March 5, 2015

The results through February 2015, fiscal 2014 and inception-to-date performance of Threshold Capital Corp for the period ending February 28, 2015 were as follows:

	2015	2014	JANUARY 2007 TO PRESENT
Threshold – A **Threshold–B(non-levered)**	**+13.73%** +12.72%	**+0.84%** **-(1.89)%**	**+88.39%** **+66.15%**
DJIA	+1.74%	+7.52%	+45.49%
S&P 500	+2.21%	+11.39%	+48.38%
NASDAQ	+4.80%	+13.40%	+105.50%
Russell 2000	+2.38%	+3.53%	+56.59%

Client performance is off to a robust start in 2015 due to the superior performance of its tobacco positions, Lorillard Inc. (NYSE:LO), and Altria Group Inc. (NYSE:MO), and a stunning news announcement from one of Threshold Capital's largest positions – Tiger Media Inc. (NYSEMkt:IDI). In mid-December 2014, Tiger Media announced an agreement to acquire U.S. based data solutions provider Interactive Data LLC. Interactive Data is a company based outside of Atlanta, GA that historically has been delivering data products and services to the Accounts Receivable Management (ARM) industry for location and identity verification, legislative compliance and debt recovery for over a decade. Interactive Data has served a niche segment of the risk management industry, consisting of collection agencies, collection law firms, and debt buyers. The Company has recently expanded the Executive leadership team, adding significant industry experience. Billionaire investor and the largest shareholder of Tiger Media Inc., Dr. Philip Frost commented "As a founding shareholder of Tiger Media, Inc., I am enthusiastic to enter into the rapidly growing, multi-billion dollar industry of data fusion…The impressive track record of (the Company's) management team in building the dominant companies in this industry speaks for itself, and I believe this will be a major player in the space." So what exactly is data fusion? In simple terms, data fusion is the integration of data and knowledge gathered together in order to achieve a desired/requested result. Further, it is a combination of multiple sources to obtain improved information; in this context, improved information means less expensive, higher quality, or more relevant information. For investors familiar with such an industry, the company Choicepoint is the best example that I can think of that best exemplifies a data fusion business. Choicepoint was spun off from Equifax Inc. in 1997 and was primarily a data aggregation company that acted as a private intelligence service to government and industry. After several years of rapid organic growth combined with strategic acquisitions, Choicepoint was bought by Reed Elsevier in February 2008 for $3.6 Billion. Tiger Media Inc. shareholders have been waiting patiently for such an opportunistic transaction and Clients of Threshold Capital should feel very optimistic that this new business direction for Tiger Media will lead to a very profitable investment. The top five (5) positions for Clients as of this correspondence are Tiger Media Inc. (NYSEMkt:IDI), Lorillard Inc. (NYSE:LO), Philip Morris International (NYSE:PM), Altria Group Inc. (NYSE:MO), and Apple Inc. (NASDAQ:AAPL).

Turning to our positions in the tobacco sector – once again, these companies have demonstrated their ability to generate large profits and cash; all the while rewarding their shareholders with increased dividend payouts and stock repurchase programs. Philip Morris International (NYSE:PM), the largest publicly traded cigarette manufacturer in the world reported 2014 profits of $4.76 per share on $29.8 Billion in revenue. These reported results were lower than expected mostly due to the stronger U.S. dollar which lowered earnings by approximately $0.80 per share versus 2013. The Company repurchased and retied 45.2 million shares during the year and also increased its quarterly dividend payments by 6.4%; PMI now pays its shareholders $4.00 per share and currently yields 4.8%. Our U.S. based maker of the world renowned Marlboro brand, Altria group Inc. (NYSE:MO) reported full year profits of $2.56 per share on $24.5 Billion in revenue. The Company increased its dividend payout to shareholders (the 48th time in 45 years) and now pays $2.08 per share and now yields 3.7%. Late in 2014, Altria began shipping its new Mark Ten e-vapor product in classic and menthol varieties, achieving distribution in over 130,000 retail store locations. Mark Ten is now ranked towards the top of e-vapor bands nationally based on retail market share. For 2015, Altria Group is projecting profits in the range of $2.75 to $2.80 per share. Lorillard, Inc. (NYSE:LO), the makers of the Newport menthol cigarette brand, reported profits of $3.28 per share on $6.9 Billion in revenue. Murray S. Kessler, Lorillard Chairman, President and CEO commented, "Lorillard finished the year in impressive fashion, delivering strong fourth quarter financial and operating results, marked by continued robust cigarette pricing realization, the 12th consecutive year of market share gains and tight cost controls – resulting in 13% adjusted earnings per share growth in the quarter and almost 8% in the full year. Once again, Lorillard shareholders were rewarded with another year of double digit total shareholder returns as measured by EPS growth and the dividend yield." Executive management of Lorillard is still confident of FTC approval of their pending merger with Reynolds American, the makers of Camel – and still anticipates a closing by the end of June 2015. Early Clients of Threshold Capital have held their position in Lorillard for over seven (7) years and upon a successful closing of its merger with Reynolds, will realize a gain of over 150%.

Apple, Inc. (NASDAQ:AAPL), a new positon established for Clients towards the end of 2014, reported remarkable quarterly results on January 27, 2015. The Company posted its best financial results in its history, generating sales of $74.6 Billion and record net profit of $18 Billion or $3.06 per share. International sales accounted for 65% of all revenue, and these overall results were fueled by all-time record sales of iPhones, Macs, as well as sales from the App Store. Apple sold a staggering 74.5 million of iPhones in their latest quarter. Tim Cook, Apple CEO stated, "We'd like to thank our customers for an incredible quarter, which saw demand for Apple products soar to an all-time high. Our revenue grew 30% over last year to $74.6 Billion, and the execution by our teams to achieve these results was simply phenomenal." Shareholders of the Company now anxiously await the launch of Apple's newest entry into the "wearables" field with the iWatch, due in early spring 2015. But the latest speculation about the Company is the talk of an Apple banded automobile. This latest news has stunned the automotive world as Executives in the auto business remain unconvinced of Apple's ability to compete with the likes of Toyota, Germany's Daimler, Volkswagen, and Honda. Threshold Capital would like to see Apple explore purchasing a media or cable television business in order to once again enter the consumer's home with an Apple Inc. branded television set.

Threshold Capital continues to hold equities in the pharmaceutical space with positions in Gilead Sciences Inc. (NASDAQ:GILD) and Roche Holding AG (OtherOTC:RHHBY). To review, Roche Holdings, based in Basel, Switzerland is the world's largest biotech company and is the leader in oncology drugs and in vitro diagnostic testing for early cancer detection. Roche has treated over 19 million patients; but most important, it has identified unmet medical needs for 29 million cancer patients, 235 million people with asthma, and over 300 million people around the world with diabetes. Group sales reached 47.5 Billion Swiss francs in 2014 driven by medicines for HER2 positive breast cancer (up 20%) as well as Avastin (up 6%). Roche also saw strong demand for immunology medicines – Actemra/RoActemra (up 23% - for rheumatoid arthritis) and Xolair (up 25% - for chronic hives and allergic asthma). As the U.S. was hit by another flu epidemic in 2014, Roche's sales of Tamiflu grew by 54%. CEO Severin Schwan commented on 2014 results: "We made good progress in 2014 with solid growth in both divisions driven by our newly launched medicines and diagnostic tests. In addition, we have now made ten (10) targeted acquisitions to complement our existing portfolio in Pharma and Diagnostics. Initial demand for Esbriet, a breakthrough medicine in lung fibrosis which was recently launched in the U.S. following the InterMune acquisition, is strong. In Diagnostics, we successfully launched the cobas 6800/8800 platform, which brings the automation of molecular testing to a new level. With our strong product portfolio and pipeline we are well positioned for the future." Roche is expecting 2015 sales to grow in the mid-single digits. Based in Foster City, California Gilead Sciences Inc. (NASDAQ:GILD) is a worldwide pharmaceutical company that specializes in innovative therapies for life threatening medical needs. Known for its revolutionary treatments for hepatitis C with drugs such as Solvaldi and Harvoni, Gilead experienced a sharp share price drop in late December 2014 due to a news announcement by the pharmacy benefits manager – Express Scripts (NASDAQ:ESRX) in its decision to exclusively cover a competing drug, Viekira Pak made by AbbVie for hepatitis C. Investors and speculators reacted harshly sending shares lower by 14% as concerns over decreased market share for Gilead was pondered. Patients afflicted with such a debilitating condition are now faced with the difficult decision in taking AbbVie's four (4) pills a day combined with heavy side effects of ribavirin versus the one pill a day regimen from Gilead's Harvoni. As the struggle continues to keep health care costs down, the moral argument becomes relevant as what is best now for patients? Express Scripts is tasked with providing patients with the BEST drugs at the cheapest price for insurance companies AND patients. But what is a patient to do if your pharmacy benefits manager won't pay for the medicine that YOU want? It should be noted that recent studies have shown that it costs more than $4 Billion to bring a new drug to market here in the U.S. Global drug manufacturer Astra Zeneca (NYSE:AZN), based in London, U.K. has reported that it self spends on average $12 Billion for every new drug approved. Overall, fewer than one in ten drugs that begin human Phase trials succeed. Approximately one out of ten thousand compounds enter the pipeline; and then only 16% of those ever finally reach government approval. Now to Gilead's reported 2014 results: GILD reported product sales of $24.5 Billion and earnings per share of $8.09 up 127% and 297% respectively. For 2015, Gilead management is expecting sales in the range of $26 to $27 Billion and flat earnings per share. The Company also announced its intention to pay its shareholders its first dividend of $0.43 per share, which is slated to begin in the second quarter of 2015; and the Company's Board of Directors also approved the repurchase of up to an additional $15 Billion of the company's stock.

Threshold Capital Corp continues to hold equity positions in Kinder Morgan Inc. (NYSE:KMI), W.R. Berkley Corp. (NYSE:WRB), B&G Foods Inc. (NYSE:BGS), and Ventas Inc. (NYSE:VTR). Kinder Morgan Inc. (NYSE:KMI) is the largest midstream and the third largest energy company in North America. The Company own interests in or operates approximately 80,000 miles of pipelines and 180 terminals. KMI's pipes transport natural gas, refined petroleum products, crude oil, carbon dioxide and others. The Company also stores and/or handles a variety of products and materials at their terminals such as jet fuel, refined gasoline, coal, ethanol, petroleum coke and steel. In 2014, KMI reported distributable cash flow (before certain items) of $2.61 Billion, up from $1.71 Billion in 2013; and net income was $2.44 Billion compared to $2.69 Billion in 2013, down primarily due to a $558 million gain recorded in fiscal 2013 related to the re-measurement of the Company's 50% interest in its Eagle Ford joint venture. KMI completed its merger with the other publicly traded Kinder entities in November 2014 and its CEO, legendary energy man Richard Kinder, has previously stated, this transaction simplifies the entire Company and most important – paves the way for superior growth at KMI for many years to come. In late January 2015, KMI increased its dividend payout to shareholders to $0.45 per share per quarter representing a yield of 4.39%.

WR Berkley Corporation (NYSE:WRB), an insurance holding company that is among the largest commercial lines writers in the United States and operates in three (3) segments of the property casualty insurance business: insurance – domestic, insurance – international, and reinsurance – global, reported gross premiums in 2014 of $7.06 Billion and net income of $649 million or $4.86 per share. William R. Berkley, Chairman and CEO spoke on 2014 results: "We were pleased to have achieved our targeted return on equity of 15% for the full year, as strong underwriting performance and expense management resulted in an improved combined ratio. While our core investment income remained under pressure, we were able to find investment opportunities which, in part, offset declining yields. Our investment funds earned 12.7% for 2014, although the fourth quarter was disappointing. The overall portfolio generated over $255 million of realized gains for the year. We expect both investment funds and realized gains to create substantial income going forward, despite their quarterly volatility." WR Berkley increased its book value by 13.5% in 2014 and also rewarded its shareholders with a $1.00 per share special dividend paid in December 2014.

B&G Foods (NYSE:BGS) is based in Parsippany, N.J. and manufacturers, distributes, and sells a diversified portfolio of high quality, branded shelf stable foods across the United States, Canada, and Puerto Rico. Its products include the well-recognized brands of Baker's Joy, Country Kitchens, Cream of Wheat, Emeril's, Grandma's Molasses, Mrs. Dash, Old London Melba Toast, Ortega, Polaner All Fruit, and Pirate's Booty. B&G Foods also sells and distributes two branded household products – Static Guard and Kleen Guard. For 2014, the Company generated sales of $848 million and earnings per share of $0.76. EPS results were impacted negatively by a product recall (Ortega) and a write off of assets at Rickland Orchards. For 2015, the Company is expecting improved operations and earnings per share in a range of $1.48 to $1.55 and net sales of $860 to $880 million. Threshold Capital believes B&G Foods is an excellent takeover target for another Company or firm interested in the consumer branded space.

Rounding out Client portfolios brings us to our last equity position - Ventas, Inc. (NYSE:VTR), a leading real estate investment trust (REIT) with a diversified portfolio of approximately 1,500 senior housing communities, medical office buildings, skilled nursing facilities & hospitals in the US and Canada. The Company reported Funds From Operations (FFO) of $4.48 per share, growing 8% over 2013. Debra A Cafaro, Ventas Chairwoman and CEO on the conference call stated: "Our 2014 record results reflect the strength of our diversified business, with excellent results in our medical office, triple-net lease and seniors housing operating segments, and the positive impact of our value creating investments. We continue to focus on making accretive investments, raising capital efficiently and managing our assets productively, to enhance our leading position in healthcare and senior living real estate. Our long track record of stewardship of capital, expertise in capital markets and experience in asset management positions us well to continue our long track record of earnings and dividend growth in 2015." Ventas currently yields 4.32% for shareholders.

As of March 5, 2015 Threshold Capital Corp. current Client long positions are:

Altria Group Inc.
Apple Inc.
B& G Foods Inc.
WR Berkley Corp.
Gilead Sciences Inc.
Kinder Morgan Inc.
Lorillard Inc.
Philip Morris International Inc.
Roche Holdings Ltd.
Tiger Media Inc.
Ventas Inc.

Taking a step back from our equity selections, investors across the globe have had ample subjects to read about in the headlines. Taking a quick look at China (where Threshold Capital previously had Client exposure), the PBOC spent Billions of its hard currency on internal infrastructure programs after the 2008 financial crisis. As a result, China's Central Bank has piled on the debt to the tune of $28.2 Trillion. A staggering amount given the fact that China's economy only produces approximately $5 Trillion in GDP. Growth is clearly slowing in China and the PBOC has cut interest rates on the mainland two times in the past three months. Here in the U.S., the Federal Reserve Bank, led by Janet Yellen no longer continues its stimulus by purchasing fixed income instruments in the open market. The U.S. unemployment rate currently rests at 5.7% (up slightly from December 2014 at 5.6%) and down one full percent from one year ago. GDP growth remains firm at over 2% (for the last quarter in 2014). However, wage and inflation growth continue to be weak – stoking fears of deflation here in the U.S. Consumers in the U.S. have begun to enjoy the rather dramatic decline in crude oil – which plummeted by 46% in 2014. Speculators in the space expected OPEC to step in with corrective measures by cutting production, but alas, they have kept the oil spigots open and have pledged to keep their market share strong versus countries like Russia, Canada & Mexico. In late December 2014, Saudi Arabia's oil minister, Ali al-Naimi, said OPEC wouldn't cut production even if oil falls to $20 per barrel. Here in the U.S., horizontal drilling and hydraulic fracking in underground shale rock has boosted output by 66% over the past five years – in early January 2015 U.S crude production totaled 9.1 million barrels a day – that's up from 1 million in production from a year ago. Many now question the survivability of these highly leveraged fracking energy companies as they have piled on debt in order to drill; some analysts estimate close to $275 Billion in debt has been raised. The next six to nine months will be interesting to watch as these companies slash their exploration budgets, but continue to burn cash and will still need to pay down these enormous liabilities. In addition, speculators in the energy space have entered the fray by hiring oil tankers to store this excess capacity and other storage facilities on the hope that crude oil will spike higher in a potential rebound. In the recent past, lower energy prices have indeed helped the developed economies across the globe – U.S. Western Europe, and Japan, – some economists now think that the extra savings (at the pump and in our homes) will not translate into stronger growth. Several countries, specifically Russia (already suffering from sanctions due to its incursion of Ukraine), Venezuela, and Iran are losing Billions as their cost to extract the oil out of the ground is north of $90 per barrel. The fear is, especially for the likes of Russia, led by Vladimir Putin, – is a sovereign default on its debt. Threshold Capital believes this is a valid concern. Such a global financial shock would send financial markets around the globe plummeting and talk of a "Lehman moment" will arise. Adding more downward pressure to Russia's economy, in late January and February of this year, S&P followed by Moody's cut Russia's debt rating to junk status – making Russian debt below investment grade for the first time in a decade. Turning our attention to developed Western Europe, the Swiss National Bank (SNB) rocked the financial world and its markets on Wednesday, January 15, 2015 by abandoning its peg against the Euro. The SNB had this intervention in place since September 2011 to prevent the Swiss franc from climbing too high, and the Swiss had purchased billions of Euros in order to prevent its currency from dropping below 1.20 francs. The Euro plunged as low as 0.85 francs and the Swiss equity market plummeted more than 10% on this surprise move. The franc eventually settled at 1.05 to the Euro, still a massive currency move not only for the day, but in the existence of global currency trading. Questions exploded from economists across the globe questioning the move – but the answer was quite simple. With billions of Euro currency now held by the Swiss National Bank….why put further stress and Euro exposure on its balance sheet when the European Central Bank (ECB), led by Mario Draghi is about to roll out his own quantitative easing by purchasing bonds – and hence lowering the value of the Euro currency? (similar to that of the Fed here in the U.S.). Billions were lost around the globe due to the Swiss Bank move – FXCM Inc. a retail brokerage house that allows retail customers to trade global currencies, stated that "Clients experienced significant losses" and that "generated negative equity balances owed to FXCM Inc. are approximately $225 million." Speaking of the European Central Bank, Mario Draghi has launched his own version of quantitative easing. On January 22, 2015, the ECB announced its intention to purchase 60 Billion Euros per month in fixed income securities – these will include government debt, asset backed securities, and covered bonds, but not corporate bonds. This European stimulus plan had been spoken about for some time, especially after it emerged in December 2014 that the Eurozone had fallen into deflation for the first time in more than five years. This central bank move simply follows that of the U.S. Federal Reserve and The Bank of England which began their own quantitative easing programs following the 2008 financial crisis. Of course, finance ministers from Germany strongly protested this move by Mario Draghi as they believe this action will reduce the pressure on European countries to reform their economies (specifically Greece, Italy, and Spain). In early February 2015, yields on short-term debt of stronger European countries actually dipped into negative territory. Finland became the first nation in the region to pay a negative yield on 5-year debt sold at auction; German government bonds offered negative yields on maturities up to six years. And 5-year government debt carried a negative yield in The Netherlands, Austria, and Sweden – and four-year government debt in France and Belgium also fall into this category. In the simplest terms – you are paying these governments to place your Euros/money there! Greece appears to be a total disaster no matter which way an investor looks at it. A new, anti-austerity government has taken power led by a young, energetic politician – Alexis Tsipras. His election platform was one of not to be held hostage by German finance ministers and his pledge to put laid off workers back on the Greek government payroll. After a landslide victory, he has had to negotiate with European finance ministers regarding Greece's approximate 280 Billion Euros of debt. At the end of February, he was able to successfully get an extension on Greece's bailout until June 2015. This is still an enormous burden for the global debt markets and the question still remains if Greece will continue to be part of the Eurozone.

In conclusion, Threshold Capital should remind investors that many of the developed equity markets across the globe are currently at multi-year highs. This is a direct result of government monetary intervention and NOT the result of a free market process. Threshold Capital is here to remind investors that investing their hard earned money into relatively new, high flying stocks should proceed with caution. Even on the private company side, published articles state private companies such as Uber and Xiaomi are commanding $40 Billion plus valuations. This is simply foolish and reminiscent of the dot com bubble of 2000. Here is a simple example: if you an investor or entrepreneur businessperson, and you elect to purchase or start a business with say $100,000…..in six or nine months, do you expect that business to be worth $140,000 or $150,000? Of course not; you would like to work and grow that business over time, invest in that business, hire new employees and buy new equipment, and even potentially make a strategic acquisition. Then after an extended period of time (in years!), that business may be worth double or even triple your initial investment. Investors should follow a steady course to build wealth over time and reject a focus on short term results.

For the remainder of 2015, Threshold Capital will continue its in-depth fundamental research and analysis – searching for opportunities, including special situations. Threshold Capital would like to remind Clients that it has always been my goal to outperform the markets over a long term time horizon and not to focus on short-term quarterly returns. We will continue to invest in well run businesses with exceptional managements, including at times taking advantage of (short-term) pricing inefficiencies. Please feel free to contact me with any questions, comments, or ideas. Thank you for your continued support.

Sincerely,

Peter A Delgado II
Managing Director
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