



WESTERN INVESTMENT CLUB



ANNUAL REPORT 2015 / 2016



westerninvestmentclub.ca

Our Mission: To build interest in capital markets among young investors at Western University and teach the fundamentals of investing.



FUND MANAGER'S STATEMENT

Dear fellow members, we are excited to update you on WIC's 2015-2016 year through this annual report. In 1996, a group of Western students who were passionate about investing started this fund with just \$25,000. After 20 years, we are now managing a fund with over \$170,000 in assets under management.

Since May 1st, 2015, WIC's fund has depreciated 5.8%. A combination of declining consumer confidence, dropping oil prices and tightening pharmaceutical industry regulations has contributed to our fund's depreciation. However, we have still performed well relative to the major indexes. The S&P 500 and the S&P/TSX Composite have declined by 2.0% and 9.1%, respectively.

Aside from the fund itself, our club has continued to grow thanks to all your support. This year, our club has grown to ~600 members, making us the club with one of the largest presence at Western University. The most important aspect of WIC is educating our members. We are pleased with the development of investment knowledge shown in the club through our weekly training seminars and stock pitches. We hope the club continues to strive to create a strong community of bright, young investors at Western.

We hope members returning to Western in the next academic year to continue to be involved with WIC. For members who are graduating in 2016, we wish you have a successful career in whatever you choose to do. Going forward, we are confident that the club has built a solid foundation and optimistic that the fund will continue its strong performance. We would like to thank the analyst team for their hard work this past year, researchers for their dedication, and Western's endowment for their continued support. We look forward to many years of continued success.

Sincerely,

Steve Yang & Jamie Cruickshank
Fund Managers, 2015 / 2016



Steve Yang
Fund Manager



Jamie Cruickshank
Fund Manager

This annual report is dedicated to all the former members and alumni of the Western Investment Club. Without your hard work WIC would not be possible.

CONTENT

- 03 Fund Manager's statement
- 06 Our organization
Fund strategy
- 08 Our team
- 10 Portfolio at-a-galance
- 11 Current holdings
- 13 Fund performance
- 14 Select investments

Copyright © 2016 Western Investment Club
Photos are property of their original owners

See back for important disclosures



OUR ORGANIZATION

Our fund was officially created in 1996 with the generous donation of \$25,000 from Mr. Cameron S. Marshman, in honour of his wife. Since then, we have managed it with a value investing philosophy. Mr. Marshman's wish was to educate and foster the next generation of investors in the University of Western Ontario by giving them a chance to invest real capital. Today, that donation has grown by almost 600%.

FUND STRATEGY

WIC employs a bottom-up fundamental investing approach to every investment. Each idea begins with a screening process to find stocks that are trading at below its intrinsic value. Our analysts then conduct an extensive research procedure to understand and evaluate the company. The process can sometimes take months for a single idea. WIC attempts to truly understand a company's valuation as well as the key drivers of its future growth potential before executing a trade. We believe that by conducting an exhaustive company research process, we eliminate the risk of unforeseen downside risks.

For over 20 years, WIC has applied a disciplined approach to portfolio construction. Since all of our investments are high conviction ideas, we do not use beta diversification in our portfolio. However, we try to allocate capital evenly across our groups to find the best ideas among each industry. Lastly, each of our investments has a minimum of 30% margin of safety to limit downside.

33+
YEARS OF HISTORY
AT WESTERN

600+
ACTIVE MEMBERS

6
INDUSTRY
GROUPS

2015 / 2016 TEAM

EXECUTIVE



Andrew Kim
Co-President



Jamie Cruickshank
Fund Manager



Vinayak Modi
Co-President



Steve Yang
Fund Manager

ADMINISTRATION

Adam Steinberg
VP Finance

Jerry Du
VP Events

Alan Michaan
VP Technology

ADVISORY BOARD

Michael King
Advisor

Kevin Zhou
Advisor

CONSUMER RETAIL



Akil Fernando
Head Analyst



David Gu
Head Analyst



Brandon Shames
Analyst



Diyang Yu
Analyst



Morgan Zhuo
Junior Analyst

INDUSTRIALS



Gareth Domingo
Head Analyst



Vanessa Deng
Head Analyst



James Serena
Analyst



Jerry Du
Analyst



Adam Rostowsky
Junior Analyst

TMT



Diana Fu
Head Analyst



Shruti Patel
Head Analyst



Adam Steinberg
Analyst



Tony Wu
Analyst



Harsh Naik
Junior Analyst

FINANCIAL INSTITUTIONS



Christopher Martone
Head Analyst



Jeet Chakrabarty
Analyst



Taylor Miller
Analyst



Aimee He
Junior Analyst

NATURAL RESOURCES



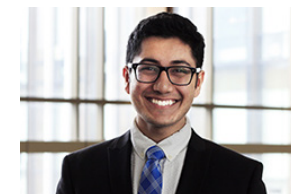
Spencer Higgs
Head Analyst



Justin Heo
Analyst



Leroi Yu
Analyst



Prabhnoor Ahuja
Junior Analyst

REAL ESTATE, HEALTHCARE & GAMING



Kamyar Khorasani
Head Analyst



Kevin Xo
Head Analyst



Jason Newsted
Analyst

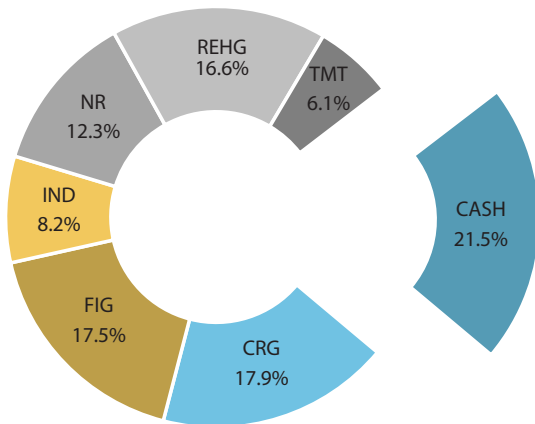


Michael Yuan
Analyst

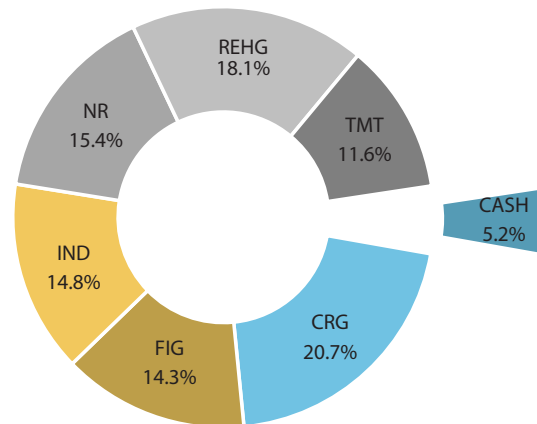


Justin Yeung
Junior Analyst

PORTFOLIO AT-A-GLANCE

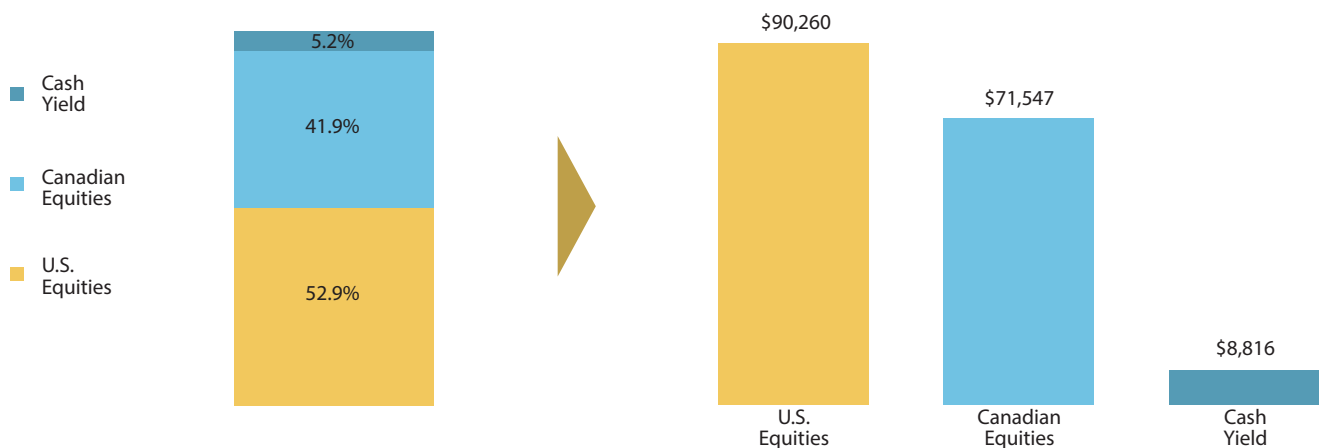


INDUSTRY ALLOCATION
MAY 1ST, 2015



INDUSTRY ALLOCATION
APRIL 30TH, 2016

At the start of the year, our main goal was to decrease our cash position with further investments, as well as re-balance the portfolio. As such, WIC's portfolio has changed dramatically in the fiscal year. Our main changes were within the TMT and IND groups. TMT's portfolio has changed significantly with the additions of Avigilon, QAD and Syntel, while IBM and Microsoft were both sold. IND has expanded with the additions of Astronics and Bristow Group, while Chemtura was sold. In total, we conducted 12 buys and 6 sells this year.




WIC's portfolio is comprised of U.S. equities, Canadian equities, and a cash yield component. We face foreign exchange risks in the CAD / USD rate since much of our capital is invested in U.S. equities. Our cash is invested in a liquid savings account when it is not deployed for investments.

CURRENT HOLDINGS

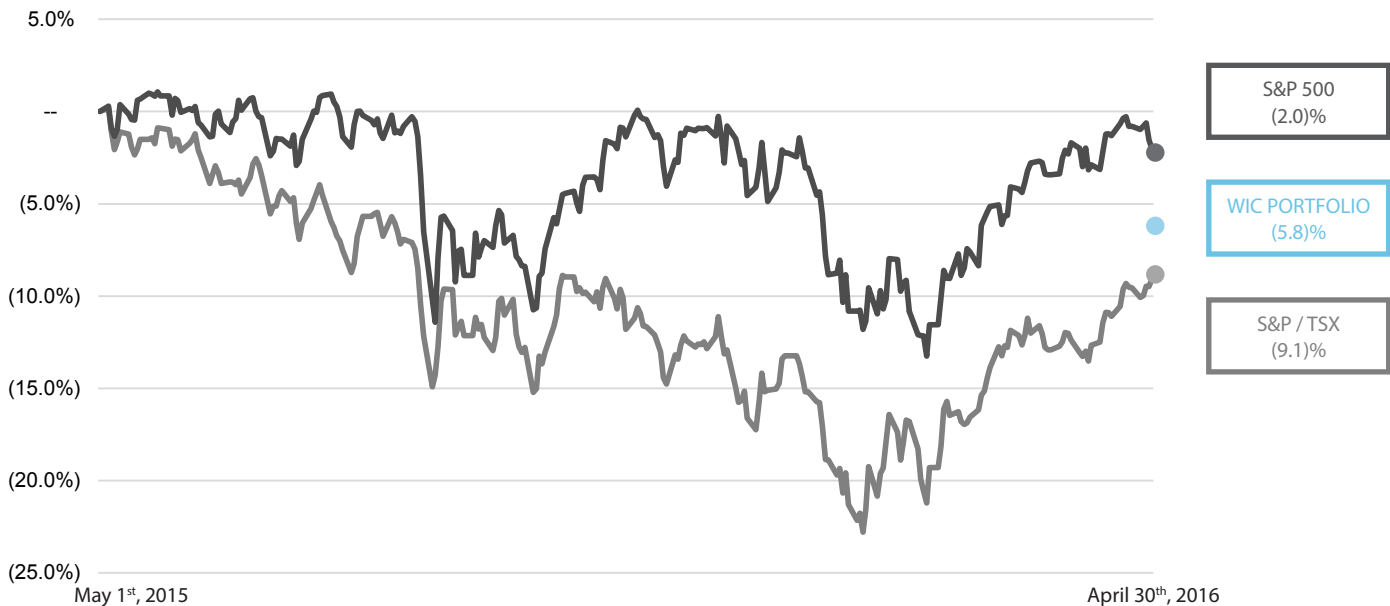
Canadian Holdings	Symbol	Group	Entry Price
Avigilon	AVO.TO	TMT	\$12.26
Bombardier	BBD-B.TO	IND	6.08
Copper Mountain Mining	CUM.TO	NR	1.77
Dream Global REIT	DRG-UN.TO	REHG	9.42
Enerflex	EFX.TO	IND	9.47
Genworth Canada	MIC.TO	FIG	21.44
Keg Royalties	KEG-UN.TO	CRG	10.82
Performance Sports Group	PSG.TO	CRG	17.76
Power Financial	PWF.TO	FIG	32.99
Seven Generations Energy	VII.TO	NR	20.08
Suncor Energy	SU.TO	NR	33.13
TransCanada	TRP.TO	NR	43.58
Toronto-Dominion Bank	TD.TO	FIG	55.82
Whistler Blackcomb	WB.TO	REHG	12.17

U.S. Holdings	Symbol	Group	Entry Price
American Express	AXP	FIG	\$109.54
Astronics	ATRO	IND	50.97
Banco Santander	SAN	FIG	8.54
Bristow Group	BRS	IND	25.88
Berkshire Hathaway	BRK-B	IND	135.23
Corrections Corp	CXW	IND	29.60
Capella Education	CPLA	CRG	69.25
Catalent	CTLT	REHG	36.19
Depomed	DEPO	REHG	17.47
Forestar Group	FOR	NR	17.75
Overstock.com	OSTK	CRG	28.38
QAD	QADA	TMT	27.71
Syntel	SYNT	TMT	63.10
SeaWorld Entertainment	SEAS	CRG	28.11
Teva Pharmaceutical	TEVA	REHG	46.41
Unico American	UNAM	FIG	11.98
Western Refining	WNR	NR	24.71
Whole Foods Market	WFM	CRG	41.89



WIC PRIDES ITSELF ON
A RIGOROUS ANALYTICAL
APPROACH TO EACH
INVESTMENT DECISION

FUND PERFORMANCE



COMMENTARY:

During our fiscal period, the U.S. S&P index posted a decline of 2.0% due to continued macro-economic concerns and turbulence in the markets. The Canadian S&P / TSX further lagged U.S. returns and decreased by 9.1%. During this time, WIC's portfolio outperformed the S&P / TSX but fell just short of the S&P, declining 5.8%.

2016 was a difficult year for investors due to a number of headwinds, including falling oil prices and significant geo-political uncertainty. The decline in our portfolio was primarily driven by falling prices across sectors that were most impacted by the various issues, with our pharmaceutical and natural resources positions hardest hit. That being said, much of our portfolio was able to weather the turbulent markets and helped to mitigate declines in the affected sectors. Overall, we feel that WIC's strategy has been well executed this year. Since inception, the fund has returned 582.4%.

SELECT INVESTMENTS

TransCanada (TSE:TRP):

WIC purchased TransCanada in the fall of 2015 for \$43.58 on the thesis that the market was putting undue focus on the uncertainty surrounding the Keystone XL pipeline project, resulting in a depressed stock price. We held further conviction in the strength and limited downside inherent in the rest of the business. To-date, we have a 20% unrealized gain on TransCanada and expect the investment to continue to perform well.



Seaworld Entertainment (NYSE:SEAS):

WIC purchased SeaWorld in March 2016 at the price of \$28.11, with the belief that recent negative press on the company from media such as the documentary "Blackfish" had pushed the stock down below its intrinsic value. We saw an opportunity for a long-term value play as the company's fundamentals had not been impacted as much as the market seemed to perceive. To-date, we have an unrealized loss of 11%, but continue to have conviction in the long-term value of the business.



Amsurg (NASDAQ:AMSG):

WIC purchased AmSurg in October 2014 at the price of \$61.87. We had a strong belief in the company's continued pursuit of accretive M&A in the fragmented market in which they were operating, with increasing healthcare spending to help further drive top-line growth. Over the past year, the company experienced a significant increase in stock value, and we believed that our thesis had been realized. Thus, we liquidated our position with a return of over 90%.



Wal-Mart (NYSE:WMT):

WIC purchased Wal-Mart many years ago at the price of \$38.11 as a stable, long-term value play with limited downside. Over the years, the stock had grown significantly to represent slightly under 10% of WIC's total assets, and as such we decided to re-evaluate our position. We sold the stock on the belief that the company had limited further upside, and that our capital could be better deployed elsewhere. With this trade, we locked in a gain of over 180%.



STAY IN TOUCH

WIC.EXECUTIVE@GMAIL.COM

WWW.WESTERNINVESTMENTCLUB.CA

IMPORTANT DISCLOSURES:

All analyses and conclusions of WIC are based on publicly available information. The analyses may contain certain statements, estimates or projections prepared with respect to anticipated operating performance, access to capital markets and the values of assets and liabilities. Any WIC material is not a recommendation or solicitation to buy or sell any securities.

Such statements reflect various assumptions and are included solely for illustrative purposes. No representations, express or implied, are made as to the accuracy or completeness of such statements, estimates or projections or with respect to any other materials herein. Actual results may vary materially from the estimates and projected results.