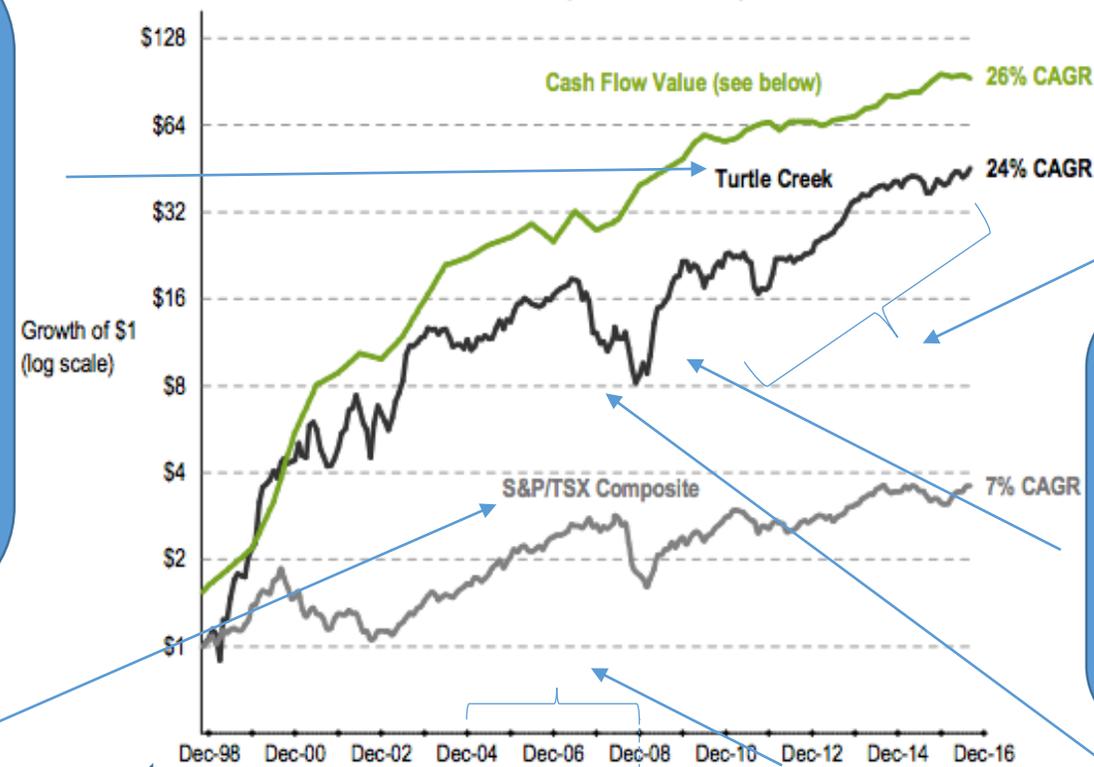


TC claims it “substantially outperformed the broader market indices” due to buying companies that are “well managed and that are honestly run in the best interests of the shareholders”¹ yet own 18% of HCG whose top 3 execs have been banned by OSC for lying to shareholders about the fraud they committed²

Turtle Creek Cash Flow Value and NAV vs. S&P/TSX Composite, Since Inception*



During the 8.5 years 12/31/2009 to 6/30/2017, TC has underperformed the S&P500 in Canadian dollars by 25%^{5,6}

2009: One year of outperformance on a small asset base⁴ because started reporting performance of portfolio only after market bottomed⁵

Nov 2008: stopped reporting performance of portfolio before writing down private investments likely severely impaired by Great Financial Crisis⁵

Sometime after 2007, switched benchmarks from S&P500 in Canadian dollars to S&P/TSX³ which makes underperformance look like outperformance

<\$100m assets,⁴ no third party money,⁴ cherry picked performance from the best of multiple accounts⁵

Wrote investor letters without investors.⁴ Did TC management send these letters to themselves or write them later and backdate them?

1. [http://www.turtlecreek.ca/uploads/pdf/thoughtpiece/the_tao_of_the_turtle - a collection of thought pieces 2016 03.pdf](http://www.turtlecreek.ca/uploads/pdf/thoughtpiece/the_tao_of_the_turtle_-_a_collection_of_thought_pieces_2016_03.pdf)

Clearly, unlike the majority of active managers, we have improved upon the passive ownership of index funds. How have we done this? By doing three things. First, only owning companies that are well managed and that are honestly run in the best interests of the shareholders.

2. http://www.osc.gov.on.ca/documents/en/Proceedings-RAD/rad_20170809_home-capital-2.pdf

As admitted by the Respondents in the Settlement Agreement, from May 2015 until July 2015, HCG misled its investors about the causes of a decline in HCG's mortgage originations, omitting to disclose until July 10, 2015 that it had terminated three underwriters, two brokerages and thirty brokers because it had discovered falsified loan applications in its broker channels. These terminations resulted from an internal investigation that commenced in August 2014, which was prompted by irregularities found in applications handled by a particular underwriter. The scope of the internal investigation expanded from there. The expanded internal investigation resulted in the following report by KPMG confirming the HCG fraud is widespread and a result of the culture, not limited to one-time causes or exterior bad actors:

<http://hcgexposed.com/wp-content/uploads/2017/08/HCG-internal-fraud-report-KPMG.pdf>

3. http://www.turtlecreek.ca/uploads/pdf/annualletter/2007_Annual_Letter.pdf

When we started Turtle Creek over nine years ago we chose the S&P 500 as our benchmark and, as you know, we have always compared ourselves against the U.S. market, not the Canadian. We do not own any resource stocks and we are focused on companies that are at least North American, if not global, in their scale of operations. In other words, we primarily own “U.S.” companies that happen to be headquartered in Canada. Indeed, many of our companies use the U.S. dollar as their functional currency. In comparing our performance against our benchmark, we have always converted the S&P 500 into Canadian dollars. *We could just as easily convert Turtle Creek into U.S. dollars for comparison.*

4. http://www.waisc.com/index.php?option=com_content&view=article&id=47&Itemid=56

Capital Introduction Showcase 2008

Shortly after establishing Scotia Merchant Capital in 1997, Turtle Creek's partners also began investing in the Canadian public markets through Turtle Creek Investment Fund ("TCIF"). TCIF has portfolio assets in excess of \$100 million and is operated primarily for the benefit of Turtle Creek's partners. Over its ten year life, TCIF has generated very strong returns.

Collectively, the three officers of Turtle Creek Asset Management have 30 years of private equity and public market investing experience and 22 years of investment banking experience. In aggregate they have filled 15 positions as directors on the boards of 13 different public and private companies. In addition to TCIF, TCAM has recently established Turtle Creek Equity Fund, a fund that provides third party investors the opportunity to participate in the investment philosophy successfully utilized in connection with TCIF's portfolio.

5. http://www.turtlecreek.ca/uploads/pdf/annualletter/2010_Annual_Letter.pdf

*Turtle Creek's performance is of Turtle Creek Investment Fund ("TCIF") to November 1, 2008 and Turtle Creek Equity Fund (Class F) thereafter and is net of all fees, carried interest, and expenses. TCIF is closed to new investors. Since Turtle Creek Equity Fund maintains an almost identical portfolio with that of TCIF (with the exception of TCIF's private company investments), historical performance for TCIF has been combined with that of Turtle Creek Equity Fund. There were no private investments in TCIF before 2003 and, in aggregate, the private investments had no material impact on TCIF's returns to November 1, 2008. TCIF has had a lower carried interest than Turtle Creek Equity Fund (details available upon request).

6. Bloomberg

http://www.turtlecreek.ca/uploads/pdf/annualletter/2016_Annual_Letter.pdf

http://www.turtlecreek.ca/uploads/pdf/quarterlycommentary/Quarterly_Commentary-2017-Q1.pdf

http://www.turtlecreek.ca/uploads/pdf/quarterlycommentary/Quarterly_Commentary-2017-Q2.pdf

We will be sending this presentation to the OSC Office of the Whistle Blower. At least in the US, the performance claims of money managers in their advertising materials is an important and timely issue:

<https://www.sec.gov/litigation/litreleases/2017/lr23925.htm>



U.S. SECURITIES AND EXCHANGE COMMISSION

Litigation Release No. 23925 / August 31, 2017

***Securities and Exchange Commission v. Navellier & Associates, Inc.
and Louis Navellier, Civil Action No. 17-CV-11633 (District of
Massachusetts, filed August 31, 2017)***

**Advisory Firm and Founder Charged for False Performance Claims in
Advertising Materials**

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Alder Lane Farm LLC publishes periodic, time sensitive, fact-based financial news and analysis to the public and its readers. Our reporting is designed to help the public interpret and understand publicly available information about the economic health of particular companies and their share value, and to understand the impact that a fuller disclosure of information may have on share prices. We publish when there are newsworthy items relevant to the companies analyzed.

We rely on public disclosures of the companies under review and other companies in the same or similar sectors. We also conduct interviews with employees, former employees, officers, and others associated with the companies we analyze, when possible. We review national and international news services, internet reporting, and social media and may rely on reporting by others to prepare our report. We discuss the companies with other analysts who may have positive or negative information and opinions about the companies under review and then analyze the information and opinions received to determine whether the information and opinions are based on available factual information or disclosures. We also may obtain information from, and rely on, information from sources who wish to remain confidential and whose information, but not identity, may be included in this report.

We welcome comments from the companies we review, from other newspapers or analysts, and from the public. We will publish corrections or explanations submitted if those are found to be based in fact and are credible. We conduct most of our analysis without active participation by, or with limited input from, the subject companies and thus we recognize that those companies may disagree with our conclusions or may believe there are facts that were not available to us when we published our report. We make efforts to obtain accurate and complete information in preparing this report. However, we do not warrant that the information and analysis is correct.

Comments or requests for corrections are therefore welcomed.

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