Galibier Capital Management Ltd.

Quarterly Investment Review

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The Climb Begins…

Results

We are quite pleased with our portfolios' current configuration and absolute performance to date. Over the short six months since inception 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 industries and market capitalization ranges.

The first quarter of 2013 provided strong returns to equity investors in both the Canadian and even more so in the US market. The major source of this price increase was due to a sharp increase in P/E multiples. We believe there are three major reasons for this multiple expansion. The first is that central banks continued to flood the world with liquidity. Second, dividend yields are still extremely high versus bond yields. Third, investors began to be more confident about an economic recovery in the US.

Summary of Q1 2013 Results		
Period ending: March 31, 2013	3 Months (%)	6 Months (%)
Galibier Canadian Equity Pool	**6.2**	**6.6**
S&P / TSX Comp. (total return)	3.3	5.1
Galibier US Equity Pool	**9.4**	**9.1**
S&P 500 (CAD, total return)	12.9	13.8
DEX Universe Bond Index	0.7	1.0

Note:
Month-end cash balances: Canadian Equity Pool (Dec/2012=20%, Mar/2013=18%)
Month-end cash balances: U.S. Equity Pool (Dec/2012=14%, Mar/2013=7%)
Return figures are gross of all fees and fund expenses
Source: Galibier Capital Management Ltd, Bloomberg

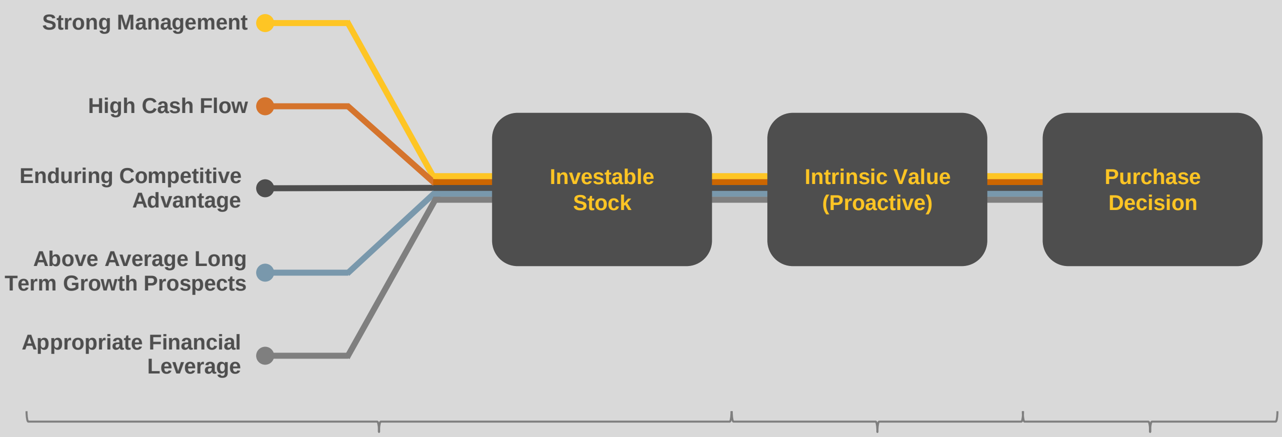
Q1 | 2013

Welcome to Galibier

We at Galibier 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



Step 1: Define Investable Universe

Define investable stocks based on key criteria

Step 2: Proactive and Innovative Valuation Methodology

Determine intrinsic value using rigorous and consistent valuation methodology

Step 3: Portfolio Construction

Transact when price differs from intrinsic value

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 TSX provided reasonable performance over the quarter providing a total return of 3.3%. Galibier's investment results were somewhat better at 6.2%. This good absolute and relative performance was despite the fund averaging a cash position of around 20% throughout the quarter as we deployed the cash.

Canadian Equity Pool Top Holdings (Mar 31/13)

Security Name	Weight (%)
1. Canadian Natural Resources Ltd	8.1
2. Bank of Nova Scotia	7.9
3. Cenovus Energy Inc	7.6
4. Manulife Financial Corp	6.8
5. Genivar Inc	6.5
6. CGI Group Inc	6.3
7. Potash Corporation of Sask	6.2
8. Martinrea Int'l Inc	6.2
9. Paramount Resources	5.3
10. Cogeco Cable	4.7
Total	**65.6**

Best performers[1]

Cogeco Cable up 20.6%

Cogeco rallied sharply from a significantly oversold position during the quarter as investor doubts about a recent purchase of a US regional cable network were quelled

CGI up 20.4%

CGI showed good performance in its recently acquired UK based Logica subsidiary

Paramount Resources up 18.1%

Paramount rallied on some stabilization of natural gas prices during the quarter.

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]

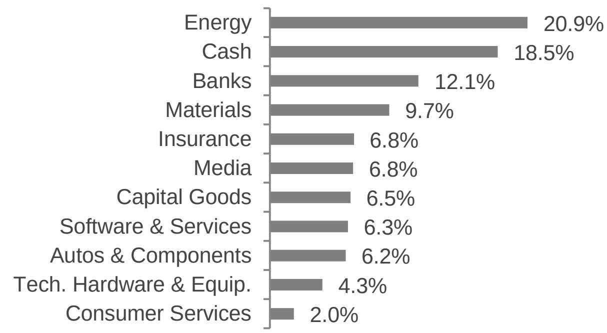
Kinross Gold down 15.9%

Kinross rolled over responding to falling gold prices throughout the quarter as well as a large write down on its recent acquisition of Redback Mining. We see Kinross as significantly undervalued on a net asset value basis and would not be surprised if takeover speculation on the name becomes more widespread.

Cenovus down 4.7%

Cenovus' stock price was weak due to wide heavy oil differentials as well as general malaise in oil prices. We recently added to our position in Cenovus seeing its well defined production growth to be very accretive to cash flow and earnings in the medium term.

Canadian Equity Pool Industry Split (Mar 31/13)



Buys & Sells

In the Canadian Equity Pool, new positions were established during the quarter in Genivar, Evertz, Genworth and Loyalist Group.

Genivar purchased at $22.61

Genivar is an engineering consulting company which provides its private- and public-sector clients services in planning, engineering, architecture, surveying, environmental sciences, and project and construction management. The company has extremely high recurring revenues. The potential for growth comes from the integration of its newly acquired WSP division which is a large engineering company based in the UK. We believe the dividend is very safe and at our purchase price the company provides a very attractive dividend yield of 6.7%.

Evertz purchased at $15.42

Evertz's is a manufacturer of video infrastructure equipment for the television production and broadcast industry including high definition (HD), third generation (3G), and three dimensional (3D) end-to-end solutions. The company has a sustainable competitive advantage in its products and a management team with a demonstrated record of success. Evertz's balance sheet is rock solid with a significant amount of net cash and an attractive dividend yield of 3.6%.

GENWORTH PURCHASED AT $25.21

Genworth is a provider of mortgage insurance. We are very impressed with management's expertise and find their plans to increase market share in Canada very achievable especially since the CMHC is reducing their activity in the market. The stock trades at a single digit multiple and offers an attractive yield of 4.6% based on our purchase price.

LOYALIST PURCHASED AT $0.58

Loyalist is a provider of educational services including English as a Second Language (ESL) as well as preparatory programs for English tests such as the TOEFL. The company has locations in Toronto, Vancouver and Victoria and is seeking to further consolidate the 170+ accredited ESL schools in Canada. The company recently completed a significant equity issue (which Galibier participated in) which gives it the financial means to make further synergistic acquisitions. Our purchase of Loyalist, which has a market capitalization of around $70MM demonstrates our ability and willingness to invest in companies across the full market capitalization spectrum.

Over the quarter the Fund sold both Open Text and Aimia. Both stocks provided reasonably good price appreciation during our holding period. In both cases we felt that the stock's valuations were starting to get ahead of intrinsic value. More specifically, in the case of Aimia, we feel that there is significant downsize risk if the deal with the CIBC on the Aerogold Visa card is materially changed. In Open Text's case we feel that there may be a slowdown in spending among its customers which has the potential to reduce the intrinsic value of the company.

Canadian Equity Pool Dynamics (Mar 31/13)

Measure	GCM CAN	S&P / TSX Comp
FY1 P/E	12.3x	13.8x
Market Cap ($B)	19.1	36.8
Dividend Yield	2.5%	3.1%

Galibier US Equity Pool

The S&P500 provided extremely strong performance in the quarter with a total return of 12.9% in Canadian dollars. Galibier's investment results were also strong at 9.4% for the quarter. A portion of the relative underperformance was due to the cash position in the portfolio which averaged around 10% during the quarter.

US Equity Pool Top Holdings (Mar 31/13)

Security Name	Weight (%)
1. Mondelez Int'l Inc.	8.1
2. Qualcomm Inc.	7.6
3. Metlife Inc.	7.1
4. Apple Inc.	6.6
5. Chevron Corp	6.4
6. JPMorgan Chase & Co	6.2
7. National Oilwell Varco	6.0
8. AIG	5.8
9. Coach Inc.	5.7
10. E.I. Du Pont De Nemours & Co	5.6
Total	**65.1**

Best performers[1]

TIFFANY UP 23.9%

Tiffany was strong as it was significantly oversold heading into the Christmas season due to U.S. "fiscal cliff" concerns.

MONDELEZ UP 23.4%

Mondelez is benefitting from investors catching up to our earlier realization that the company has significant growth potential in emerging markets and also coincident potential for margin expansion

METLIFE UP 18.2%.

Metlife benefitted from some further clarity emerging on its regulatory position as well as an emerging view that rates are likely to inch higher in the second half of 2013.

Worst Performers[1]

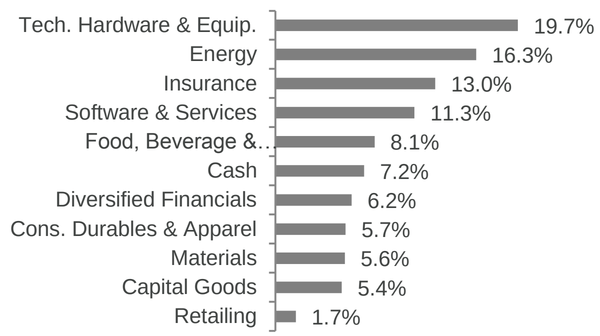
APPLE DOWN 15.0%

Apple continued a sell off reflecting investors' concerns about slowing growth coupled with frustration about management's unwillingness to either increase the dividend or increase the buyback program. We continue to be quite excited about Apple's future prospects both on operations as well as utilizing the balance sheet, and added to our position over the quarter.

TERADATA DOWN 3.5%

Teradata, which provides data analytics for large corporations, continues to perform well. However investors have grown concerned about new entrants into the “big data” analytic space. We continue to believe that Teradata has a competitive advantage for a large segment of the addressable market and continue to hold the stock.

US Equity Pool Industry Split (Mar 31/13)



Buys & Sells

Over the course of the first quarter the U.S. Pool established new positions in Coach, AIG and Oracle.

COACH PURCHASED AT $47.39

Coach manufactures and retails products such as fine leather bags, accessories, business cases, footwear, wearables, jewelry, sunwear, travel bags, watches and fragrance. The company has significant secular long term growth ahead of it from both a broadening of its merchandise offering as well as geographic expansion particularly in Asia. The company was purchased at an attractive cash adjusted P/E of 11.5X with a 2.5% dividend yield.

AIG PURCHASED AT $37.78

AIG has emerged from US government control as an extremely well capitalized and focused international insurance company. It is among the world’s largest property and casualty insurance companies. Through asset sales, AIG has freed up a tremendous amount of excess capital which we believe will make its way to shareholders through dividend increases and share buybacks once such capital strategies are approved by AIG’s regulators. New management is top notch and the CEO, Robert Benmosche, led Metlife through a very similar process as it demutualized some years back. The stock trades at 10.8X earnings.

ORACLE PURCHASED AT $31.51

Oracle Corporation is a provider of enterprise software including database, middleware and computer hardware products which are primarily focused on the computer server and storage market. Oracle sold off during the quarter as there were concerns about the productivity of its sales force. Galibier took advantage of this selloff to establish a position at a cash adjusted P/E of 11X. The stock’s balance sheet is solid with significant net cash per share.

Over the quarter we trimmed our position in Tiffany due to strong price performance.

US Equity Pool Dynamics (Mar 31/13)

Measure	GCM US	S&P 500
FY1 P/E	11.3x	13.7x
Market Cap ($B)	115.4	107.5
Dividend Yield	2.1%	2.1%

Notes:

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