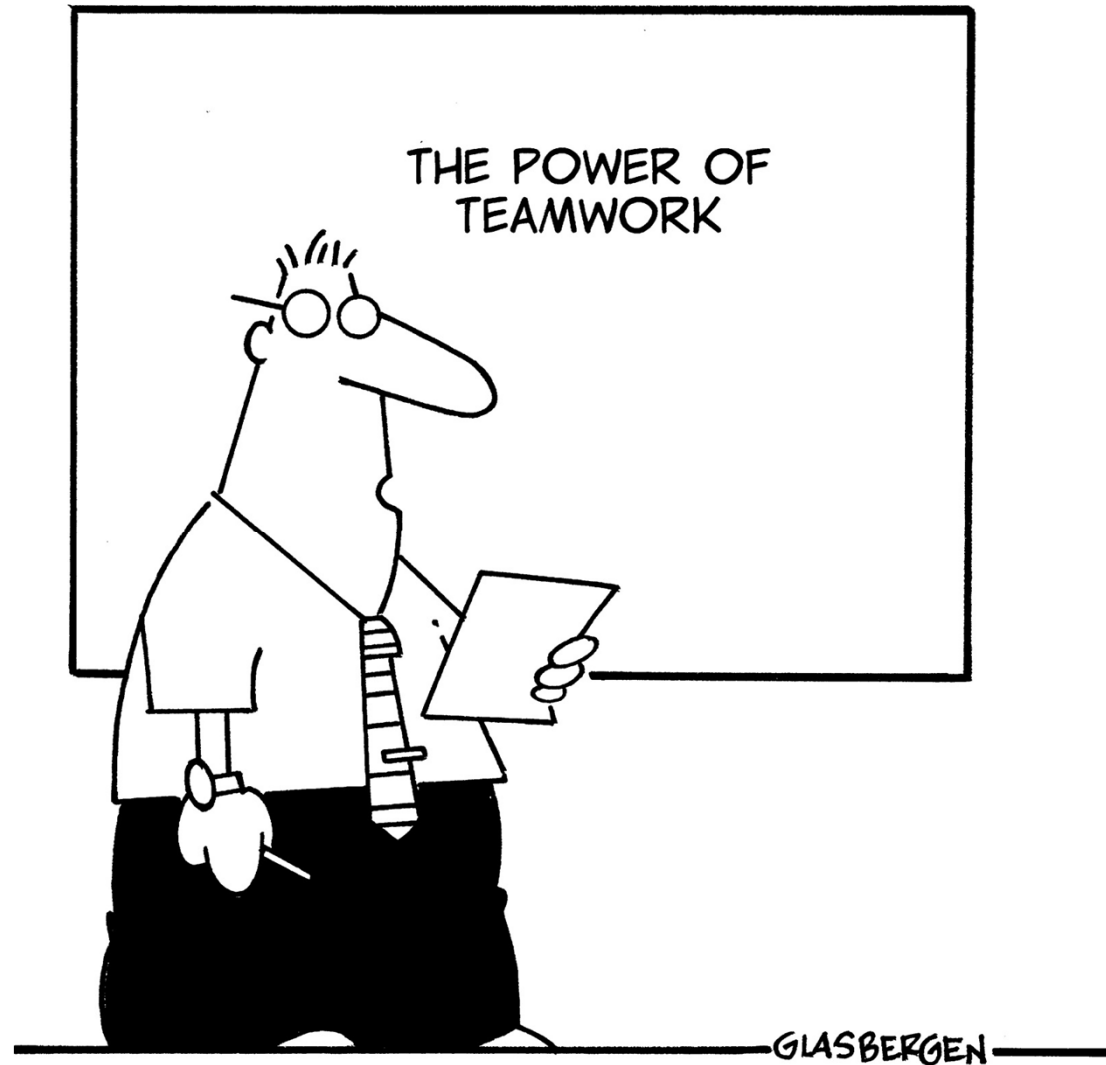


11th Annual Value Investor Conference

The Stacey Muirhead Way

May 2, 2014





“My presentation will be nothing but long, boring gibberish. It’s up to you to interpret it as informative and inspiring. That’s teamwork!”

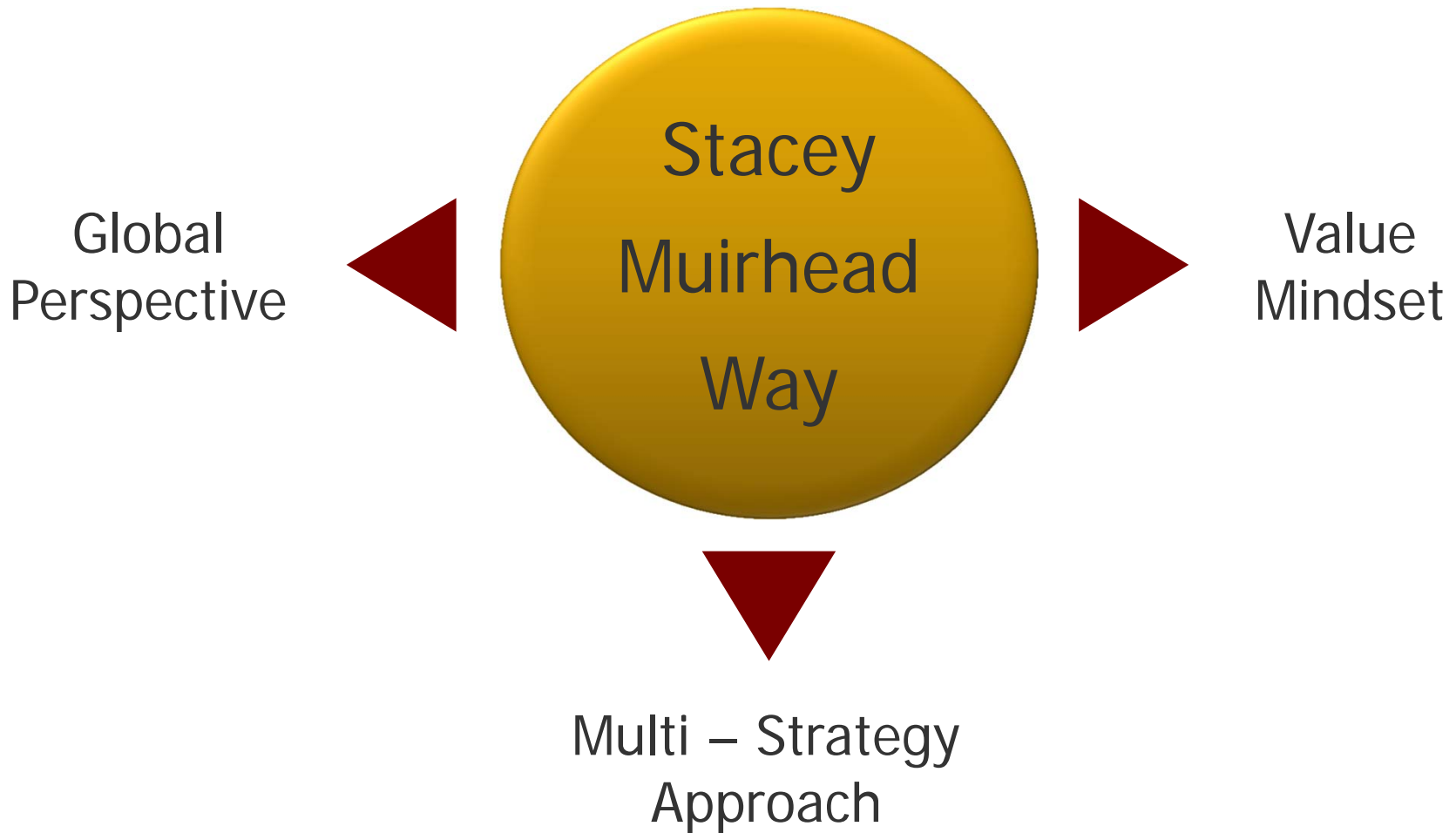


Overview

- Boutique investment firm founded in 1994
- Independently owned and operated
- Based in Waterloo, Ontario
- Focused investment culture
- Thoughtful client structure
- Alignment of interests with investors
- Five employees



Investment Philosophy



Investment Philosophy

Multi-Strategy Approach

Long Term
Investments

Event Driven
Investments

Distressed
Credit
Investments

Risk
Mitigation
Positions

Cash and
Cash
Equivalents



Event Driven Investing

- Pursuit of profits from announced corporate events
- Mergers, tender offers, spin-offs, liquidations, reorganizations, etc.
- Evaluation based on probability of events occurring, time, opportunity cost, downside
- Results depend more on corporate activity than market behaviour



Event Driven Investing

- How likely is it that the promised event will indeed occur?
- How long will our capital be locked up?
- What chance is there that something still better will transpire?
- What will happen if the event does not take place?



Event Driven Investing

Brookfield
Office Properties

Brookfield Property Partners



Transaction Details

- Brookfield Property Partners (BPY) to buy remaining Brookfield Office Properties (BPO) shares
- \$20.34 per share in cash or one unit of BPY
- Maximum of 33% in cash
- BPO Independent Committee and Board Approval
- No financing condition
- No regulatory approvals required
- No minimum tender condition



Key Considerations

- BPY already owned approximately 50% of BPO
- Definitive negotiated agreement
- “Any or all” tender offer
- Cash versus BPY units
- BPO shareholder base wants real estate exposure
- Difficulty in shorting BPY
- BPY dividend yield above 5%



Return Analysis

Cash Received	$\$20.34 \times .472$	\$9.59
BPY Sale Proceeds	$\$18.89 \times .528$	\$9.98
Dividend Received		<u>\$0.14</u>
		\$19.71
Price Paid		<u>\$18.36</u>
Gross Profit		\$1.35
		7.35%

Purchase Dates:	Jan 27-28/14
Holding Period:	58 days
Annualized Rate of Return:	46.3%



Event Driven Investing



Transaction Details

- Definitive merger agreement between Mallinckrodt (MNK) and Questcor (QCOR) on April 7th
- Transaction consideration is \$30.00 per share in cash plus .897 of a share in MNK
- Unanimous board approval by both QCOR and MNK
- Shareholder approval required by both companies
- Debt financing commitment from Barclays
- Only major regulatory approval is HSR clearance
- Expected completion in Q3 2014



Key Considerations

- Shareholder approval required by both QCOR and MNK
- Debt financing commitment by Barclays
- QCOR “stigma”
- HSR clearance
- “Name brand” financial and legal advisors



Return Analysis

Cash		\$30.00
MNK Shares	\$61.55 x .897	\$55.21
Short Expense	(2%)	(\$0.37)
QCOR Dividend		<u>\$0.30</u>
		\$85.44
Price Paid		<u>\$78.25</u>
Gross Profit		\$7.19
		9.18%

Date of Purchase and Short Sale:
Holding Period – Aug 15/14 close:
Annualized Rate of Return:

Apr 16/14

121 days

27.7%



Benefits of Event Driven Investing

- Most transactions are uncorrelated with each other
- Returns depend on transaction completion, not on movement of equity markets
- Short completion time
- Multi-strategy benefits



Risks of Event Driven Investing

- Transactions can break for many reasons
 - financing
 - regulatory
 - anti-trust
 - MAC
- Probability based decision making process
- Any single transaction is a binary event
- Actuarial portfolio approach is needed
- A good batting average is critical



Question and Answer Period

“I really didn’t say everything I said.”

Yogi Berra



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