MPIC Fund I, LP

Annual Report
2010

"…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
2010

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)	Annual Percent Change 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%
2009	41.3%	26.5%	14.8%
2010	12.8%	15.1%	(2.3%)
Compounded Annual Gain – 2006-2010	13.1%	1.3%	11.8%
Overall Gain – 2006-2010	77.4%	6.1%	71.3%

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 2010 was +12.8%, while the S&P 500 Total Return was +15.1%. Since inception on May 1, 2006, the MPIC Fund I, LP's cumulative net return to partners is +77.4%, while the S&P 500 Total Return has gained +6.1%. During that same period, we have outperformed our comparative index by a +11.8% differential per annum, after all expenses including incentive allocation.

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

Commentary

Fool Me Once, Shame on You; Fool Me Twice, Shame on Me!

We have no preconceived notion of what the future holds for us tomorrow. Predictions and macroeconomic views are speculation, and have no basis within our investment framework. That framework is predicated completely on a solitary premise: Buy investments with a significant margin of safety to their intrinsic value.

That's it! It is truly as simple as that. Unfortunately, the application of this premise is terribly difficult for the general population to implement. Why?

Human instinct is to flee from pain. If you become embroiled in a terrible argument with a loved one, your natural instinct is to walk away and come back later when that pain has subsided. Your emotions react to the environment and it becomes very difficult to remain rational. It is also human instinct to seek pleasure. Be it watching an entertaining movie or venturing out with your friends for a night out on the town…many a libidinous night has been ruined by shunning common sense.

That is exactly what happens when individuals deal with volatility in their investments. When investment prices rise dramatically, investors become giddy with excitement and believe that the price will continue to exceed intrinsic value. When prices fall, investors become so fearful that they will flee the pain by selling investments well below intrinsic value. We witnessed the latter in late 2008 and early 2009. We are currently watching the former!

Those individuals, that were chasing liquidity during the credit crisis, are now the same ones rushing back in after the S&P500 has already risen over 100% in less than two years. While the MPIC Funds were fully invested in February of 2009, presently we are approaching 35% levels of cash. We are perfectly fine with that, as investments with a significant margin of safety are few and far between.

A very interesting dichotomy within the investment world presently, is how investors are treating two very different asset classes. You have many people hoarding gold and other precious metals, now that they are at decade highs, yet very few people are buying real estate which is at decade lows…even multiple decade lows in some municipalities! You can literally buy a mid-level executive home in a nice area of Detroit for less than a new BMW 3-series. Condos that a couple of years ago were selling for several hundred thousand dollars in Las Vegas and Scottsdale, are now selling at one quarter or less of those prices and real estate agents still can't get rid of them. Ah, the mind of the investor!

Investments

Wal-Mart

Wal-Mart is the largest retailer in the world. Founded by Sam Walton in 1962, Wal-Mart has been one of the great capitalist stories in the history of the United States. With over 2 million employees and over 8,500 stores in 15 countries, Wal-mart truly shapes the way the world shops. In particular, they shape the prices that consumers pay.

Through their enormous purchasing power, Wal-mart drives their suppliers hard to get the best rates possible and passes those savings on to their customers. Their supply chain management is legendary and they are ferocious on cutting operating costs.

We have never owned Wal-Mart until 2010. In past years, as the company has grown voraciously, investors were always putting a significant valuation on the business. This year, as markets continued to recover with the economy, Wal-Mart's valuation was stagnant even though their business continued to generate huge sums of free cash flow.

With interest rates so low, and Wal-Mart's valuation discounted, we felt it was prudent to allocate a significant amount to the idea. We expect Wal-Mart's business to continue to improve with the economy, while still protecting our investment on the downside as they, along with Costco, would be the retailers who could best handle any inflationary pressure.

Frisch's Restaurants

Frisch's Restaurants was founded by the Frisch/Maier family back in 1923 and incorporated in 1947. It is one of the oldest hamburger restaurant chains in America. Some of you may be familiar with the Bob's Big Boy restaurants. Well, Frisch's bought the original master limited franchise rights and "Big Boy" name for Kentucky, Indiana, and most of Ohio and Tennessee.

They have 91 company-owned Frisch's Big Boy restaurants, and 25 licensed franchisees. They also purchased the franchise rights to the Golden Corral Restaurant chain, and have 35 operating through certain parts of Ohio, Kentucky and Indiana, as well as development rights through western Pennsylvania, southern Michigan, northern Indiana and the northwest portion of West Virginia.

In the last few years, the company suffered due to the integration of the Golden Corral buffet restaurants, and the ensuing downturn in the economy. The company has spent the last couple of years turning the business around and margins are improving slowly but surely. The Maier family controls over 24% of the stock, so they have a vested interest in the well-being of the company.

Frisch's has paid consecutive quarterly dividends for over 41 years! The company generates steady free cash flow from the cash-cow Frisch's Big Boy restaurants, which are very well-known in their key markets. On a valuation basis, we believe that even with slow growth, due to saturation of the Big Boy restaurant in their granted territory, the company should be valued significantly higher than its current valuation. If the company would allocate excess capital to the highest return on capital ideas, we believe that the company could grow significantly larger than it presently is.

ITEX Corporation & Corporate Governance

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. The robust and steady cash flows from ITEX's franchise brokerage network make it an exceptional small business for us to invest in long-term.

In 2009, we aligned ourselves with The Polonitza Group (primarily composed of the Polonitza family, the Pagidipati family and the MPIC Funds) to take a greater than 13% position in ITEX Corporation. While impressed with the work the board of directors has done at ITEX over the last seven years, we were concerned about good corporate governance and future capital allocation at ITEX.

Shareholders, as the owners of the corporation, are provided certain innate rights within their corporate bylaws. These rights can be amended from time to time, sometimes with shareholder input, and sometimes without. We were disconcerted by ITEX Corporation's decision to limit shareholder's rights to call a special meeting. This type of action is generally used when entrenched management becomes afraid of being supplanted.

ITEX exercised this option and announced it immediately after their 2008 AGM. They did not bother to inform shareholders who attended this meeting of the pending change. Perhaps, they didn't think it was important, or perhaps they were afraid of losing supportive votes for the existing board of directors. Either way, at the very least, we felt that it was a decision that should have been made after shareholders had been informed.

As a result of the amendment to the corporate bylaws to limit shareholder rights, we spoke with David Polonitza about combining our ownership stake, and working towards adding an independent director to ITEX's board of directors. Boards over time can become very collegial. Often directors will have a difficult time speaking up for shareholders, especially if a CEO with a strong personality governs the corporation. This is common place and nothing unusual. An independent director reassures agencies, shareholders and potential investors alike, that the board's composition includes an outside voice that can participate on oversight committees without any conflict of interest.

In ITEX's case, Steve controls nearly 11% of the company, while the remaining board (composed of John Wade and Eric Best) own about 2%. The three directors in the past, and at present, have sat on each other's company boards or have done work for ITEX. While we believe all three directors to be honest and ethical, ITEX as a public company has no independent director on the audit and compensation committee. We believe this to be a deficiency in good corporate governance.

Along with the Pagidipati family, we subsequently filed a Schedule 13-D indicating our ownership interest as a group, and contacted ITEX with three nominee proposals…David Polonitza, Rahul Pagidipati and Alnesh Mohan. ITEX is allowed three to five directors on their board according to their bylaws, so we were hoping they would include at least one of our nominees, if not two. We had no desire to supplant the board, but only to add an independent voice that may provide a different perspective to corporate governance and capital allocation.

We subsequently attended the 2009 AGM, representing the interests of The Polonitza Group, to help allay the board's concerns. We arrived shortly after the meeting had begun. There was a significantly larger presence of investors at the AGM than were present at the 2008 meeting.

When the Q&A session started, we began by first indicating that we were fully cognizant of management's work over the years to develop and build a quality company. That we had the utmost respect for the franchise they had built, the relationships they've developed and the fiscal prudence with which they've managed the company. We had no intention of getting into a fight with management, but only to help them understand our position and allow them to become a bit more familiar with us. We touched on a number of issues:

- Whatever was in our best interest would obviously be in the best interest of other shareholders, as we planned on holding our shares for the long-term.
- That we were very disconcerted by the board's decision to amend shareholder rights.
- We were seeking to avoid a proxy fight, as that would be a waste of shareholder capital, and we felt that dialogue between us and the board could alleviate concerns.
- We indicated to the board that we felt on a few occasions, there were opportunities to repurchase shares at prices well below the company's book value, let alone intrinsic value, yet they did not buy back any shares. These purchases would have been accretive to earnings.
- That someone with capital allocation skills would be a valuable addition to the board of a company throwing off consistent free cash, since future acquisitions were few and far between.
- We proposed to the franchisees present, that we support any endeavor that allows franchisees to grow their business, and that the organic growth of ITEX's franchisee business was the core driver for the company.
- We explained that we thought the strategic initiative to offer the software platform as a service to drive a new revenue stream was terrific idea.
- We asked about initiatives to increase net retention of ITEX members, as there was no formal plan to evaluate customer satisfaction and ITEX had a very high membership attrition rate.
- We explained that our three nominees would offer their services with no remuneration, as our ownership stake is aligned with the interests of other shareholders and we require no further compensation.
- That all we were offering was an alternative to what forced them to harbor and initiate the special amendment in the first place…self-preservation in the face of a hostile proxy fight by Western Sizzlin…with us on board, they could rest a bit easier and would not have to implement poison pills or other shareholder rights plans.

Ironically, many of the investors brought in to support the existing management at the meeting, were pleasantly surprised by our stance and comments. We have received tremendous feedback from shareholders and franchisees alike!

In 2010, the company instituted a stock repurchase plan, a quarterly dividend and increased support for franchisees. The response by shareholders from the company implementing our ideas was very positive. After a couple more attempts to interact and meet with the board, which were ultimately rebuffed, we decided to pursue a proxy solicitation and add at least one independent director to the board.

The proxy process occurred over several months, and you can view the multitude of filings at www.sec.gov. Ultimately, we narrowly lost the proxy solicitation, but the company realized we were serious about our concerns. We had a good discussion with the board of directors and ITEX's legal counsel after the annual general meeting, and the company approached us to attempt to come to some sort of "standstill agreement". Our terms were not acceptable to them, but we will probably revisit the whole process as 2011 progresses.

Proxy solicitations can be very expensive. For the size of company we were dealing with and the number of shareholders ITEX has, proxy costs could easily hit $75K to $150K. The entire proxy solicitation cost "The Polonitza Group" about $54K. The MPIC Fund's proportional share was $12,878, of which $11,196 was incurred by the MPIC Fund I, LP and $1,682 was incurred by the MPIC Canadian LP.

There is no way we would be able to run a proxy solicitation campaign for that amount. Much of the cost was reduced in no small part to the effort of David Polonitza, who did a tremendous amount of the work. Rahul Pagidipati's law firm, "Phoenix Law", also did our legal work at cost. Without those two contributions, the proxy costs would have been twice as high.

We think ITEX is a terrific little company, and we would be happy to support, nurture and grow it for the foreseeable future. Our efforts, within The Polonitza Group, to implement shareholder-friendly initiatives at ITEX have and will continue to benefit all shareholders.

Johnson & Johnson

Johnson & Johnson is one of the largest and most prestigious pharmaceutical companies in the world. Founded in 1886, their products run the gamut from Band-Aid to Tylenol, and are used in over 175 countries.

Johnson & Johnson has an immaculate balance sheet and its return on invested capital ranks right up there with Apple, Coca-cola, Google and Microsoft. Not unlike Wal-Mart, JNJ has found itself on the unloved list after years and years of spectacular growth. The company in the last couple of years has encountered recall problems with several of its subsidiary manufacturing plants, and the stock has suffered dramatically.

We feel that JNJ's stock is quite undervalued, as it continues to generate huge amounts of free cash flow and plows some of that capital back into research and development. Like Wal-Mart, the company buys back a lot of its shares and pays out a substantial dividend. We believe that with a global operating business and a nice fat dividend, JNJ gives us plenty of upside potential with downside risk minimized. Its pharmaceutical business and consumer business also protect against an inflationary or deflationary environment, as JNJ has considerable pricing power on its products due to terrific brand recognition and patents.

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. Overstock's entire business is predicated on being able to operate on a very slim net profit margin, while rapidly increasing online sales until it achieves a critical mass, where infrastructure and back office expenses grow slower than revenues.

Patrick Byrne and his team at Overstock.com have made considerable progress in that respect, and we believe the company going forward should be able to be profitable on an annual basis. With little debt and ample liquidity, Overstock's balance sheet is very good, and the company is generating regular free cash flow.

The investing business is one where you benefit from an accumulation of knowledge. Be it general knowledge or information particular to one specific business. It is one of the few endeavors where your circle of competence widens over the years, and you actually become far better as you get older. In our own case, this is none more apparent than from our history with Overstock.com:

- 2006 - We held some OSTK shares which we sold at year-end to realize tax losses
- 2007 - Purchased a significant amount of OSTK call options, which were sold for an average gain of +242% in 3rd quarter 2007
- Early 2008 - Bought back our previous position in the stock, but increased it enormously – subsequently sold those positions through 2008 at an average gain of +306%!
- Late 2008 - Purchased 2011 notes for slightly more than 50 cents on the dollar – sold them in early 2010 for an average gain of +71.1%

So is it really any wonder that we stepped back into this investment when the markets over-reacted back in mid-2010? We are so comfortable with Overstock's balance sheet and operating business, that we bought a considerable amount of equity this time around.

Fairfax Financial Holdings & Markel Corporation

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 JoAnn Butler, was a seminal moment that provided us the courage to start this partnership. In turn, Fairfax would never have existed without the Markel Family, as Prem Watsa had purchased a portion of Markel back in the 1980's, which eventually became Fairfax Financial.

We've owned Fairfax for many years, and while we've followed Markel, we've never owned the stock until this year. It was just never cheap enough for us. Markel excels in the specialized lines of the insurance industry, and the Markel Family has been in the insurance business for over 80 years! Currently it is run by Steven and Anthony Markel, the grandchildren of founder Samuel Markel. The investment portfolio at Markel is managed by Tom Gayner.

Not unlike Fairfax, Markel runs their business in a very ethical fashion, where increasing shareholder value is of paramount concern. They are cautious in their underwriting and intelligently allocate investments within the insurance float.

Winn-Dixie

Winn-Dixie is a grocery chain that operates in the southeastern United States. WINN was founded in 1925, and has over 500 stores in five states. The business came out of bankruptcy a few years ago, and is run by former vice-president of Albertsons, Peter Lynch.

When WINN emerged from bankruptcy, it had a terrific balance sheet with no long-term debt and cash accumulated from the sale of assets. The last few years, a considerable amount of that cash, as well as the business' operating cash flows, have been spent on a massive remodeling effort of the company-owned stores, which has generated very modest increases in same store sales.

Due to Lynch's lack-luster improvement in company sales, the stock has been hammered for the last few years, dropping from over $32 per share, down to less than $6 per share. We accumulated our shares at an average price of less than $6.50.

Currently, the stock trades at about half of book value, has plenty of cash, and no long-term debt. WINN even has a $500M line of credit which it could tap into if necessary. We feel that the business going forward should reduce capital expenditures and purchase some of its shares in the open market. Cash flows from the business should be allocated to ideas that provide the highest return on capital. Naturally, we think remodeling stores is probably not one of the best uses of excess capital at this point.

Biglari Holdings (aka The Steak'n Shake Company)

We see lots of unfortunate things in this industry. One of the most disheartening things we've witnessed is how money and power can wield some very undesirable influences on a manager. In late January, Sardar Biglari announced that they would be changing the name of The Steak'n Shake Company to Biglari Holdings, so as to delineate themselves when acquiring other businesses. We felt the change was premature and sent a letter to the board of directors explaining why we hoped they would reverse the proposal. That letter was in Appendix C of the MPIC Fund I, LP 2009 Annual Report.

The proposal eventually passed with overwhelming support, and we were very surprised to learn that our letter was the only one sent to the board. We subsequently sold half of our position at an average price of $385 per share, which we had acquired at an average cost of $86.51.

On April 30th, the day before the Berkshire Hathaway AGM, we were sitting in a restaurant in the Old Market Area of Omaha having some dinner, when a few Biglari Holdings shareholders came over to talk to us. They asked us if we had seen the SEC filing that had come out that evening. We responded no, and asked what it was about? It was then we heard that Sardar was planning on merging his Lion Fund investment business into Biglari Holdings, and incorporating a new compensation plan that would implement a hedge fund form of compensation for him. We were shocked and went back to the hotel to read the filing.

We were very disappointed to see the new compensation proposal. The board had recently implemented a compensation plan that would pay Sardar $900,000 a year as Chairman and CEO of the Steak'n Shake Company. Now he wanted a compensation plan comparable to his fee structure at the Lion Fund, but implemented within a corporate structure. In two meetings we had with Sardar in Omaha that weekend, we explained our reasons why we disagreed with this structure:

- First, the capital within the corporate structure is captive. Meaning that shareholders can only sell their shares to other shareholders. In a partnership, such as the Lion Fund, the capital can be redeemed at any time outside of the lock-up period. In the MPIC Fund's case, there is no lock-up and capital can be redeemed with 60 days notice. Thus, the level of risk management within the hedge fund structure is immeasurably greater than within the corporate structure, since you are always at the mercy of your investment partners.

- Second, a hedge fund fee structure within a corporation develops the wrong type of corporate culture. The CEO is rewarded handsomely, but the other executives and employees are rewarded far differently. It promotes an environment where managers will choose to leave for greener pastures. Within the Lion Fund, Sardar was the only employee. Within Biglari Holdings, there are many executives and managers, as well as thousands of employees.

- Third, the board of Steak'n Shake had implemented a $900K salary for Sardar a year earlier, and now suddenly that compensation package was going to be multiples higher for the same amount of work. While we agree that managers should be compensated fairly, a significant portion of total future shareholder gains would now perpetually be apportioned solely to Sardar. This would be a significant blow to any shareholder who recently purchased their shares based on the prevailing corporate structure.

At the end of our discussions, our arguments would not be enough to dissuade Sardar from pursuing the new compensation structure. We subsequently sold the remaining shares we owned in both funds during the second quarter at an average price of $313.

The recent events surrounding Biglari Holdings is one of the most disappointing experiences we've encountered since starting the MPIC Funds. We've watched Sardar Biglari for many years, and were very happy to partner with him as shareholders over the last few years through Western Sizzlin, The Steak'n Shake Company and Biglari Holdings. We not only had very high hopes for his business acumen, but felt that his moral standards were equal to the task. At the end of the day, we respect his determination and intellect, but we believe the recent events are detrimental to the company culture, and we ethically could no longer participate as shareholders.

Chanticleer Holdings

There are mistakes of omission, and then there are mistakes of commission. We believe for us, Chanticleer was the latter this year, and probably the biggest one we've made to date!

We first disclosed Chanticleer as "Company X" in our 2007 Annual Report, and then revealed the position the following year when we owned approximately 7%. The company is run by Mike Pruitt and his tagteam analysts Joe Koster and Matt Miller. We've followed Chanticleer since shortly after their inception and we liked their ethics, their mindset, and their increasing focus in their investment management business.

In March 2008, Chanticleer announced the acquisition of 22 Hooters restaurants in Tampa, Chicago and Manhattan, including the talented management team that originally developed the Hooters 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 Hooters 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.

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 worked to try and close these deals. Unfortunately, with the huge spreads for corporate debt, terms were not favorable at all. 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.

Our opinion of Chanticleer had not changed. The important facts remained the same. Chanticleer continued to have a very good relationship with Hooters Inc and Texas Wings. Chanticleer continued to hold the right of first refusal for any offer made for Hooters of America. This right had a very real and tangible value, although it could not be easily traded on the open market.

In early 2010, Hooters of America announced that they were looking to either sell or partner with someone. We felt that Chanticleer's right of first refusal would be monetized at some point…we just didn't know exactly when. In the meantime, Chanticleer partnered with Shaw Foods PTY of Durban, South Africa, and opened three Hooters joint ventures in South Africa for the 2010 FIFA World Cup.

As 2010 progressed, we had quite a bit of realized long-term gains due to the sale of Biglari Holdings. The only investment we could sell, with any unrealized long-term losses to offset those gains, was Chanticleer. Because it is such an illiquid stock, we started selling shares in mid-July in very small amounts. By mid-December, we had sold all the Chanticleer stock we wanted to sell and realized the tax loss. We planned on buying most, if not all of the Chanticleer stock back, but only after the 30-day tax wash rule had passed.

Unfortunately, as we passed our 30-day window, an announcement in the media was made that Chanticleer would be exercising their right of first refusal and would try to buy Hooters of America. We immediately put out an order to buy as many shares as we could at reasonable prices. We only got a few hundred and then the announcement came, that not only had Chanticleer bought Hooters of America, but they had also come to an agreement with Texas Wings. The stock shot up to over $6 per share and we were shut out. While we saved you a bit of money in taxes, we cost you a heck of a lot more in investment gains!

Miscellaneous

Audit & Annual Report

Our audit for 2010 was once again conducted by Patke & Associates. We would like to thank Ron Niemaszyk and 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 kept the partnership's tax return and partner K-1 preparation in-house at Patke & Associates this year as well. If you are looking for a good auditor, that provides excellent customer service and diligent oversight, give Ron a call at Patke & Associates – (847)382-1627.

Jason Romo of Wired Digital Print & Imaging (www.wire-it.ca) published the MPIC Fund I, LP's 2010 Annual Report once again. Jason does all of our print work for us. 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.

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. Our existing and prospective partners are welcome to contact Andrew at (703)527-2967.

Dorsey & Whitney LLP

Alan Bell, David Day and Carolyn Peters 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. They've been helping us from our inception and do a great job making sure all our "i's are dotted and t's crossed"! If you need a good attorney for a U.S. corporation or partnership, give Alan a call at (801)933-7361.

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.

Incentive Allocation

Incentive allocations were paid to the general partner at the end of March and April, after reaching our high watermark and surpassing the 6% annualized return for all of our partners. No incentive allocation was paid through the rest of 2010. We are very pleased with the way the fund compensation is structured. When you, our partners do well, only then do we get paid. We cannot imagine any other framework that would fully align our interests!

Morgan Stanley Smith Barney, LLC

The MPIC Fund's prime broker is "The Desai Group" at Morgan Stanley Smith Barney, LLC in Chicago. Ajay Desai and his team of Qui Lam, Randy Bruns, Daniel Fell, Jonathan LaMar, Frank Pellicori & John Staab handle the MPIC Fund I, LP. Our experience with them is immensely better than we could have ever imagined. Their execution, expertise and customer service is uncompromising, and we can not sing their praises enough! We simply don't know what we would do without them. If you're ever looking for a quality broker in the U.S., please call Ajay at Morgan Stanley Smith Barney, LLC - (312)648-3070.

Operational Costs

Operational costs in 2010, excluding the one-time proxy solicitation costs, were about 23% lower than in 2009 relative to assets under management. We expect that 2011 operational costs will continue the trend, as the fund continues to grow faster than expenses going forward. The original five-year amortization of organizational costs terminates at the end of April 2011 and will also no longer be incurred.

Any proxy solicitation costs, or expenses related to shareholder proposals for companies we own, would only be undertaken if we expect the increase in shareholder value to far exceed those expenditures. The capital spent so far for those purposes has done exactly that.

MPIC Funds Annual General Meeting

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

MPIC Funds 2011 Annual General Meeting

Wednesday, April 20, 2011
Roy Thomson Hall
66 Simcoe Street
Toronto, Ontario
Green Room/Pickering Room

Meet & Greet: 1:30pm-2:00pm
Presentation: 2:00pm-2:30pm
Q & A: 2:30pm – 4:00pm
Light Refreshments & Snacks Will Be Served
RSVP: cornermarketcapital@gmail.com

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, 2010.

MPIC Fund I, LP

(A Delaware Limited Partnership)

FINANCIAL STATEMENTS

DECEMBER 31, 2010

CONTENTS

Patke
ACCOUNTANTS & CONSULTANTS

Patke & Associates, Ltd.
300 Village Green Drive, Suite 210
Lincolnshire, Illinois 60069
847.913.5400 P | 847.913.5435 F
www.patke.net

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 Delaware limited partnership), including the schedules of investments, as of December 31, 2010 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 as of December 31, 2010 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.

Patke & Associates, Ltd.

March 3, 2011
Lincolnshire, Illinois

MPIC FUND I, LP

(A Delaware Limited Partnership)

STATEMENT OF ASSETS AND LIABILITIES
DECEMBER 31, 2010

Assets	
Investments in securities, at fair value (cost $3,386,321)	$ 3,662,831
Options purchased, at fair value (premiums paid $37,356)	37,150
Cash at broker	272,720
Other assets	725
Total assets	3,973,426
Liabilities	
Accounts payable and accrued liabilities	6,916
Due to general partner	3,776
Pending contributions	25,000
Total liabilities	35,692
Net assets	$ 3,937,734

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

MPIC FUND I, LP

(A Delaware Limited Partnership)

SCHEDULE OF INVESTMENTS - SECURITIES
DECEMBER 31, 2010

Description	Shares / Units	Fair Value	% of Net Assets
Investment in common stock			
United States			
Financial			
Markel Corp.	838	$ 316,873	
Chanticleer Holdings, Inc.	23,730	100,853	
		417,726	10.6%
Services			
Frisch's Restaurants Inc.	18,790	416,574	
Overstock.Com, Inc.	22,000	362,560	
Wal-Mart Stores Inc.	8,000	431,440	
Winn-Dixie Stores Inc.	15,900	114,162	
ITEX Corp	82,000	385,400	
		1,710,136	43.4%
Healthcare			
Johnson & Johnson	6,000	371,100	9.4%
Canada			
Financial			
Fairfax Financial Holdings Limited	400	164,104	4.2%
Total investment in common stock (cost $2,386,860)		2,663,066	67.6%
Investment in U.S. Treasury bills			
U.S. Treasury bills, due 2011	1,000,000	999,765	
Total U.S. Treasury bills (cost $999,461)		999,765	25.4%
Total investment in securities (cost $3,386,321)		$ 3,662,831	93.0%

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, 2010

Options purchased

Description	Call/Put	Expiration Date	Exercise Price	Options	Premiums Paid	Fair Value	% of Net Assets
UTS SPDR Trust	Put	12/17/11	100	100	$ 37,356	$ 37,150	
Total options purchased					$ 37,356	$ 37,150	0.9%

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, 2010

Investment income		
Dividends (net of withholding taxes of $375)	$	25,291
Interest		7,992
Total investment income		33,283
Expenses		
ITEX proxy solicitation expense		11,196
Legal, audit and tax expenses		15,840
Total professional fee expense		27,036
Other operating expenses		2,562
Other expenses		2,175
Total expenses		31,773
Net investment income		1,510
Realized and unrealized gain (loss) from investments		
Net realized gain from investments		444,749
Net unrealized (depreciation) on investments		(58,986)
Net realized and unrealized gain from investments		385,763
Net increase in net assets resulting from operations before General Partner's incentive allocation		387,273
General Partner's incentive allocation		(52,409)
Net increase in net assets resulting from operations	$	334,864

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, 2010

	Partners' Capital		
	General Partner	Limited Partners	Total
Increase (decrease) in net assets from operations			
Net investment income	$ 45	$ 1,465	$ 1,510
Net realized gain from investments	13,116	431,633	444,749
Net unrealized (depreciation) on investments	(3,289)	(55,697)	(58,986)
General partner's incentive allocation	(1,546)	(50,863)	(52,409)
Net increase in net assets resulting from operations	8,326	326,538	334,864
Capital contributions	-	1,550,000	1,550,000
Capital withdrawals	(10,000)	(157,966)	(167,966)
General partner's incentive allocation	52,409	-	52,409
Total increase in net assets	50,735	1,718,572	1,769,307
Net assets			
Beginning of year	61,274	2,107,153	2,168,427
End of year	$ 112,009	$ 3,825,725	$ 3,937,734

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. ("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

REVENUE RECOGNITION

The Fund's financial statements are presented in accordance with accounting principles generally accepted in the United States of America ("GAAP"). 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. Dividend income is recorded on the ex-dividend date.

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 Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 740, "Income Taxes", and has determined that no reserves for uncertain tax positions were required to have been recorded as a result of the adoption of ASC 740. 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 2007 through 2010 tax years generally remain subject to examination by the U.S. federal and most state tax authorities.

USE OF ESTIMATES

The accompanying financial statements have been prepared in accordance with GAAP. 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.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

INVESTMENTS

The Fund's investments in securities are recorded on the purchase date, and changes in fair value are reported as net investment gains in the statement of operations. Equity securities are stated at the last reported sales price on the day of valuation.

FAIR VALUE MEASUREMENTS AND DISCLOSURES

ASC 820, "Fair Value Measurements and Disclosures", provides guidance for determining fair value and requires increased disclosure regarding the inputs to valuation techniques used to measure fair value. ASC 820 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.

ASC 820 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, 2010, the Fund did not have any Level 3 assets or liabilities.

In January 2010, the FASB issued Accounting Standards Update No. 2010-06 ("ASU 2010-06") for improving disclosure about fair value measurements. ASU 2010-06 adds new disclosure requirements about transfers into and out of Levels 1 and 2 and separate disclosures about purchases, sales, issuances and settlements in the reconciliation for fair value measurements using significant unobservable inputs (Level 3). It also clarifies existing disclosure requirements relating to the levels of disaggregation for fair value measurement and inputs and valuation techniques used to measure fair value. As of January 1, 2010, the Fund adopted the provisions of ASU 2010-06 except for disclosures about purchases, sales, issuances and settlements in the rollforward of activity in Level 3 fair value measurements, which are effective for fiscal years beginning after December 15, 2010 and for interim periods within those fiscal years. The adoption of this guidance did not have a material impact on the Fund's financial statements.

MPIC FUND I, LP

(A Delaware Limited Partnership)

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2010.

Description	Level 1	Level 2	Level 3	Total
Investment in common stock	$ 2,663,066	$ -	$ -	$ 2,663,066
Investment in U.S. treasury bills	999,765		-	999,765
Options purchased	37,150	-	-	37,150
Total	$ 3,699,981	$ -	$ -	$ 3,699,981

OPTIONS PURCHASED

When the Fund purchases an option, an amount equal to the premium paid by the Fund is recorded as an asset and is subsequently adjusted to the current fair value of the option purchased. Listed derivatives that are actively traded are valued based on quoted prices from the exchange. Premiums paid for options purchased 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.

OPTIONS WRITTEN

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 options written 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.

FOREIGN CURRENCY

Investment securities and other assets and liabilities denominated in foreign currencies are translated into U.S. dollar amounts at the date of valuation. Purchases and sales of investment securities and income and expense items denominated in foreign currencies are translated into U.S. dollar amounts on the respective dates of such transactions.

The Fund does not isolate that portion of the results of operations resulting from changes in foreign exchange rates on investments from the fluctuations arising from changes in market prices of securities held. Such fluctuations are included with the net realized and unrealized gain or loss from investments.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reported net realized foreign exchange gains or losses arise from sales of foreign currencies, currency gains or losses realized between the trade and settlement dates on securities transactions, and the difference between the amounts of dividends, interest, and foreign withholding taxes recorded on the Fund's books and the U.S. dollar equivalent of the amounts actually received or paid. Net unrealized foreign exchange gains and losses arise from changes in the fair values of assets and liabilities, other than investments in securities at fiscal period end, resulting from changes in exchange rates.

STATEMENT OF CASH FLOWS

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

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 assets and liabilities 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 assets and liabilities 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.

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.

ASC 815, "Derivatives and Hedging", provides enhanced disclosures about how and why an entity uses derivative instruments, how derivative instruments are accounted for, and how derivative instruments affect an entity's financial position, financial performance and cash flows. Since the derivatives held or sold by the Fund are for speculative trading purposes, the derivative instruments are not designated as hedging instruments under the provisions of ASC 815 and related pronouncements. Accordingly, all realized gains and losses, as well as any change in net unrealized gains or losses on open positions from the preceding period, are recognized as part of the Fund's trading gains and losses in the statement of operations.

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

The following tables summarize the quantitative information required by ASC 815:

The fair value of the Fund's derivatives by instrument type, as well as the location of those instruments on the statement of assets and liabilities, as of December 31, 2010, is as follows:

Instrument Type	Statement of Assets and Liabilities Location	Asset Derivatives at Fair Value	Liability Derivatives at Fair Value	Net
Options	Options purchased	$ 37,150	$ -	$ 37,150

The net trading gain of the Fund's derivative by instrument type, as well as the location of those gains and losses on the statement of operations, for the year ended December 31, 2010 is as follows:

Instrument Type	Statement of Operations Location	Gain (Loss) from Investments
Options	Net realized gain from investments	$ 47,774
Options	Net unrealized (depreciation) on investments	$ (206)

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.

FEDERAL INCOME TAX ALLOCATION

As of the end of each fiscal year, the Fund'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.

LIMITED PARTNERSHIP AGREEMENT (Continued)

PARTNER REDEMPTIONS

A limited partner may, upon sixty (60) calendar days' advance written notice to the General Partner, withdraw all or part of its capital account as of the last day of any calendar quarter. 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. 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.

The total incentive allocation for the year ending December 31, 2010 was $52,409. 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.

Administrative expenses are paid by the Fund. Also, the General Partner may pay for Fund expenses, which are to be reimbursed by the Fund. Reimbursable expenses of $3,776 were due to the General Partner at December 31, 2010.

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 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.

SUBSEQUENT EVENTS

The General Partner evaluated subsequent events through March 3, 2011, the date the financial statements were available to be issued. There were no subsequent events to disclose.

FINANCIAL HIGHLIGHTS

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

Total return:	
Total return before incentive allocation	15.31 %
Incentive allocation	(2.48)%
Total return after incentive allocation	12.83 %
Ratios to average net assets:	
Operating expenses before incentive allocation	1.12 %
Incentive allocation	1.79 %
Operating expenses after incentive allocation	2.91 %
Net investment income before incentive allocation	0.05 %
Incentive allocation	(1.79)%
Net investment (loss) after incentive allocation	(1.74)%

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.

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. 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

<u>Frequently Asked Questions</u>

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 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 a cash account at Morgan Stanley Smith Barney, LLC under MPIC Fund I, LP. The accounts are monitored by Ajay Desai and his staff at Morgan Stanley Smith Barney, LLC in Chicago. 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, Morgan Stanley Smith Barney, LLC, along with our attorneys at Dorsey & Whitney and the input of Andrew Cooke, will liquidate the fund and disperse all proceeds and unrealized gains to our 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 Morgan Stanley Smith Barney'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) 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 $50,000.

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, 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 Morgan Stanley Smith Barney, LLC 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 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!

MPIC Fund I, LP

c/o Corner Market Capital Corp.
Suite 1620, Box 36
1140 West Pender Street
Vancouver, BC V6E4G1

Fax: 866-279-2907
Website: www.cornermarketcapital.com

Directors

Andrew Cooke, CPA
Limited Partner
Telephone: 703-527-2967
Email: cooke_work@hotmail.com

Alnesh Mohan, CA, CPA (Ill.), MST
Vice-Chairman & CEO
Telephone: 778-228-2853
Email: amohan@telus.net

Sanjeev Parsad
Chairman & President
Telephone: 604-612-3965
Email: cornermarketcapital@gmail.com

This page intentionally left blank