



December 15<sup>th</sup>, 2016

Anthony turned 40 last Saturday. Despite his advanced age he is still not immune from reverting to child-like impulses. The 7 year-old in him would love to just say, "Sorry, Mom and Dad but the teacher didn't do report cards this month. Maybe just look at one of the old ones". Of course, as a grown man and portfolio manager, that approach is unacceptable.

For November we got a "D".

Certainly we have sound explanations as to why the Dark Horse had such a miserable month but those will likely fall on deaf ears, as they should. Simply put, we had little beta exposure as the market levitated while our weird, nuanced longs were, for the most part, flat or down.

For most of the Dark Horse's history, our strategy has been to eliminate much of the "market" risk while retaining exposure to specific, catalytic events. That approach has served us well over the majority of our 8 years in business. That being said, there have been stretches during our existence where our stance has left us at odds with a skyrocketing market.

More specifically, we have seen this sort of disconnect in both August of 2011 and January of this year. In both instances, the fund recovered within a two to three month timeframe. In the 2011 example, the Canadian equity market plunged starting in September while the Dark Horse recovered to end the year in positive territory. Similarly, by March of this year we had made up for our poor January performance thanks to a couple of material wins from our long book. Most importantly we stuck with our broad strategy, with some tweaks, and rode through the relative discomfort without any lasting impairment.

We often cut bait on individual securities when we realize our initial thesis was wrong. Changing our entire approach, however, is not something we would contemplate, nor something that would likely serve our investors well. To go "all in" now strikes us as foolhardy – perhaps even bordering on reckless.

The valuations and market participant behaviors we are currently witnessing strike us as far too similar to what we saw at the end of 1999 or the middle of 2006. In both cases the bulls ran unabated and you simply "had" to be fully invested to keep up. In retrospect, those who threw their lot in with the bulls only ended up with a world of hurt to show for it.

We are currently working diligently to unearth the next few Broadview success stories while ensuring that the management and Boards of our existing holdings are working towards positive resolutions for shareholders. It is through these efforts that we will return to better absolute and relative performance as opposed to shifting gears entirely and relying on a continuation of this rally to bolster our returns.



We typically like to keep our November letters brief in anticipation of the much longer year-end letter to come. It is also an acknowledgement of the busy time of year we are in. After all, who wants to spend time reading our ramblings on these silly markets when there are children's holiday concerts to get home for, office parties to recover from and backyard rinks to tend to. The one thing we typically discuss in this letter is the charity we are donating to on your behalf in lieu of a gift.

Lee's mother-in-law Linda has bravely battled Multiple Sclerosis for the better part of two decades. During her fight, which she continues to valiantly wage, she has been an avid supporter and fundraiser for the MS Society of Canada. MS is a truly awful disease that afflicts a growing number of Canadians. Sadly, incidence has more than doubled in Canada between 2008 and 2013<sup>1</sup>. In fact, Canada appears to be the unfortunate world leader in the prevalence of the disease with some 291 cases per 100,000 people. Clearly, far too many of our families have been forced to deal with this terrible affliction.

In order to support Linda's efforts we will be making a donation to the MS Society on your behalf. That donation will also be matched by the principals of the firm. We are truly grateful for your support over these last eight years. Your patronage has allowed us the opportunity to build and grow our firm while also allowing us to back such important causes. Thank you and Happy Holidays.

Until next month,

Anthony Hammill

Lee Matheson

Series	October 31, 2016	November 30, 2016	Monthly Return	YTD Return	Annualized Return Since Inception (April 3, 2009)
<b>Master – Class A</b>	\$248.02	\$239.80	-3.31%	-0.31%	12.1%
<b>Series 5 - June 2015 – Class A</b>	\$247.86	\$239.55	-3.35%	-0.31%	
<b>Series 1 - Feb 2016 – Class A</b>	\$245.42	\$238.93	-2.64%	3.82%	
<b>Series 2 – Mar 2016 – Class A</b>	\$245.66	\$239.16	-2.64%	3.23%	
<b>Series 3 – Apr 2016 – Class A</b>	\$247.77	\$239.81	-3.21%	-0.59%	
<b>Series 4 – May 2016 – Class A</b>	\$248.03	\$239.71	-3.36%	-1.47%	
<b>Series 5 – June 2016 – Class A</b>	\$247.84	\$239.81	-3.24%	-1.20%	
<b>Series 6 – July 2016 – Class A</b>	\$248.05	\$239.51	-3.44%	-2.33%	
<b>Series 7 – Aug 2016 – Class A</b>	\$247.91	\$239.27	-3.49%	-2.96%	
<b>Series 8 – Nov 2016 – Class A</b>	\$248.02	\$239.38	-3.49%	-2.92%	

<sup>1</sup> The Multiple Sclerosis International Foundation publishes an atlas every five years tracking the prevalence of the disease across the globe. The most recent atlas was published in 2013.

*\*From inception return used for series launched during the year*

*All numbers reported after fees and expenses. See subscription confirmations for your Series.*

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## **About Broadview Capital Management Inc. and the Broadview Dark Horse LP:**

Broadview is the manager of the Broadview Dark Horse LP (“The Dark Horse”), a fundamental-based long/short investment partnership. Broadview utilizes its relatively small size, contrarian nature and willingness to perform extensive due diligence to deliver strong risk-adjusted returns for its investors. The managers concentrate on going where others can’t or won’t to find investment opportunities.

The firm is run with the philosophy that it will manage “as much money as it deserves to manage” and that a dedication to working hard for existing clients is the best way to grow the business in a sustainable fashion. It is not Broadview’s intention to take on additional investment mandates for the foreseeable future beyond the Dark Horse LP. Broadview was founded in October of 2008 and the Dark Horse was launched in April of 2009.

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