BROADVIEW
Capital Management Inc.

June 15th, 2016

The Dark Horse was down fractionally in May. The net return masked very solid returns from our convertible debenture and preferred share books. Combined, these two asset classes have become substantial contributors to the partnership, accounting for approximately 30% of our NAV as of month-end. Our aggressive moves, at least by our standards, into these two areas late last year and early in 2016 have paid off handsomely. The preferred shares of Dundee Corporation have been stellar performers as have the convertible debentures of Atlantic Power and WesternOne Inc. We continue to see opportunities in these, for lack of a better term, "hybrid" securities.

Recently, we divested our convertible debenture stake in Atlantic Power and acquired a position in the company's preferred shares. In our analysis of the company, we determined that there was far better value in that part of the capital structure. Our mandate gives us the flexibility to utilize our analysis to its fullest. Our job as securities analysts, at least the way we see it, is to determine the value of an enterprise and compare that to the trading value of that enterprise's securities.

Most market participants only use that determination to evaluate a certain part of a company's capital structure. An equity guy figures out whether or not to buy stock, while a debt guy figures out whether or not to invest in the bonds. To us, it seems silly not to look across the whole capital structure when you can do so utilizing the same analysis. Let's use a hypothetical real world example to illustrate this point.

Imagine this scene. Two men are walking on the sidewalk past a high school track meet. Suddenly, the first man yelps in pain. The other man, a surgeon with decades of training and experience, immediately diagnoses the problem. "Gary", the doctor says, "you've got a javelin stuck in your arm". Gary responds, "Thank God you're a doctor and can help me". "Not really, I'm a *pediatric* surgeon and you're in your 40's. That's not my department".

This is an example of having a siloed mindset. The Doctor clearly has the ability to help poor Gary given his general skill set. Instead he opts not to help as he has absurdly limited himself to a specific application of that skill set. Similarly, most capital is siloed by mandate or mindset, whether it be debt, equity or a more specific sub-category such as investment-grade debt, micro-cap equities or convertible debentures. In many instances, these restrictions eliminate the opportunity to take full advantage of the investment analysis and/or force the investor into inferior decisions.

Thankfully, we are not subject to these artificial constraints and can move towards where our capital will generate the best risk-adjusted returns. It was the disconnect we saw between the price of the convertible debentures and common stock of Atlantic Power back in 2013 that first led us to that company. Now we see a disconnect (admittedly not quite as stark) between the pricing of the debentures and the pref shares. Who is to say that we won't end up back in the equity at some point having come full circle?

It's not me, it's *you*: Time for a breakup at Par Technology Corp.

Par Technology Corp (PAR:NYSE) was our largest detractor in the month by a wide margin. On May 3rd the company reported results which were within expectations. The stock declined precipitously after the accompanying conference call and continued to inexplicably fall pretty much every day for the following three weeks. This was a brutal reminder of what can happen to a thinly-traded company when a couple sellers suddenly decide to exit.

It is our understanding that one seller in particular had decided they were through with Par and sold aggressively post the results. Selling begat more selling and by month-end the stock had declined more than 30%. As long-term Par shareholders we understand some of the apparent frustration of the exiting shareholder, though we certainly question the rationale of their seemingly indiscriminate selling. Clearly, this investor had given Par one last chance to display that it could work as a public company either by posting gangbuster results or articulating a strategy to streamline the business. It did neither.

This latest fall out of bed is just another chapter in the stock's up and down history. If you'll look below you'll see a five year chart of Par's stock price. In the seat pocket in front of you we've provided motion sickness bags.

Source: Yahoo! Finance

The chart draws a picture of volatility that lies in stark contrast to the underlying health of the business and what the company has achieved, particularly in the past year. While there have certainly been some missteps and tire-spinning, the value of Par's core hospitality technology business has materially appreciated due to internal growth, as well as the rising tide of higher multiples for comparable businesses. None of this is being reflected in the company's stock price.

Though painful, this most recent decline in Par's share price may come with a hidden blessing. To us, and we hope to Par's Board of Directors, the aggressive negative reaction to essentially nothing is tangible proof that the status quo is untenable. The company *must* be broken up.

Par need look no further than its own boardroom to see what could, and should, be. In May of last year the company appointed Mary Russo to its Board. Ms. Russo was formerly the CFO of MICROS Systems Inc. MICROS was acquired by Oracle Corporation in late 2014 for $5.3 billion. This represented an EV[1]/Sales multiple of a little over 3 times.

[1] "EV" refers to Enterprise Value which is the sum of the market capitalization plus debt, minus cash.

MICROS was a provider of technology solutions to hospitality and retail companies. Hey, you know who else does that? Par does that. You know who else trades at 3 times EV/Sales? No, not Par. Par barely trades at a tenth of that multiple.

Even before the takeout MICROS enjoyed a high multiple and the fawning adoration of investors. It was a simple story that was very easy for the analyst community and investors to get their collective heads around. Good news or bad news would be relatively efficiently reflected in the stock price without the extreme turbulence Par shareholders have been asked to endure.

This is not to say that Par Technology Corporation is a perfect parallel to MICROS. Partech, Par's core hospitality technology business, is a comparable, albeit smaller version of the company that Oracle threw billions at. Par Corporation, unfortunately, also includes Par Government Services.

Par Government Services has absolutely nothing to do with restaurants, hotels or retailers. It is an outsourced provider of services and support to primarily military customers. Much of what this non-core business does is, in fact, top secret. While we can't confirm this, we believe it's where Chloe O'Brien went to work once *24* ended.

The government business is a fine business and generates a consistent cash flow stream with little to no capital or operational risk. On its own it would likely fetch a solid price from a strategic buyer[2]. We would conservatively estimate a value of $45-$60 million for this business. This would equate to somewhere between $2.75-$3.25 per PAR share[3].

Stuck within Par, the government business serves as nothing more than a muddying agent and an excuse for investors to move on. The "market", as we have touched on numerous times in past letters, gravitates towards simplicity and a story. It loathes complexity and nuance. Whereas MICROS was a streamlined story, Par remains a convoluted conglomerate. In this battle of alliterative adjectives, MICROS is the clear favourite.

This all comes back to the very essence of what it is we do here at Broadview. Our job is to find good cash flow streams and high-quality assets that are obscured or overlooked. This description applies to Par about as well as any company we have ever looked at. Our job, however, does not end with just finding these situations. We must be willing to work towards removing the obstacles that are obscuring the true value. In the ideal scenario, the "market" simply comes around to our viewpoint on its own and the perceived obstacles simply disappear. This is not always the case.

Par's conglomerate status has far surpassed its best before date. It is high time that the Board stand up for the rights of all shareholders and divest itself of the non-core operations. Rest assured we will stand up for the rights of our unitholders and do whatever we can to ensure that the Board finally acts. We hope to do this in conjunction with the Board, but will not hesitate to take a more aggressive stance if need be.

Until next month,

Anthony Hammill   Lee Matheson

[2] Par Government is likely too small to be spun out as a standalone public company.
[3] PAR closed yesterday at $4.70. We believe the entire company is worth between $8-$12, if not higher.

Series	April 30, 2016	May 31, 2016	Monthly Return	YTD Return	Annualized Return Since Inception (April 3, 2009)
Master – Class A	$243.2748	$242.7293	-0.22%	0.91%	13.2%
Series 5 - June 2015 – Class A	$243.1159	$242.4774	-0.26%	0.91%	
Series 1 - Feb 2016 – Class A	$240.7451	$240.3857	-0.15%	4.45%	
Series 2 – Mar 2016 – Class A	$240.9751	$240.6161	-0.15%	3.86%	
Series 3 – Apr 2016 – Class A	$243.0202	$242.6624	-0.15%	0.60%	
Series 4 – May 2016 – Class A	$243.2748	$242.6357	-0.26%	-0.26%	

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

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

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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