thus, Chanticleer ended up being a larger allocation than we would have liked relative to the entire portfolio. But that's why we have our self-imposed maximums that we allocate to any one idea. That maximum ensures that if any investment suffers, it is likely that the remaining capital in other ideas can carry the load.

To give you some idea of how we feel about this investment, we would just like to say that if we had more capital in the fund, we would continue to buy Chanticleer at these reduced prices…albeit it would be a smaller allocation probably closer to 10-12% of the total fund. We expect Chanticleer to complete these deals as credit markets eventually loosen up. We've never heard of a $5M company being the one closing a $225M merger. Mike Pruitt has a knack for "the art of the deal", and we think under the correct environment he can create significant returns for shareholders. We believe patience will eventually be rewarded.

Itex Corporation

Itex Corporation, based in Bellevue, Washington, runs a barter exchange for business services. They have a number of franchises around North America, and demand for their service is robust. Run by Steve White, who took over at Itex in 2003, their cashless exchange has become the premier model for the barter business.

During his five years at the helm, Steve has carefully grown Itex organically and through careful acquisitions, while steadfastly maintaining an impeccable balance sheet. The robust and steady cash flows at Itex, along with Steve's determination to fund the operations from those cash flows, make it an exceptional small business for us to invest in long-term. We currently own over 2% of Itex, but expect to increase that stake over time.

We had the opportunity to visit Itex's office in Bellevue during their Annual General Meeting. We came away very impressed with what they have built, the management, and their long-term vision for the business. Western Sizzlin owns over 9% of Itex, as does Steve White, and ideally we would like to see some mutual cooperation or future merger between the two, with Steve continuing to run Itex while Sardar allocates excess cash flows.

Interestingly enough, if you go back and explore the history of Itex, the original founder was a Vancouver stock promoter who was eventually prosecuted for fraud. Itex then fell into the hands of some other owners who ran the company like their own personal piggy-bank. Steve White, along with current directors Eric Best and John Wade, as well as ITEX investor relation's Alan Zimmelman, fought with the former board of Itex through various proxy battles. Some of the choice letters written in early 2003 between Steve and the former board can be found at EDGAR, and will shed some light on their ethics, their conduct, and how they run ITEX.

Realized Investments

Much of our loss for 2008 was in unrealized losses from some of our core positions mentioned above, and not so much due to losing picks that we sold. The significant winners and losers are discussed below:

Our Losers

Rainmaker Entertainment

Rainmaker Entertainment (RNK) is Canada's largest animation and visual effects group. Run by CEO Warren Franklin, who was a key employee at Lucasfilms for over a decade, Rainmaker has been undergoing a transformation of sorts. Slowly selling off non-core assets, paying off debt, and focusing on its core animation business, Rainmaker is the leading mid-range animation studio.

We became interested in Rainmaker because of its future ability to create and develop proprietary products that could eventually generate significant streams of cash flow…not unlike Marvel Studios. Rainmaker is still in the early stages of development of these products, but has a terrific team of managers. Our friends Tim McElvaine, Francis Chou and Jeff Stacey effectively control the board, so we certainly aren't concerned about the board being shareholder friendly.

With the downturn in the markets, Rainmaker's shares suffered, and we subsequently took the tax loss of -26.5% for 2008. Partners can expect us to participate in Rainmaker once again, but we won't discuss whether we currently own it or not.

Steak'n Shake

Ironically, one of our big losers for 2008 is the same as one of our big winners…Steak'n Shake. We started buying Steak'n Shake too early, when Sardar was still waging a proxy fight with the incumbent board. Shortly before his win, we decided to lock in tax losses for the year. We lost about -60% of our investment. Fortunately, we've made about +150% currently on the Steak'n Shake options we purchased later in the year, which equals the original loss in dollars.

Our Winners

Berkshire Hathaway

As cash came in over the last couple of years, we've often used Berkshire Hathaway as sort of a cash proxy. It wasn't exactly a replacement for cash, but if we felt that Berkshire was a little undervalued, we were comfortable buying some shares and holding it until we had better ideas. In 2008, we made about +11.0% on our investment in Berkshire shares. We sold them all at an average price of $3,814/B share. The current price as of writing is $2,380/B share. Again, we won't comment on whether we own Berkshire at the moment.

Fairfax Financial

As we mentioned earlier, we sold our Fairfax shares for a gain of +41%, while replacing them with call options at a 3% premium, so that we could put capital to work in a depressed stock market. In January 2009, we exercised those options and repurchased our shares.

Overstock.com

Overstock.com (OSTK) is an online retailer of excess inventory, third-party affiliates and auction goods. They are in a very cut-throat and competitive market competing with the likes of Amazon.com and Ebay. Normally, we would not invest in companies with few competitive advantages. In this case, we've solely bet on OSTK's pugnacious CEO Patrick Byrne, and his unflinching ability to survive and then thrive!

We've made considerable profits on OSTK over the few years. It seems to be a stock that the shorts like to pummel, which has provided us several opportunities to invest in the company for cheap:

- We held some OSTK shares in 2006, which we sold at year-end to realize tax losses.
- In the 1st Q 2007, we purchased a significant amount of OSTK call options, tripling our exposure to OSTK. While they made tremendous progress through 2007, the stock price had gotten ahead of itself and we sold our options for an average gain of +242% in the 3rd quarter.
- In the early part of 1st Q 2008, we not only bought back our previous position in the stock, but increased it enormously. We sold those positions through 2008 at an average gain of +306%!

Finally, in late 2008 we had the opportunity to invest in OSTK again, but this time we purchased its debt instead of equity. The 2011 notes we purchased for slightly more than 50 cents on the dollar were a steal. Overstock has more than enough cash on hand to fund operations for the next three years, as well as buy back all their debt at face value. In fact, they can purchase all their debt back in the open market today at less than 60 cents on the dollar. They've even recently tendered to buy back $20M of their debt, which had negligible effect on the price. If we hold those notes to maturity, we will receive about a 25% annualized return with little risk. These are the times we live in!

<u>Miscellaneous</u>

Audit & U.S. Tax Return

Our audit for 2008 was once again conducted by Jordan, Patke & Associates. We would like to thank Ron Niemaszyk, Shana Sparber, and in particular Lisa Clausen for their work. It was completed on time and on budget once again. There were no material issues, and we will certainly use their services again next year.

We would also like to thank Mark Mandell, of Mandell Advisory Group, for completing the U.S Partnership Tax Return and K-1's for the MPIC Fund I, LP. They were also completed under budget and on time.

Jason Romo of Wired Digital Print & Imaging (www.wireddpi.com) published the MPIC Fund I, LP's 2008 Annual Report. Jason does all of our print work for us, from business cards, annual reports, etc. He does a fantastic job for a great price!

Board of Directors

As mentioned last year, our board of directors is comprised of Alnesh Mohan, Sanjeev Parsad and Andrew Cooke. Andrew was a founding investor in the partnership, who we had no previous affiliation with. We have built a tremendous relationship with Andrew, and he has graciously acted as a reference for the fund for some time. Andrew has performed in the role of VP of Finance, CFO and Treasurer during his career. Coincidentally, in the past he was an independent consultant to Fairfax Financial for three years…one of our key holdings.

As a member of the board, Andrew is updated on all events pertaining to the fund, including recent additions or deletions to the investment portfolio. There are three primary benefits to Andrew's involvement with the fund. First, in the event something happens to either of the two officers of the general partner, Andrew is completely aware of what is occurring on the investment and administrative sides. Second, as an independent partner in the MPIC Fund I, LP, Andrew has a vested interest in how it is operated. Third and most importantly, he brings a wealth of experience to our table in respect to accounting, regulatory oversight, management and acquisitions.

Andrew has been gracious enough to offer his support, knowing full well that our directors receive no compensation outside of a cup of Starbuck's coffee and a Krispy Kreme doughnut. Our existing and prospective partners are welcome to contact Andrew at (703)527-2967.

Citi Global Markets Inc.

The MPIC Fund's prime broker is "The Desai Group" at Citi Global Markets in Chicago. Ajay Desai and his team of Qui Lam, Sandip Amin, Randy Bruns, John Staab and Laura Ritter handle the MPIC Fund I, LP. Our experience with them is immeasurably better than we could have ever imagined. Their execution, expertise and customer service is uncompromising, and we can not sing their praises enough! If you're ever looking for a broker in the U.S., please tell us and we'll get you in touch with Ajay. We simply don't know what we would do without them.

Operational Costs

Operational costs in 2008 were higher than we anticipated in relation to 2007, with virtually all of the increase being associated with the legal costs involved with Chanticleer's regulatory filings. We expect operational costs to diminish significantly in 2009. Our attorney Alan Bell, and his assistant Carolyn Peters at Dorsey & Whitney, deserve our thanks for their efficient work and execution.

On the operations side outside of legal expenses, we are running the fund as lean as possible. Besides brokerage, legal, accounting and organizational costs, there really are no other expenses, since we have no fancy office, website or capital expenditures. We hope that you can appreciate our minimalist approach to operations, and the cost savings which are passed on to all partners, since we will behave in the same fashion when we are managing a hundred times the capital we currently look after.

Incentive Allocation

There was no incentive allocation paid to the general partner in 2008 as we did not achieve our 6% annualized hurdle. We look forward to remedying that in the future!

The general partner did redeem some of its investment in the MPIC Fund I, LP in early 2008 to pay taxes and distribute some dividends to the shareholders of Corner Market Capital Corporation. After paying total U.S. & Canadian taxes, the portion we redeemed would amount to about 45% of our total investment, leaving 55% (post taxes) in the MPIC Fund I, LP.

We plan on keeping the majority of our incentive allocation in the fund after paying taxes for the foreseeable future, and we expect to increase that percentage as the fund gets larger.

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 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.

MPIC Funds Annual General Meeting

Corner Market Capital Corp. is sponsoring the MPIC Funds Annual General Meeting in Toronto, immediately after the Fairfax Financial Annual Meeting. Naturally, partners in both MPIC Funds are invited to attend and have first dibs on seats!

MPIC Funds 2008 Annual General Meeting

Wednesday, April 15, 2009
Fairmont Royal York
100 Front Street West
Toronto, Ontario
Salon A

Meet & Greet: 1:30pm-2:00pm
Presentation: 2:00pm-2:30pm
Q & A: 2:30pm – 4:00pm
Light Refreshments Will Be Served
RSVP: sanjeevparsad@shaw.ca

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, 2008.

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MPIC FUND I, LP

(A Delaware Limited Partnership)

FINANCIAL STATEMENTS

DECEMBER 31, 2008

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying statement of assets and liabilities of MPIC Fund I, LP (a partnership), including the schedules of investments, as of December 31, 2008 and the related statements of operations and changes in net assets for the year then ended. These financial statements are the responsibility of the Partnership's management. 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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of MPIC Fund I, LP at December 31, 2008 and the results of its operations and changes in net assets for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Jordan, Patke & Associates, Ltd.

February 28, 2009
Lincolnshire, Illinois

MPIC FUND I, LP

(A Delaware Limited Partnership)

STATEMENT OF ASSETS AND LIABILITIES
DECEMBER 31, 2008

Assets	
Investments in securities, at fair value (cost $1,201,221)	$ 954,116
Options purchased, at fair value (cost $244,970)	321,860
Cash at broker	172,545
Other assets	5,076
Total Assets	1,453,597
Liabilities	
Accounts payable and accrued liabilities	8,600
Due to general partner	7,487
Total Liabilities	16,087
Net Assets	$ 1,437,510

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

MPIC FUND I, LP

(A Delaware Limited Partnership)

STATEMENT OF INVESTMENTS - SECURITIES
DECEMBER 31, 2008

Description	Shares / Units	Fair Value	% of Net Assets
Investment in common stock			
Financial			
Chanticleer Holdings, Inc.	66,000	$ 264,000	
		264,000	18.4%
Services - Transportation			
Various securities	30,600	80,948	
		80,948	5.6%
Restaurant			
Western Sizzlin Corp	14,587	180,733	
		180,733	12.6%
Business Services			
ITEX Corp	325,000	136,500	
		136,500	9.5%
Software			
Various securities	1,500	29,160	
		29,160	2.0%
Total investment in common stock		691,341	48.1%
Corporate bonds			
Various securities	110,000	81,543	
Total corporate bonds		81,543	5.7%
Money market fund			
Western Asset Government Money Market Fund Class A		181,232	
Total money market fund		181,232	12.6%
Total investment in securities		$ 954,116	66.4%

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

MPIC FUND I, LP

(A Delaware Limited Partnership)

SCHEDULE OF INVESTMENTS - OPTIONS
DECEMBER 31, 2008

Purchased options

Description	Call/Put	Expiration Date	Exercise Price	Options	Cost/ Proceeds	Fair Value	% of Net Assets
Fairfax Financial Holdings	Call	01/16/10	$ 185	10	$ 100,290	$ 135,100	
Level 3 Communications	Call	01/16/10	3	406	11,914	8,120	
Office Deport Inc.	Call	01/22/11	5	150	17,785	19,125	
PMI Group Inc.	Call	01/17/09	30	3	347	30	
PMI Group Inc.	Call	01/17/09	40	71	13,319	710	
Radian Group	Call	01/17/09	25	80	20,185	400	
Steak N Shake	Call	06/20/09	5	375	28,760	69,375	
Steak N Shake	Call	06/20/09	3	200	35,705	73,000	
Tellabs Inc.	Call	01/16/10	5	200	16,665	16,000	
Total purchased options					$ 244,970	$ 321,860	22.4%

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

MPIC FUND I, LP

(A Delaware Limited Partnership)

STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2008

Investment income	
Dividends	$ 9,755
Interest	1,457
Total investment income	11,212
Expenses	
Interest	100
Professional fee expense	16,298
Other operating expenses	1,876
Other expenses	2,175
Total expenses	20,449
Net investment (loss)	(9,237)
Realized and unrealized gain (loss) from investments	
Net realized gain from investments	142,254
Net unrealized (depreciation) on investments	(464,859)
Net realized and unrealized (loss) from investments	(322,605)
Net (decrease) in net assets resulting from operations before General Partner's incentive allocation	(331,842)
General Partner's incentive allocation	–
Net (decrease) in net assets resulting from operations	$ (331,842)

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

MPIC FUND I, LP

(A Delaware Limited Partnership)

STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2008

	General Partner's Capital	Limited Partners' Capital	Total Partners' Capital
Increase (decrease) in net assets from operations			
Net investment (loss)	$ (16)	$ (9,221)	$ (9,237)
Net realized gain from investments	774	141,480	142,254
Net unrealized (depreciation) on investments	(9,278)	(455,581)	(464,859)
General Partner's incentive allocation	-	-	-
Net (decrease) in net assets resulting from operations	(8,520)	(323,322)	(331,842)
Capital contributions	-	399,985	399,985
Capital distributions	(32,706)	-	(32,706)
Incentive allocation	3,379	-	3,379
Total increase (decrease) in net assets	(37,847)	76,663	38,816
Net assets			
Beginning of year	63,442	1,335,252	1,398,694
End of year	$ 25,595	$ 1,411,915	$ 1,437,510

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

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, (the Act) for the purpose of engaging in buying and selling securities. The general partner of the Fund is Corner Market Capital US Inc. 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

REVENUE RECOGNITION

The Fund's financial statements are presented in accordance with accounting principles generally accepted in the United States of America. Gains or losses are realized when contracts are liquidated. Any unrealized gains or losses on open contracts (the difference between contract purchase price and market price) at the date of the financial statements would be stated on the statement of operations. The Fund records interest income in the period it is earned.

INCOME TAXES

The Fund prepares calendar year U.S and applicable state information 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 Financial Accounting Standards Board (FASB) Interpretation No. 48, "Accounting for Uncertainty in Income Taxes – an interpretation of FASB Statement No. 109 (FIN 48)," to the Fund, and has determined that FIN 48 does not have a material impact on the Fund's financial statements. The Fund files federal and state tax returns. The 2005 through 2008 tax years generally remain subject to examination by the U.S. federal and most state tax authorities.

INVESTMENTS

The Fund's investments and securities are recorded on the purchase date, and changes in market value or fair value are reported as net investment gains in the statement of operations.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

USE OF ESTIMATES

The accompanying financial statements have been prepared in accordance with generally accepted accounting principles. The preparation of financial statements in accordance with generally accepted accounting principles 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 statements of cash flows as permitted by Statement of Financial Accounting Standards No. 102, Statements of Cash Flows – *Exemption of Certain Enterprises and Classifications of Cash flows from Certain Securities Acquired for Resale.*

PURCHASED OPTIONS

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.

WRITTEN OPTIONS

When the Fund writes an option, an amount equal to the premium received by the Fund is recorded as a liability and is subsequently adjusted to the current fair value of the option written. Premiums received from writing options that expire unexercised are treated by the Fund on the expiration date as realized gains from investments. Premiums received from written options contracts that are closed prior to the expiration date are offset against the cost of the related purchase transaction, net of brokerage commissions, to determine the realized gain or loss. If a call option is exercised, the premium is added to the proceeds from the sale of the underlying security in determining realized gain or loss. If a put option is exercised, the premium reduces the cost basis of the securities purchased by the Fund. The Fund, as writer of an option, bears the market risk of an unfavorable change in the price of the index or security underlying the written option.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

The Fund adopted the provisions of Statement of Financial Accounting Statement No. 157 - “Fair Value Measurement”, or SFAS 157, as of January 1, 2008. SFAS 157 provides guidance for determining fair value and requires increased disclosure regarding the inputs to valuation techniques used to measure fair value. SFAS 157

SIGNIFICANT ACCOUNTING POLICIES (Continued)

clarifies the definition of fair value as 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.

SFAS No. 157 establishes a fair value hierarchy which prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The fair value hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

Level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the Fund has the ability to 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 the Fund's own assumptions used in determining the fair value of investments. 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. As of and for the year ended December 31, 2008, the Fund did not have any Level 3 assets or liabilities.

The following table sets forth by level within the fair value hierarchy the Fund's investments accounted for at fair value on a recurring basis as of December 31, 2008.

Description	Level 1	Level 2	Level 3	Total
Investment in common stock	$ 691,341	$ -	$ -	$ 691,341
Corporate bonds	81,543			81,543
Money market fund	181,232			181,232
Options purchased	320,720	1,140	-	321,860
Total	$ 1,274,836	$ 1,140	$ -	$ 1,275,976

In March 2008, the FASB issued SFAS No. 161, Disclosures about Derivative Instruments and Hedging Activities ("SFAS 161"). SFAS 161 in intended to improve financial reporting about derivate instruments and hedging activities by requiring enhanced disclosures to enable investors to better understand how those instruments and activities are accounted for; how and why they are used; and their effects on a Fund's financial position, financial performance, and cash flows. SFAS 161 is effective for financial statement issued for fiscal years beginning after November 15, 2008, and interim periods within those fiscal years. The Fund is currently evaluating the impact that the adoption of SFAS 161 will have on its financial statement disclosures.

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 contributions to the partnership.

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.

FEDERAL INCOME TAX ALLOCATION

As of the end of each fiscal year, the Partnership's realized capital gain or loss and ordinary income or loss shall be allocated among the partners, after having given effect to the fees and expenses of the Fund.

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. 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 Partnership’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 Partnership’s assets or performance because of illiquidity of the Partnership’s investments or the magnitude of the withdrawal compared with the total Capital Accounts for all Partners, or if the Partnership’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 Partnership, as of any month-end.

INCENTIVE AGREEMENTS AND RELATED PARTY TRANSACTIONS

The General Partner of the Fund, Corner Market Capital US, Inc. 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. The total incentive allocation for the year ending December 31, 2008 was $0. 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.

For the year ended December 31, 2008, the General Partner calculated the incentive allocation at the end of each calendar month and recorded an accrued liability. The accrued incentive allocation was reallocated and credited to the General Partner's capital account on the first day following the calendar month. Also, the General Partner may pay for Fund expenses, which are to be reimbursed by the Fund. As of December 31, 2008, the balance to be reimbursed was $7,487. Administrative expenses are paid by the fund.

DEPOSITS WITH BROKER

The Fund deposits funds with a broker. Margin requirements are satisfied by the deposit of cash with that broker. A customer's cash and other property deposited with a broker (for example, U.S. Treasury bills) are considered co-mingled with all other funds subject to the broker's segregation requirements. In the event of a broker's insolvency, recovery may be limited to a pro-rata share of segregated funds available. It is possible that the recovered amount could be less than total cash and other property deposited.

DERIVATIVE FINANCIAL INSTRUMENTS AND FAIR VALUE OF FINANCIAL INSTRUMENTS

A derivative financial instrument is a financial agreement whose value is linked to, or derived from, the performance of an underlying asset. The underlying asset can be currencies, commodities, interest rates, stocks, or any combination. Changes in the underlying asset indirectly affect the value of the derivative. As the instruments are recognized at fair value, those changes directly affect reported income.

All investment holdings are recorded in the statement of net assets at their net asset value (fair value) at the reporting date. Financial instruments (including derivatives) used for trading purposes are recorded in the statement of financial condition at fair value at the reporting date. Realized and unrealized changes in fair values are recognized in net investment gain (losses) in the period in which the changes occur. Interest income arising from trading instruments is included in the statement of operations as part of interest income.

Notional amounts are equivalent to the aggregate face value of the derivative financial instruments. Notional amounts do not represent the amounts exchanged by the parties to derivatives and do not measure the Fund's exposure to credit or market risks. The amounts exchanged are based on the notional amounts and other terms of the derivatives.

DERIVATIVE FINANCIAL INSTRUMENTS AND FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

Substantially all of the Fund's assets and liabilities are considered financial instruments and are either already reflected at fair value or are short-term or replaceable on demand. Therefore, their carrying amounts approximate fair values.

TRADING ACTIVITIES AND RELATED RISKS

The Fund's trading activities involve financial instruments, primarily securities, restricted 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 assets and liabilities.

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 market 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.

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.

FINANCIAL HIGHLIGHTS

Total return and ratios to average net assets are calculated for the Limited Partner class taken as a whole. An individual investor's return and ratios may vary from those percentages based on different incentive allocation arrangements and the timing of capital transactions.

Total return:	
Total return before and after incentive allocation	(19.10)%
Ratios to average net assets:	
Operating expenses before and after incentive allocation	1.36 %
Net investment (loss) before and after incentive allocation	(0.61)%

Appendix A

<u>The Ground Rules</u>

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.

Regardless of what the future holds, we will always reinvest a majority of the performance fee paid out to the general partner, Corner Market Capital U.S., back into the MPIC Fund I, LP.

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.

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 wholly-owned 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.

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

The managing partner, Corner Market Capital U.S., has and 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 an account at Citi Global Markets under MPIC Fund I, LP. The accounts are monitored by Ajay Desai and Qui Lam at Citi. Andrew Cooke, who is a director and limited partner of the MPIC Fund I, LP, is aware of all administrative and investment events at the fund. If something were to happen, Citi along with our attorneys at Dorsey & Whitney, with the input of Andrew Cooke, will liquidate the fund and disperse all proceeds and unrealized gains to partners. As the fund's size increases, we will also have an outside administrator who will monitor the accounts and assist partners in such an event.

Are my investments guaranteed from losses?

Investment capital is allocated into a broad range of investments. The assets in the MPIC Fund I, LP account are segregated from Citi Global Markets and Citigroup'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.

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.

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 Citi Global Markets and RBC Dominion at the same time. We have no control on which order gets filled first, but we try and 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, which provides information regarding the MPIC Funds, its management and contact information. There is a client log-in that can be accessed using the username "Corner" and the password "Market". All documents relating to the MPIC Funds are available there, as well as the current year's "Letters to Partners."

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!

MPIC Fund I, LP

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