Galibier Capital Management Ltd.

Quarterly Investment Review

Q3 2014

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Results

Galibier is two years old! It has been a privilege and a delight to have been managing money for our clients and partners for these past two years. We look forward to many more years (and clients).

Galibier's investment team was busy over the summer. The portfolios now contain 29 names in Canada and 29 names in the U.S. (both within our working range of 20-30 stocks per portfolio). As always, the pools are concentrated in high conviction ideas that offer diversification across business sectors and market capitalization ranges. All of the 58 companies in the portfolios demonstrate our five key criteria: an enduring competitive advantage, the potential for high free cash flow, strong management teams, above average growth and an appropriate level of financial leverage.

Canadian markets were relatively flat during the quarter. U.S. returns in C$ were stronger and were helped by a sharp decline in the Canadian / U.S. exchange rate over the quarter.

The overall Canadian market generated -0.6% (S&P/TSX) in Q3 while the U.S. market generated +6.1% (S&P500 C$). In Canada, the best performing sectors were Consumer Staples and Industrials and the worst performing sectors were Materials and Energy. In the U.S., the market was led higher by the Healthcare and Information Technology sectors, offset by the worst performing sectors of Energy and Utilities.

Summary of Results

Period ending: Sept 30, 2014	3 Months (%)	1 Year (%)	2 Year (%)	Since Inception (%)
Galibier Canadian Equity Pool	**-3.5**	**28.0**	**22.3**	**22.2**
S&P/TSX Composite (total return)	-0.6	20.4	13.6	13.4
Galibier U.S. Equity Pool	**4.0**	**22.8**	**22.9**	**22.8**
S&P500 (CAD, total return)	6.1	30.2	27.4	27.0

Note:
Return figures are gross of fees and fund expenses.
Return figures are annualized for periods greater than 1 year.
Inception date of the two pools is September 27, 2012.
See Note 1 and Disclaimer at the end of this document for information about the returns and benchmarks.
Source: Galibier Capital Management Ltd, Bloomberg.

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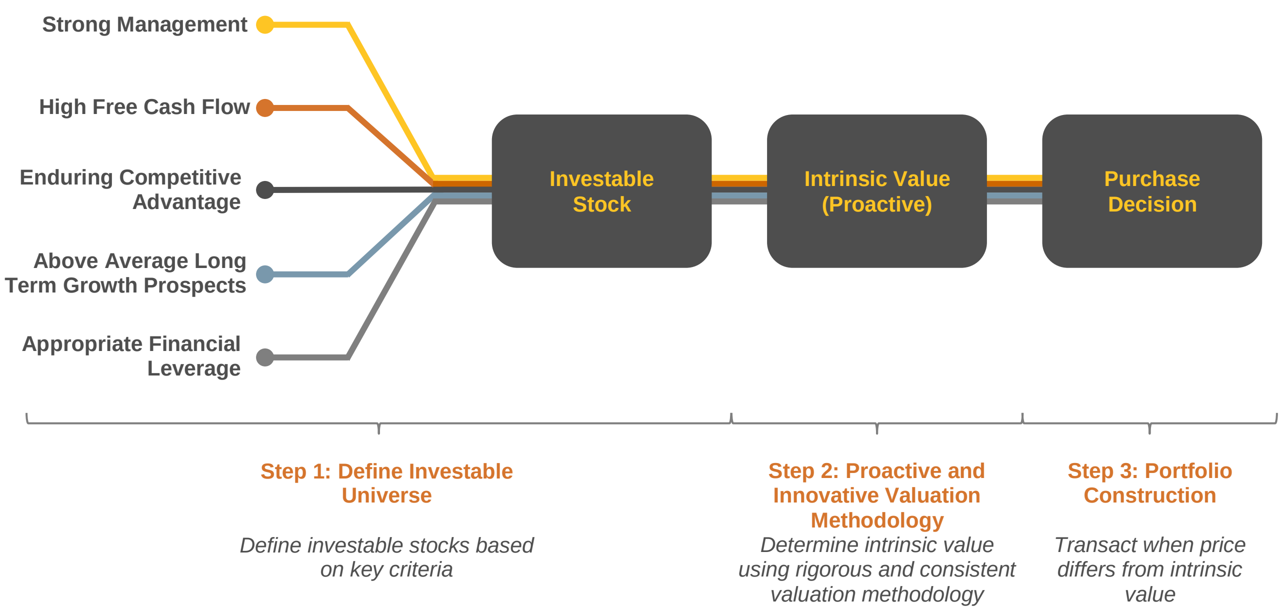
Galibier Capital Management Ltd.

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 price to earnings 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
- An essential element towards investment success is to have a contrarian mindset… ie. to be sanguine when others are discouraged and to be cautious when others are exuberant….

Galibier Canadian Equity Pool

The S&P/TSX provided muted performance over the quarter with a total return of -0.6%. The Galibier Canadian Equity Pool provided a total return of -3.5%. Happily, over the longer term, Galibier's investment results continue to be very strong. For the 1-year period ending Sep 30/2014, Galibier's Canadian Equity Pool returned +28.0% versus the S&P/TSX +20.4%. On a two-year basis Galibier's annualized numbers are +22.3% vs. the S&P/TSX at +13.6%.

Canadian Equity Pool Top Holdings (Sept 30/2014)

	Weight (%)
1. Bank of Nova Scotia	8.4
2. Intact Financial	6.5
3. Cenovus Energy Inc	4.7
4. MacDonald Dettwiler & Associates	4.2
5. CGI Group Inc	4.2
6. MTY Food Group Inc	4.1
7. WSP Global Inc	4.0
8. Air Canada	4.0
9. Evertz Technologies Ltd	3.9
10. Martinrea International Inc	3.4
Total	**47.4**

Best performers[2]

Pure Technologies up +13.4%

Pure Technologies is a relatively new addition to the portfolio (Q2 2014). The company enjoyed a strong quarter as concerns regarding its business in Libya (~3% of revenue) dissipated and the company continued to execute on its growth strategy with the strategic acquisition of Hunter McDonnell Pipeline Services, Inc.

MTY Food Group up +9.2%

Also added in Q2 2014, MTY Food Group performed well over the third quarter. MTY had strong performance following the announcement that it is making another small acquisition in the Quick Service Restaurant (QSR) space. We believe MTY will continue to consolidate the QSR market in Canada, adding to their brand diversification and cash flow generation. MTY may have also benefited from the announced acquisition of Tim Horton's by Burger King, as it brought investor attention to the QSR stocks.

Valeant up +8.8%

Valeant is in the throes of a hostile bid process to acquire Allergan. If completed, the merger will allow Valeant to further exploit it's significantly lower tax structure as well taking advantage of operational synergies. The acquisition offers potential for meaningful accretion to earnings.

Worst Performers[2]

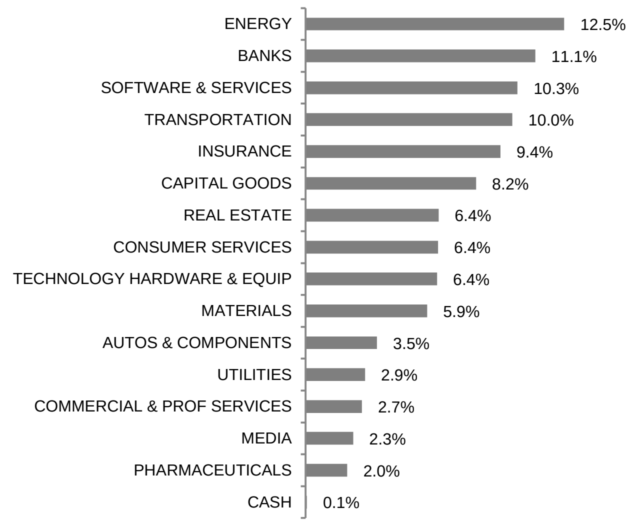
BSM Technologies down -29%

Shares of BSM Technologies declined as reported margins in the latest quarter disappointed some investors. In the short-term, margins have been under pressure as the company invests in sales & marketing and, now that it has higher volumes, outsources some of its manufacturing process. Over the medium-term margins should return to previous higher levels as outsourcing is completed, past investments are utilized and high margin, recurring revenue increases. We took advantage of share price weakness in the quarter to continue to build our position in the company.

Loyalist Group down -17%

Loyalist continues its strategy to consolidate English as a second language (ESL) schools across Canada. However, some investors have become displeased with the recent pace of acquisitions which are necessary to drive forecasted earnings growth. We do not share this view and are pleased with the company's measured pace of acquisition and integration. During the quarter we met with Loyalist's management team and were impressed with the new CFO. As well, the company is in the process of securing a financing line which we anticipate will speed up growth from acquisition. We took advantage of significant weakness in the stock during the quarter and added to our position.

Canadian Equity Pool Industry Split (Sept 30/2014)



Buys & Sells

During Q3 2014, two new positions were added to the Canadian pool: Computer Modelling Group (CMG) and Transforce (TFI).

Existing names that we added to in the quarter include MTY Food Group, Intact Financial, Cargojet, Bank of Nova Scotia, Tricon, Evertz, MacDonald Dettwiler, Boyd, Potash, Northland Power, Dream Global REIT, Cenovus, Goldcorp, McCoy, Loyalist and BSM.

Computer Modelling Group

Computer Modelling Group Ltd (CMG) provides advanced reservoir simulation modeling software for the oil and gas industry. In addition, CMG also provides consulting, support, training and research activities to over 500 clients. The company's competitive advantage is derived from its software offering which encompasses its historic investment in R&D and its experience in oil well dynamics. This high cash flow company enjoys a significant amount of recurring revenue given its perpetual license model and high renewal rates. CMG has a strong balance sheet with just under a $1 of net cash per share and yields 3.5%. The company is entering a new product cycle which should help augment growth going forward.

TransForce Inc.

TransForce is a leading transportation provider in North America with services including truck load, less than truck load, package and courier, and waste services. TransForce has been an active consolidator in the transportation sector, taking advantage of scale and network benefits. We believe management will create value in the future by spinning out divisions through independent listings. Our estimated value of the company on a breakup basis is significantly above its current market value. As well, we forecast improving fundamentals for trucking companies due to a very tight market and increased regulation that we believe will limit supply.

With these purchases and the additions to existing names, the cash position of the pool was reduced to 0.1% which is significantly lower than the 3.5% at the end of the second quarter.

Canadian Equity Pool Dynamics (Sept 30/2014)

Measure	Canadian Pool	S&P/TSX Comp
FY1 P/E	16.4x	14.2x
Dividend Yield	2.5%	2.7%

Source: *Galibier Capital Management Ltd, Bloomberg*

Galibier U.S. Equity Pool

The S&P500's performance in the quarter was +6.1% in Canadian dollar terms. Galibier's investment results were +4.0% for the quarter. For the year ended September 30/2014, the overall market was up +30.2% while Galibier's investment result was behind at +22.8%. On a two-year basis the U.S. market returned +27.4% and Galibier's return was +22.9%.

US Equity Pool Top Holdings (Sept 30/2014)	
	Weight (%)
1. Verizon Communications Inc.	4.6
2. Ross Stores, Inc.	4.5
3. Google Inc.	4.4
4. AIG	4.4
5. Express Scripts Holding Co.	4.3
6. Sanofi SA (ADR)	4.3
7. VISA Inc.	3.8
8. Cummins Inc.	3.8
9. Priceline Group Inc.	3.7
10. JPMorgan Chase & Co.	3.5
Total	**41.3**

Best performers[2]

Booz Allen Hamilton +20.5%

Booz Allen had strong share price performance in the quarter after reporting solid quarterly results along with a $1 per share special dividend. Despite revenue declining in the quarter due to cautionary government spending, Booz Allen was able to keep productivity high and operating profits actually improved. Management continues to invest in areas of growth like cyber analytics and their international operations. We are optimistic about results going forward as they grow their commercial and international business and as activity from the United States government is expected to pick up.

Ross Stores up + 20.2 %

Ross Stores rebounded nicely after a challenging second quarter by posting strong same store sales results. During a difficult retail environment, the off price retailers have been able to take advantage of merchandise availability and continue to offer their customers quality goods at attractive prices. We continue to like Ross' long-term growth opportunities as they expand the store base and capitalize on their buying organization to provide shoppers with an alternative shopping experience.

Apple Inc. up +14.2%

Apple rallied in the quarter as investors awaited the launch of the highly anticipated iPhone 6 and the new Apple Watch. The new phones have not disappointed in terms of order volumes since their release in mid-September. The stock remains attractively valued and has a solid dividend yield and pristine balance sheet.

All three of these names remain in the portfolio as core holdings as they continue to offer compelling investment propositions based on Galibier's criteria.

Worst Performers[2]

Trimble Navigation down -14%

Trimble offers advanced positioning solutions to customers in its core markets of Agriculture, Construction & Engineering and Mobility. Trimble's share price declined during the quarter as sharply lower commodity prices pressured the near-term outlook for the Agriculture segment. Despite the near-term headwinds, Trimble is well positioned to capitalize on further penetration of all its core markets and benefit from recent product launches that move it into higher margin software and services.

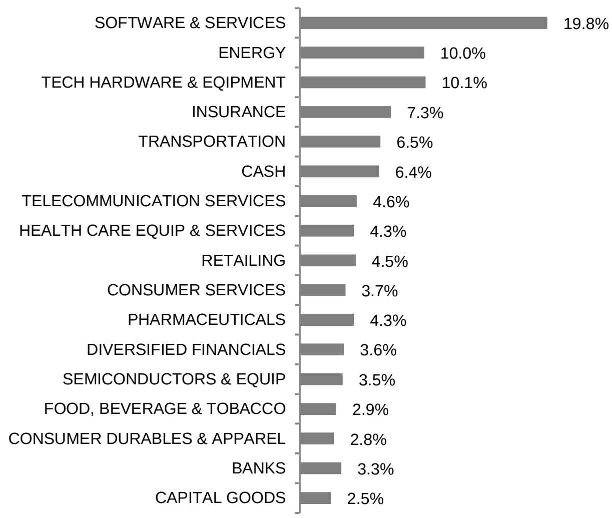
Cummins Inc. down -10%

Cummins, one of the world's largest producers of both diesel and natural gas engines, has excellent long-term growth potential driven by tightening global environmental standards. The company recently indicated that it was experiencing a temporary hit to margins due to higher than expected warranty costs. We expect this issue to persist for one more quarter at least. However medium and long term earnings growth is forecast to be very strong and we took advantage of share price weakness to add to our position during the quarter.

Iconix Brand Group, Inc Down -9.7%

Iconix Brand Group is a leading brand management company with a portfolio of global consumer brands across fashion, sports, entertainment and home. Shares of Iconix declined in the quarter as concerns regarding overall retail sales in the U.S. weighed on the company. Despite these concerns, Iconix continues to grow and increased its full year guidance for revenue and free cash flow during the quarter. Iconix's products are manufactured by others and sold through major retailers, usually on multi-year contracts. The result is very predictable licensing revenues generated with little capital investment and thus very high returns on invested capital.

US Equity Pool Industry Split (Sept 30/2014)



Buys & Sells

Over the course of the third quarter, the U.S. Equity Pool added to its positions in Sanofi, BB&T, Cognizant, Cummins and Trimble.

The cash position of the U.S. Pool at September 30, 2014 is at 6.4% versus 5.8% as of June 30, 2014.

U.S. Equity Pool Dynamics (Sept 30/2014)

Measure	U.S. Pool	S&P500
FY1 P/E	14.5x	14.9x
Dividend Yield	1.6%	2.0%

Source: *Galibier Capital Management Ltd, Bloomberg*

Notes:

1. *When evaluating the performance of any investment, it is important to compare it against an appropriate benchmark in order to make an informed assessment of the account's performance based on its investment strategy. Galibier utilizes broad market indexes such as the S&P/TSX Composite index and the S&P 500 index for this purpose as they are the most well-known indices and are most likely to resemble the investment strategy of the accounts. It is important to note that benchmarks do not include operating charges and transaction charges as well as other expenses related to the account's investments, which may affect its performance.*

2. *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 (the "Funds") 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 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.