

Turtle Creek Asset Management

Presented to:
The Centre for the Advancement of Value
Investing Education

July 24, 2015

An independent investment management firm focused on long term capital growth
for a clientele of high net worth individuals, families and institutions

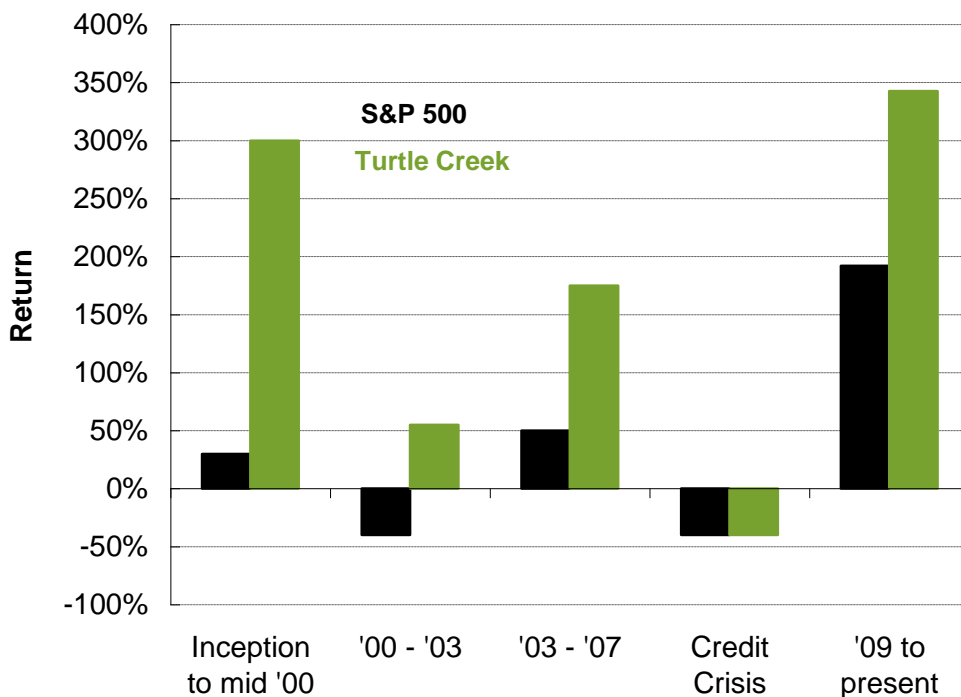


Turtle Creek Overview

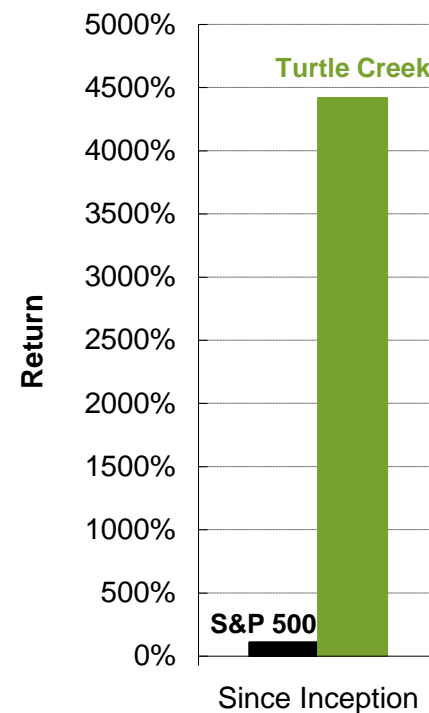
- 17 years (since October 1998)
- Long only, North American equities (primarily Canadian)
- Average \$7 billion market capitalization
- 25 holdings
- Fund size of \$1 billion

Focus on Risk Reduction Leads to Higher Returns

Five Distinct Markets Over 17 Years



Total Return



Since inception, 17 years ago, \$1 invested in Turtle Creek has grown to \$45.16 (26% compound annual return net to investors)



Source: Bloomberg, TCAM. Please see Performance Disclosures in Appendix. As at June 30, 2015. S&P 500 is a Total Return Index. All data is in a common currency (Canadian dollars).

Investment Approach

Security Selection – Seek out highly intelligent organizations

Valuation – Exclusively cash flow focused

Complexity

Uncertainty

Balanced

Portfolio Construction

Portfolio Construction

- Portfolio weightings are chiefly determined by long term expected returns – based on a dollar invested today, the more cash we expect a company to pay out to shareholders in the future the larger the relative weighting.
- Overall portfolio construction is based on a proprietary multi-factor model that has been used (and refined) since Turtle Creek was founded.
- Additional factors include:
 - i. Relative risk assessment
 - ii. Quality of management
 - iii. Alignment with shareholders

Result is an Optimized Portfolio

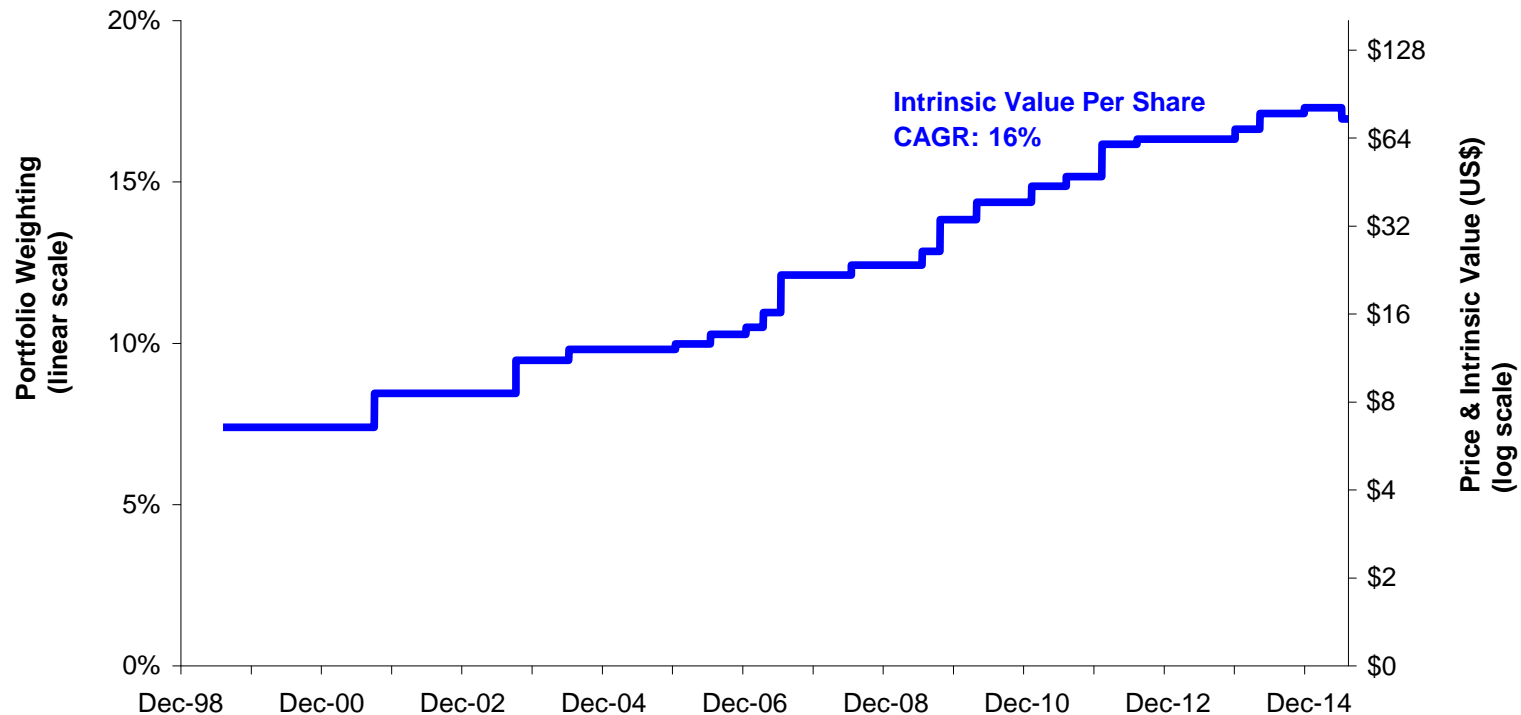
Continuous Portfolio Optimization

- As prices change, long term expected returns change and the portfolio is no longer optimal.
- In response we incrementally take money from those holdings that are in market favour (where prices are rising and expected returns are falling) and invest in those that are out of favour (where prices are declining and expected returns are increasing).
- This price to value discipline is used in all market environments – our approach has not changed over the past 17 years.
- This price to value discipline reduces risk.

Continuous Portfolio Optimization (CPO) is a key source of outperformance and risk mitigation

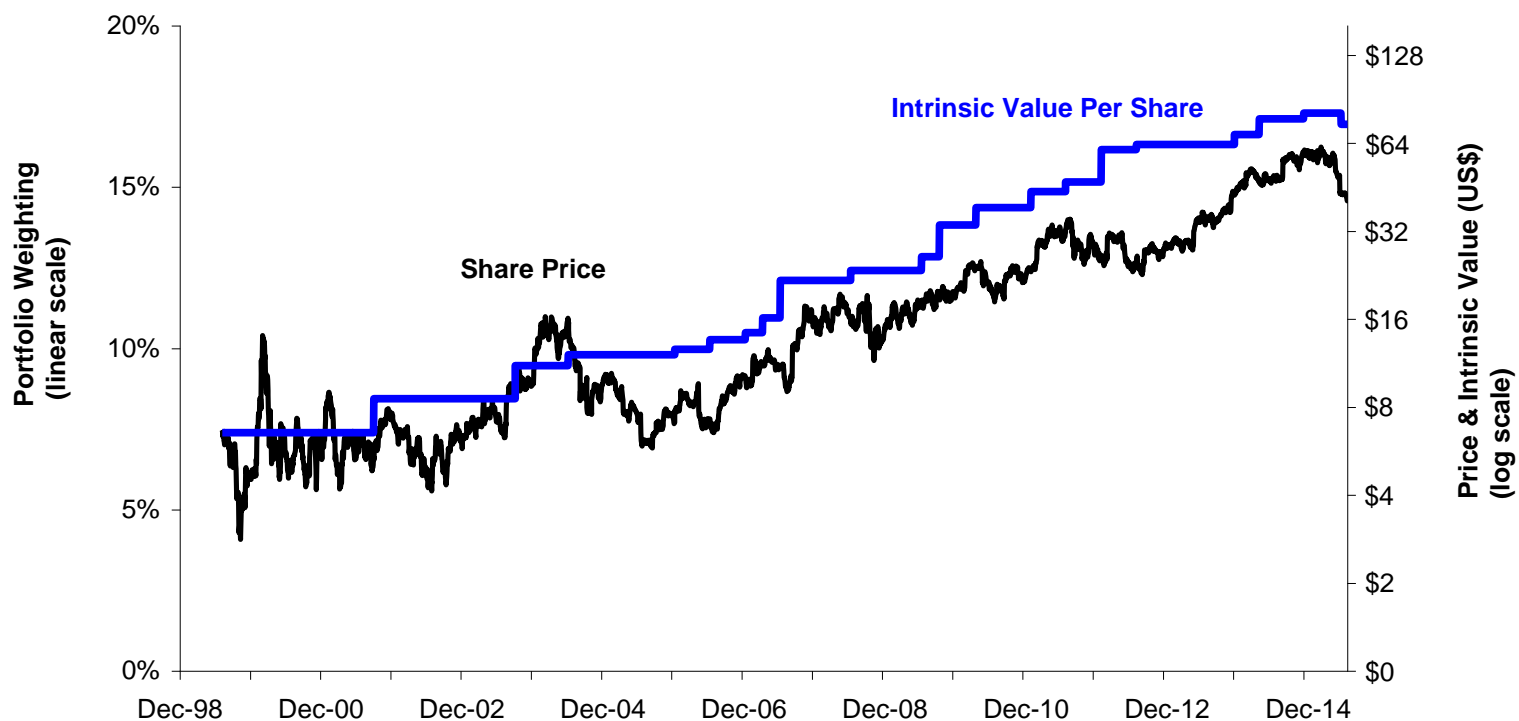
Investment Process Example

Sample Holding: Open Text Corporation



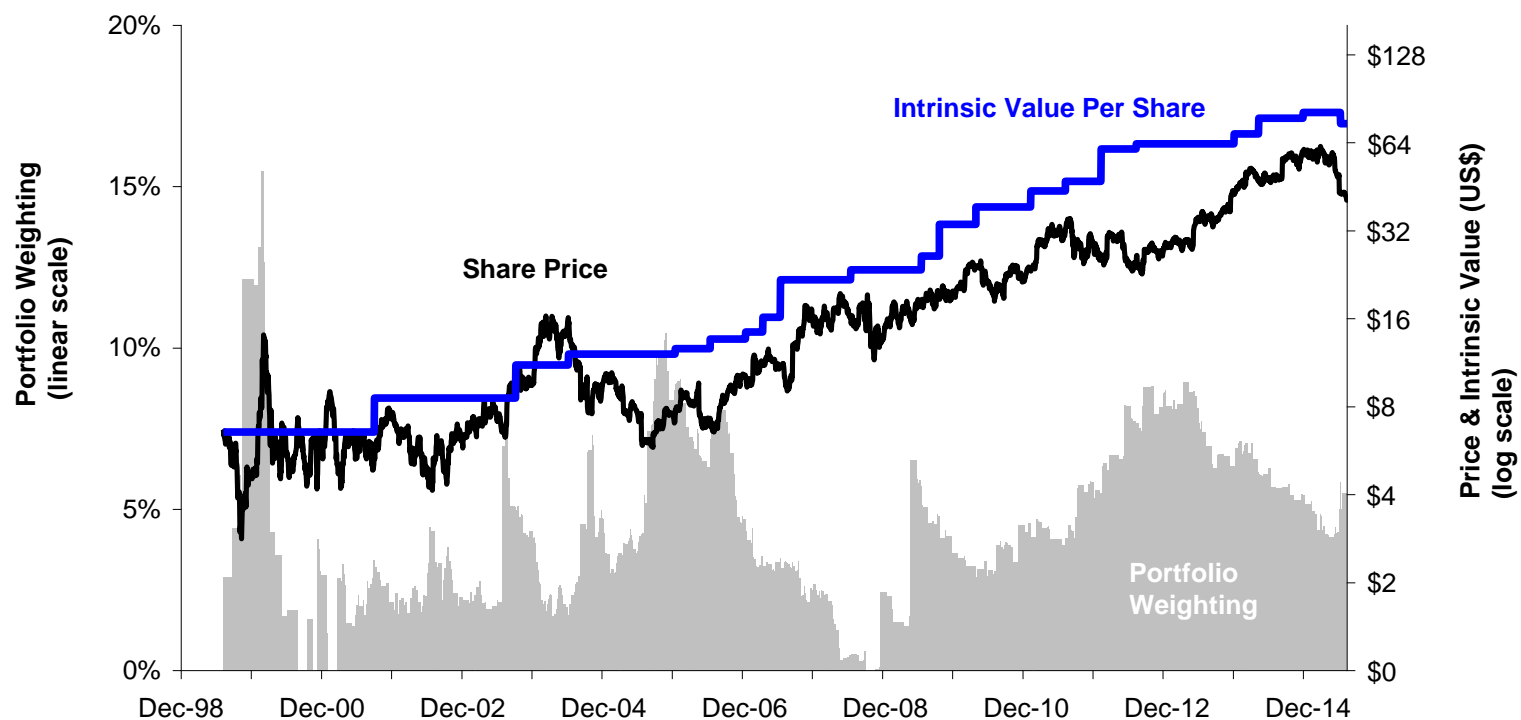
Investment Process Example

Sample Holding: Open Text Corporation



Investment Process Example

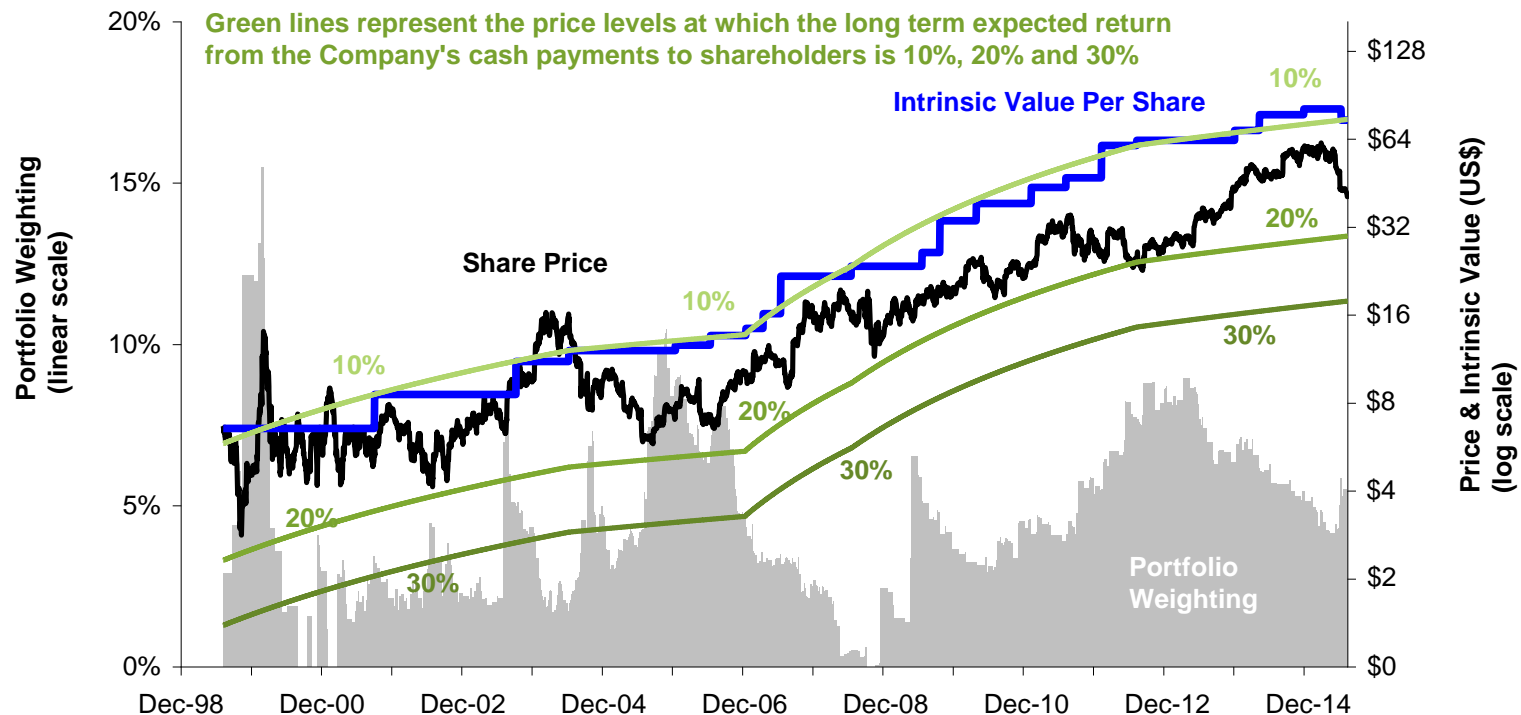
Sample Holding: Open Text Corporation



- Turtle Creek annualized IRR of 64% vs. 11% annualized holding period return.

Investment Process Example

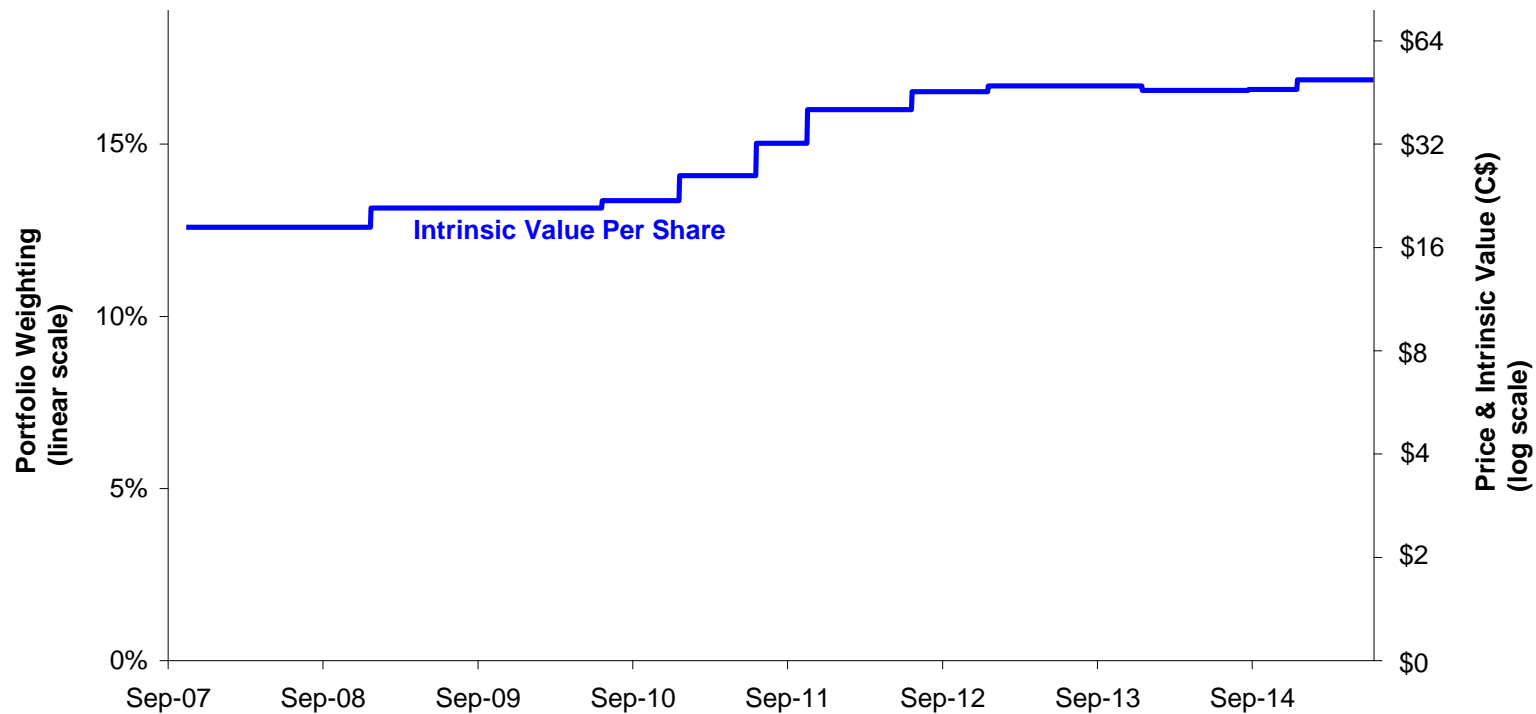
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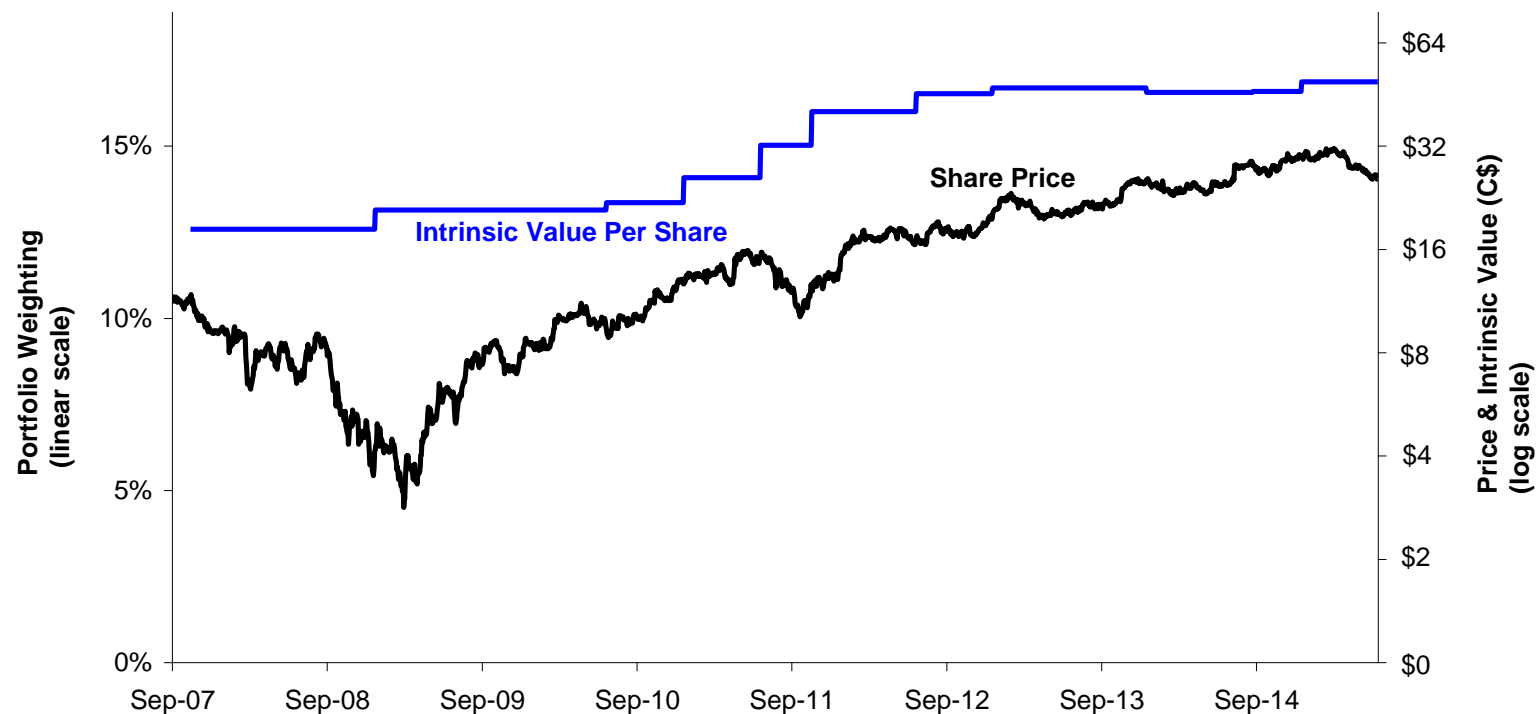
Investment Process Example

Sample Holding: TransForce Inc.



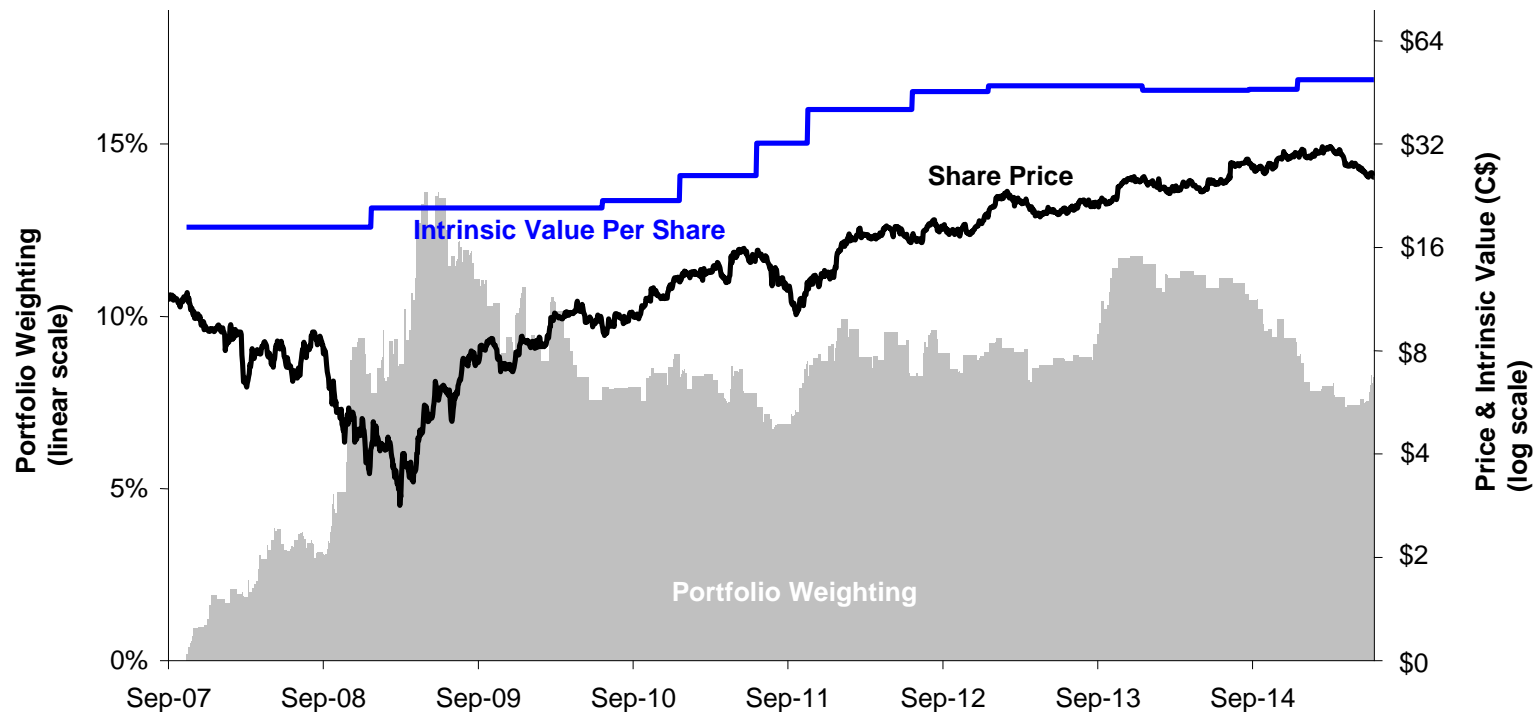
Investment Process Example

Sample Holding: TransForce Inc.



Investment Process Example

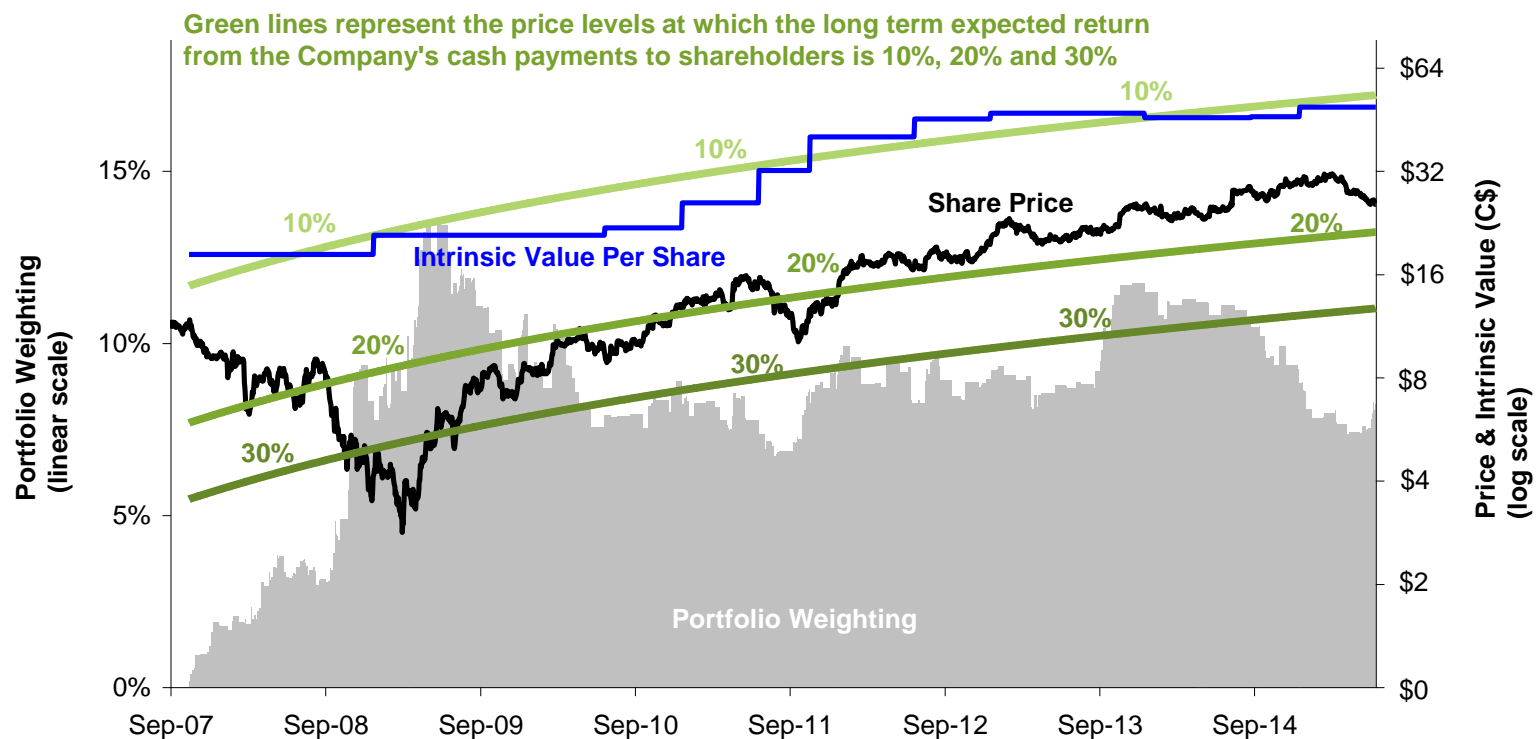
Sample Holding: TransForce Inc.



- Turtle Creek annualized IRR of 44% vs. 15% annualized holding period return.

Investment Process Example

Sample Holding: TransForce Inc.



- Turtle Creek annualized IRR of 44% vs. 15% annualized holding period return.

Disclosures

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This document should not be considered as a solicitation. Turtle Creek Equity Fund is offered by Offering Memorandum only to investors who meet certain eligibility or minimum purchase requirements. The Offering Memorandum contains important information about the Fund and investors are urged to read it before investing.

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Performance Disclosures

Turtle Creek's performance is of Turtle Creek Investment Fund Class A Units ("TCIF") to November 1, 2008 and Turtle Creek Equity Fund thereafter and is net of all fees, carried interest, and expenses. 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 a negligible impact on TCIF's returns to November 1, 2008. TCIF's carried interest structure is not the same as Turtle Creek Equity Fund's (details available upon request). Past performance must never be construed as investment advice or a prediction of future performance.