Quarterly Investment Review

Q2 2013

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Investors

Results

We are quite pleased with the evolution of the structure of our portfolios and their performance for the quarter and the nine months since inception. Over this period we have been able to build two portfolios containing companies which are generating solid capital returns and strong dividend yields. The portfolios are concentrated in names held, while offering diversification across businesses and market capitalization ranges. Over the recent quarter we added three new names in the Canadian portfolio and five new names in the U.S.

The second quarter of 2013 provided divergent returns with the Canadian market registering a sharp pull back in equity prices while the U.S. had a strong positive return. In Canada, a decline in commodity prices such as gold, base metals and lumber damaged returns for the natural resource heavy S&P/TSX index. In the U.S., the market was led higher as a result of strong performance in Financials and Consumer Discretionary sectors.

Summary of Q2 2013 Results

Period ending: June 30, 2013	3 Months (%)	6 Months (%)	Inception (%)
Galibier Canadian Equity Pool	**1.7**	**8.0**	**8.4**
S&P/TSX Comp. (total return)	-4.1	-0.9	0.8
Galibier US Equity Pool	**6.7**	**16.7**	**16.3**
S&P500 (CAD, total return)	6.9	20.6	21.6
DEX Universe Bond Index	-2.4	-1.7	-1.4

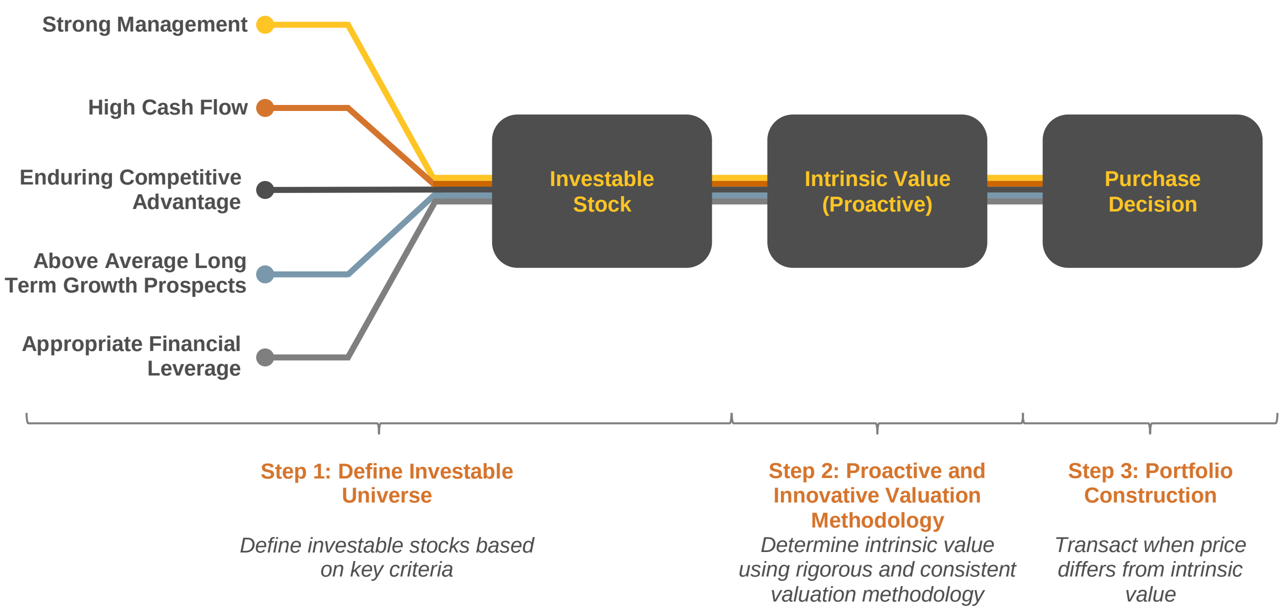
Note:
Return figures are gross of fees and fund expenses.
Inception returns are for the period since September 30, 2012.
See Disclaimer at the end of this document for information about the returns.
Source: Galibier Capital Management Ltd, Bloomberg.

Galibier Capital Management Ltd.

At Galibier we work hard to (1) derive a measure of intrinsic value for a universe of investable stocks and (2) transact when market prices offer opportunities. To paraphrase Warren Buffett “Price is what you pay. [Intrinsic] Value is what you get.” Thus, while we welcome multiple expansions, what really drives increases in the future *value* of companies is higher future earnings. Our investment process seeks to identify and value future earnings power and balance sheet structure using reasonable expectations about future economic conditions and high discount rates.

Galibier Investment Philosophy and Process

Galibier follows a proactive and innovative valuation methodology



We Believe

- Companies have an intrinsic value that can be calculated
- Market prices do not always reflect intrinsic value
- Growth is a component of value
- At some price, almost all stocks offer a value proposition
- Risk is the permanent loss of capital not benchmark underperformance
- Investment companies should be independent and investor led
- The success of investment companies should be measured by the success of its clients

Galibier Canadian Equity Pool

The S&P/TSX provided negative performance over the quarter with a total return of -4.1%. Galibier's investment result was a positive 1.7% which is consistent with our focus on absolute rather than relative return. Since inception (Sep 30/2013), Galibier's Canadian portfolio has returned +8.4% versus the S&P/TSX +0.8%.

Canadian Equity Pool Top Holdings (June 30/13)

	Weight (%)
1. Bank of Nova Scotia	9.0
2. Cenovus Energy Inc	7.0
3. Martinrea Int'l Inc	6.4
4. Canadian Natural Resources Ltd	6.1
5. Manulife Financial Corp	6.0
6. CGI Group Inc	5.5
7. Genivar Inc	5.4
8. Potash Corporation of Sask	5.3
9. Evertz Technologies	5.1
10. Genworth MI Canada	4.9
Total	**60.7**

Best performers[1]

MARTINREA UP 33.4%

Martinrea had continued good financial performance as investors continued to gain confidence in the company's ability to increase profits. Additionally, as a further indication of management's confidence around future profitability, the company instituted a dividend in the quarter.

MANULIFE UP 13.4%

Manulife is benefiting from increasing interest rates which will lead to higher investment income and pave the way for dividend increases and share buy backs.

CGI UP 11.6%

CGI continues to show strong operating performance as well as continued good progress in the integration and margin enhancement of its transformative acquisition of Logica in the UK.

These three names remain in the portfolio as core holdings as they continue to offer a compelling investment proposition based on Galibier's criteria.

Worst Performers[1]

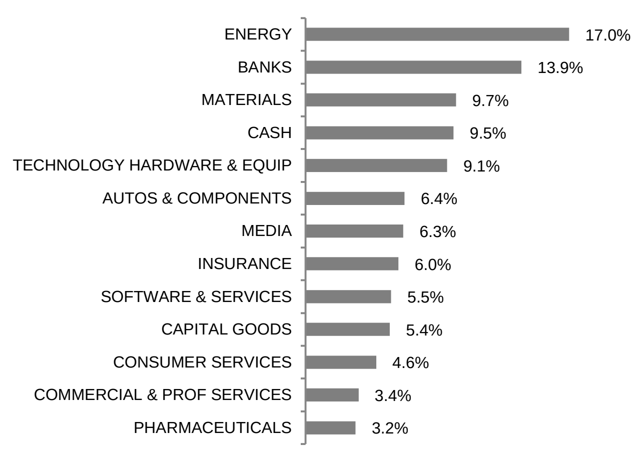
KINROSS DOWN 33.0%

Kinross had another difficult quarter as gold prices dropped over 20% during the period. We continue to see significant value in Kinross at the current level. This gap could be narrowed by improved operating performance, better gold prices or M&A activity. The Fund took advantage of the sell-off in Kinross' shares to add to its position.

CANADIAN NATURAL RESOURCES DOWN 8.6%

CNQ's stock price was weak due to wide heavy oil price differentials as well as continued uncertainty about oversupply of oil in North America. We believe that the transportation issue facing western Canadian producers will be solved and that price differentials will narrow over time.

Canadian Equity Pool Industry Split (June 30/13)



Buys & Sells

In the Canadian Equity Pool, new positions were established during the quarter in Boyd Group Income Fund, Macdonald Dettwiler and Valeant Pharmaceuticals.

Boyd Group

Boyd Group operates a large and growing network of auto body repair shops in North America. The company's competitive advantages are due to its scale and its relationships with the auto insurance companies. In addition, it receives low cost funding assistance from a strategic partner to continue its acquisitions. The company has significant runway ahead to continue extending its network and offers a reasonable annual dividend of $0.48 per share (2.1%).

Macdonald Dettwiler

MDA is a provider of several technology based services chiefly derived from its significant expertise in satellite based technology. The company recently buttressed its satellite offerings with the purchase of Loral Space Services. We see the potential for significant and growing future earnings from MDA. The company also generates significant free cash flow which will afford it the ability to reduce debt and increase its dividend from the current annual level of $1.30 per share.

Valeant Pharmaceuticals

Valeant is a pharmaceutical company which has made a number of significant acquisitions to become a company with dominant market positions in dermatology and most recently, with the acquisition of Bausch & Lomb, in eye care. Management has historically been extremely successful in realizing synergies when integrating acquisitions and we expect the Bausch & Lomb acquisition to continue this trend.

Over the quarter the Fund also added to a number of existing positions including the Bank of Nova Scotia, Cenovus, Canadian Natural Resources, Evertz, Genworth, Genivar, Kinross Gold, Loyalist Group and Potash Corp.

As a result of purchases in both new and existing names, the cash position of the fund has been reduced to 9.5% despite steady inflows to the fund over the quarter. As well, the Fund has become more diversified by industry with new exposure to pharmaceuticals (Valeant) and commercial & professional services (Boyd).

Canadian Equity Pool Dynamics (June 30/13)

Measure	Canadian Pool	S&P/TSX Comp
FY1 P/E	12.3x	12.4X
Dividend Yield	2.4%	3.2%

Source: Galibier Capital Management Ltd, Bloomberg

Galibier US Equity Pool

The S&P500 again provided strong performance in the quarter with a total return of 6.9% in Canadian dollars. Galibier's investment results were also strong at 6.7% for the quarter. A portion of the slight underperformance was due to the cash position in the portfolio which averaged around 6.5% during the quarter.

US Equity Pool Top Holdings (June 30/13)

	Weight (%)
1. Mondelez Int'l Inc.	5.2
2. JPMorgan Chase & Co	5.1
3. AIG	5.1
4. Metlife Inc.	5.1
5. Emerson Electric	5.0
6. Iconix Brand Group, Inc.	5.0
7. CSX Corporation	4.9
8. National Oilwell Varco	4.9
9. Sanofi SA (ADR)	4.8
10. Chevron Corporation	4.6
Total	**49.7**

Best performers[1]

METLIFE UP 25.6%

Metlife continued its extremely strong performance (up 48% YTD) in the second quarter. It is benefitting from increasing bond yields which will drive earnings growth as well as an increased dividend that was announced in the quarter. As earnings improve, MetLife's future continues to look bright as we expect further dividend increases as well as share buybacks.

CISCO SYSTEMS UP 21.7%

Cisco put up strong numbers in its recent earnings release driven by market share gains in a number of areas. In addition, the company has a large presence in several high growth areas including data centres, wireless and video applications. The company's scale and ability to cross sell into its huge installed base should bode well for future earnings gains.

BB&T CORPORATION UP 19.7%

BB&T Bank is a new addition to the fund. In the quarter it rallied for similar reasons to MetLife as a steepening yield curve in the U.S. makes the prospect of significant earnings per share increases likely.

Worst Performers[1]

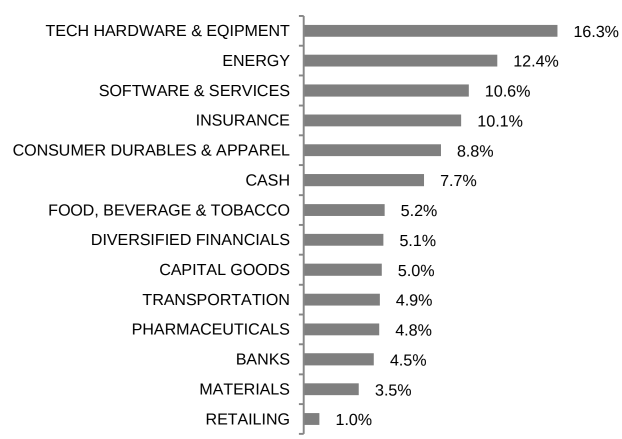
TERADATA DOWN 10.9%

TDC continues to be hurt by investor's concerns about the entry of Amazon into Teradata's core market of data analysis. We continue to believe that Teradata has a competitive advantage for a large segment of the addressable market and continue to hold the stock.

APPLE DOWN 6.7%

Investors continue to be frustrated about the lack of information about new products (i-watch?, new larger format phone?) and about Apple's ability to innovate in the post Steve Job's era. We remain confident that Apple will post some significant product announcements in the coming quarters and that innovation is continuing. As well, the company announced a very significant dividend raise (current annual dividend is $12.40 per share) as well as a massive share buyback program over the quarter, which should bear fruit in the near future.

US Equity Pool Industry Split (June 30/13)



Buys & Sells

During the second quarter the U.S. Pool established new positions in BB&T, CSX Corporation, Iconix Brand Group, Sanofi and Trimble Navigation.

BB&T Corporation

BB&T is a regional bank headquartered in North Carolina with operations in 12 southeastern states. The bank should benefit quite significantly from rising interest rates as well as improving economic conditions in its key markets. It recently raised its dividend (yield on our cost is 2.9%) and we expect continued dividend increases as earning performance improves.

CSX Corporation

CSX is a U.S. Tier 1 Class railroad and intermodal provider with operations in 23 states and in Canada. The company has significant exposure to coal tonnage and therefore has experienced volume declines which have been brought about by low natural gas prices. CSX has been developing new revenue sources such as double stacked intermodal and oil by rail, and is experiencing improving demand from its industrial customers. CSX's management is also attacking its cost structure with more efficient locomotives and improved operating metrics.

Iconix Brand Group

Iconix owns and manages a diverse portfolio of consumer brands such as Umbro(soccer), Mossimo, Joe Boxer, Fieldcrest, Starter and Danskin among others. The company's model is to acquire a royalty on the brand's revenue stream and then expand revenue sources by better brand management. The company is extremely profitable and generates significant free cash flow to fund further brand acquisitions or share buybacks.

Sanofi SA (ADR)

This French based global pharmaceutical company has emerged from a significant trough in earnings due to a large number of its products going off patent. We anticipate that growth will resume on the back of products in indications such as diabetes, vaccines and multiple sclerosis. As well, SNY is very well positioned in high growth emerging markets and has a robust drug pipeline in development. The company's offers an attractive dividend of $1.79 which is a yield on our cost price of 3.4%.

Trimble Navigation Ltd

Trimble provides positioning solutions through GPS applications to commercial and government users in diverse markets including agriculture, surveying, military and resource management activities. Increased market penetration, geographic expansion and higher revenue from software and services should allow for substantial growth in profits.

Over the course of the quarter the Fund also added to positions in AIG, Apple, Chevron, Emerson Electric, IBM, JP Morgan, Mondelez, National Oilwell Varco, Oracle and Teradata. Due to the new positions, the Fund gained exposure to three new sectors: pharmaceuticals (Sanofi), transportation (CSX) and banks (BB&T).

U.S. Equity Pool Dynamics (June 30/13)

Measure	U.S. Pool	S&P500
FY1 P/E	11.2x	13.0x
Dividend Yield	2.0%	2.1%

Source: Galibier Capital Management Ltd, Bloomberg

Notes:

1. *Performance % represents the return to the pool during the most recent quarter and includes the impact of market price changes, buys, sells, and dividends (if any).*

Disclaimer

Galibier Capital Management Ltd. ("Galibier") is registered with the Ontario Securities Commission as a Portfolio Manager and Investment Fund Manager and with the British Columbia Securities Commission as a Portfolio Manager. This summary does not constitute an offer to sell or buy any securities. All information and opinions as well as any figures indicated herein are subject to change without notice.

The Galibier Canadian Equity Pool and the Galibier U.S. Equity Pool are available to accredited investors as that term is defined under Canadian securities legislation. An investment in the funds will involve significant risks due, among other things, to the nature of the funds' investments.

All return figures for the funds are gross of fees and fund expenses. Indicated rates of return are historical returns, including changes in security value and reinvestment of all distributions and does not take into account any applicable income taxes payable by any security holder that would have reduced returns.

The funds' returns are not guaranteed, the values change frequently and past performance may not be repeated.

All returns prior to June 6, 2013 are related to Galibier's proprietary accounts, as Galibier's employees were the sole investors in the Galibier Canadian Equity Pool and the Galibier U.S. Equity Pool (the "Funds") during this period of time. Returns are presented only for periods during which Galibier has been registered as a portfolio manager. The investment strategies of the Funds have not changed since the Funds' inception. Canadian securities administrators have expressed concerns regarding marketing returns for proprietary accounts as firms can employ different strategies and take greater risks when managing its own investments without a fiduciary duty to third party investors.