Galibier Capital Management Ltd.

Quarterly Investment Review

Q1 2016

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Results

"Volatility is the friend of the long term investor" - Warren Buffett

And "volatile" sums up the performance of the markets in the first quarter of 2016. Changing expectations for the direction of future interest rate movements were a major source of the markets' gyrations as were weak commodity prices and continued sluggishness of general economic conditions.

At Galibier, we love short-term volatility. Why? Because we focus on the *long term* in deriving our view of individual company valuations. Thus, when a volatile market gives us stock prices that are well below our view of intrinsic value we buy. And when the market gives us stock prices well above intrinsic value we sell and redeploy capital into names with more upside potential.

Despite the incredible volatility during the quarter, the Canadian market was ultimately quite strong, finishing up +4.5%. The U.S. market was equally volatile but, when reported in Canadian dollar terms, was down -5.6% in Q1 2016.

For the quarter in Canada, the best performing sectors were Materials, Telecom and Utilities. The Healthcare sector was down 67% in the quarter almost all due to the collapse in the share price of Valeant Pharmaceuticals.

In the U.S., the market's best performing sectors were the Telecom, Utilities and Consumer Staples sectors, offset by the weakest performing Healthcare and Financial Sectors.

During the first quarter another large institutional client joined the Galibier family. As a result, we are now closing in on the $400 million mark of total assets under management.

Summary of Results

Period ending: March 31/2016	3 Months (%)	1 Year (%)	2 Year (%)	3 Year (%)	Since Inception (%)
Galibier Canadian Equity Pool	**+5.0**	**-6.5**	**2.1**	**11.2**	**11.5**
S&P/TSX Composite (total return)	+4.5	-6.6	-0.1	5.0	5.7
Galibier U.S. Equity Pool	**-5.3**	**-1.4**	**7.7**	**16.6**	**16.9**
S&P500 (CAD, total return)	-5.6	4.0	16.0	21.2	22.1

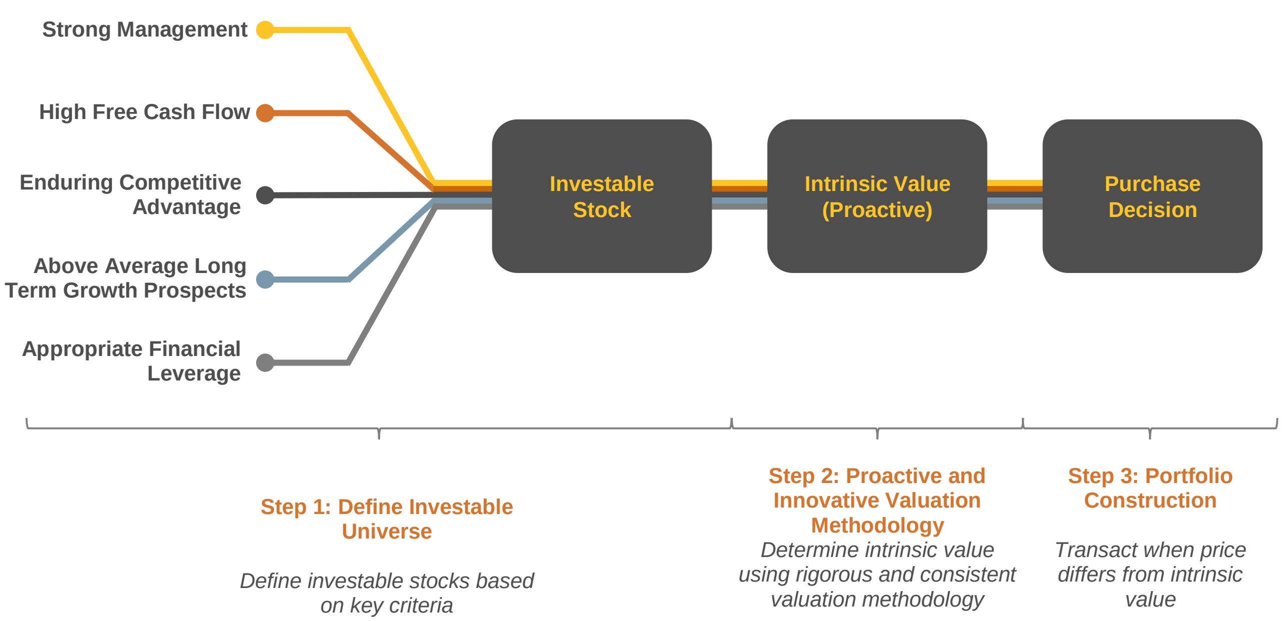
Note:
Return figures are gross of fee and are annualized for periods greater than 1 year.
Inception date of the Canadian and U.S. Pools is September 27, 2012.
See Note 1 and Disclaimer at the end of this document for more information about the returns and benchmarks.
Source: Galibier Capital Management 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 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

In Q1 2016, the S&P/TSX provided a solid total return of +4.5%. The Galibier Canadian Equity Pool's investment results were slightly better at +5.0%. For the 1-year period ending March 31/2016, Galibier's Canadian Equity Pool returned -6.5% versus the S&P/TSX Index -6.6%. On a two-year basis, Galibier's annualized numbers are +2.1% vs. -0.1% for the S&PTSX. Since its inception, the Canadian Pool has returned +11.5% per year, more than doubling the index return of +5.7% per year.

Canadian Equity Pool Top Holdings (Mar 31/2016)	
	Weight (%)
1. CIBC	5.7
2. Cenovus Energy Inc.	5.6
3. CGI Group Inc.	5.5
4. Industrial Alliance Ins. & Fin. Services	5.2
5. Genworth MI Canada Inc.	5.1
6. Northland Power Inc.	5.1
7. MacDonald Dettwiler & Associates	4.6
8. Bank of Nova Scotia	4.1
9. WSP Global Inc.	4.1
10. DREAM Global REIT	3.9
Total	**48.9**

Best performers[2]

Canadian Natural Resources up +34%

This superbly managed oil and gas producer has demonstrated admirable cost discipline and continues to generate economically viable production growth in the face of a very tough oil price environment. The stock price rebounded during the quarter along with the improving WTI price. In addition, Management did not cut the dividend which the market had feared as a possibility.

Goldcorp up +33%

Goldcorp benefitted from the rising price of gold during the quarter. Gold bullion finished the quarter at US$1233 per ounce, up +16% since Dec 31/2015. The company announced a change in its senior management with long tenured Chuck Jeannes retiring as CEO and being replaced by highly respected David Garafalo who joins from copper producer Hud Bay. The challenge at Goldcorp remains execution on their growth strategy and cost control. We expect Garafalo to excel in these roles.

DH Corp up +19%

After being hit by a short seller's report in Q4 2015, DH's share price rebounded during the quarter after reporting stronger than anticipated organic growth within its Global Transaction Banking Solutions product (global payment hubs). The financial results largely countered the assertions made in the short report, which gave investors more confidence in growth prospects going forward, aided by an increased level of disclosure from management. We believe DH still trades at a discount to its peer group, although the strong performance in the quarter helped to reduce that gap.

Genworth MI Canada up +17%

With approximately 20% of its book of mortgage insurance in Alberta, Genworth has sold off on the risk of increased mortgage defaults due to a prolonged period of low energy prices. Thus, with strengthening energy prices over the first quarter, Genworth's share price rebounded nicely. The stock is still very cheap at a below 10X earnings multiple and, with an attractive dividend yield, we remain holders at current prices.

Northland Power up +16%

Northland Power had strong returns in the quarter after announcing it had achieved first power on its Gemini offshore wind project in the North Sea. While this is the largest project it has ever taken on, Northland continues to execute well, with construction continuing on time and on budget. It is also making good progress on the construction of its second large offshore project, Nordsee One. We are excited by the upcoming completion and full contribution of these projects, as well as how Northland will use this newly developed expertise to add future value for shareholders.

Worst Performers[2]

AutoCanada down -24%

Shares of AutoCanada continued to be weak in the quarter along with a weakening Alberta economy. As almost half of the company's dealerships are located in Alberta, results are suffering as customers delay purchases, or trade down to more affordable, lower priced vehicles. The parts and service business continues to be a bright spot, with strong per dealership results and attractive margins. We hope to see AutoCanada continue with their dealership acquisition strategy which should help to diversify away from Alberta and stabilize results.

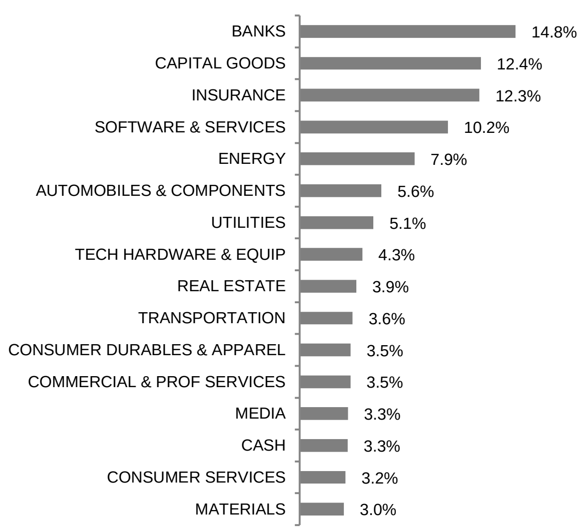
ManuLife Financial down -11%

Like many interest rate sensitive stocks, Manulife rallied in the fourth quarter as markets began anticipating the impact on earnings due to higher interest rates. However, in the first quarter, these rising interest rate expectations became much more muted as the U.S. Fed and the Bank of Canada became quite a bit more "dovish" from a monetary policy perspective. Happily, we added to our Manulife position over the quarter taking advantage of the market overselling this security.

Industrial Alliance down -10%

Industrial Alliance (IAG) was impacted by many of the same factors as Manulife during the quarter. In addition, the company continues to demonstrate difficulty in its mutual fund operations. We expect management to right the ship somewhat on the mutual fund side with its recent initiatives and management changes. On a return on equity vs. price to book measure, IAG looks very attractively priced under $40 and we added to our positon over the quarter.

Canadian Equity Pool Industry Split (Mar 31/2016)



Buys & Sells-Canada

New Buys:

Canadian Natural resources (CNQ)

CNQ is one of Canada's largest energy producers. The company has world class assets and an excellent management team both strategically and from an execution perspective. The stock became very oversold due to low energy prices during the quarter and concerns about a dividend cut or elimination. Galibier took advantage of this attractive share price after reviewing the fundamentals and growth prospects that the company offered.

DH Corporation (DH)

DH has transformed itself over the past decade from a sleepy cheque printing business to a global financial technologies software and services business. After a series of acquisitions, Management has gained expertise in core banking systems as well as a global payments platform, which enables real time settlement of global financial transactions. Clients now include some of the world's largest banks. With mission critical software and services, revenue is sticky and predictable. We took advantage of what we determined was a depressed share price resulting from a "short sellers report" issued on the company in Q4 2015 and established a position in DH when it was trading at a meaningful discount to its peer group and our estimate of fair value.

DHX Media Ltd

DHX Media Ltd. is a Halifax-based media company that produces, distributes, and licenses television and film programs primarily for children and families. DHX currently owns one of the world's largest independent libraries (12,000 half-hour episodes) of children's television content, containing popular brands such as Teletubbies, Caillou, Johnny Test, Inspector Gadget, Strawberry Shortcake and Yo Gabba Gabba, among others. DHX licenses and sells its content library to its global customer base which includes more than 200 multi-national broadcasters, merchandisers and distributors such as Netflix. The company is benefiting from strong demand for content as traditional distributors and new entrants compete for an audience. The shares have fallen since peaking in late 2014 at $10.00 and reached a level below our view of intrinsic value during the quarter.

Over the first quarter the fund added to its positions in a number of names due to funds flow. Names added to include Dream Global, Gildan Activewear, Industrial Alliance, Manulife, MTY Group and WSP Global.

The fund reduced its exposure to AutoCanada, Boyd Group, Cenovus, CGI, Goldcorp, Northland and Paramount over the quarter. The fund eliminated its positions in both Transforce and Tricon over the quarter.

Both TransCanada Corp. and Enbridge completed very large equity financings in the quarter and we took advantage of the discount the brokers priced into each of the deals to arbitrage the corresponding valuation gap. The Enbridge position was profitably eliminated in the quarter. A small piece of TransCanada remained in the portfolio at the end of the quarter.

As a result of these transactions and fund flows, the cash position in the fund decreased to 3.3% at March 31/2016 from the 4.3% position at December 31/2015.

Canadian Equity Pool Dynamics (Mar 31/2016)		
Measure	Canadian Pool	S&P/TSX Comp
FY1 P/E	17.6x	15.0x
Dividend Yield	3.1%	3.2%

Source: *Galibier Capital Management Ltd, Bloomberg*

Galibier U.S. Equity Pool

The S&P500 returned -5.6% in Q1 2016 as measured in Canadian dollar terms. Galibier's investment results were marginally better than the index at -5.3% for the quarter. For the year ended March 31/2016, the U.S. market was up +4.0% (S&P500 C$) while Galibier's investment result was -1.4%. Since inception, the U.S. market has returned +22.1% per year vs Galibier's return of +16.9%.

U.S. Equity Pool Top Holdings (Mar 31/2016)

	Weight (%)
1. Express Scripts Holding Co	5.2
2. Alphabet Inc.	5.1
3. Polaris Industries Inc.	5.1
4. Thermo Fisher Scientific Inc.	5.0
5. Emerson Electric Co	4.8
6. Las Vegas Sands Inc.	4.7
7. Priceline Group, Inc.	4.6
8. Booz Allen Hamilton Inc.	4.6
9. Verizon Communications Inc.	4.5
10. Kering ADR	4.3
Total	**47.9**

Best performers[2]

ECHO GLOBAL LOGISTICS UP +24%

ECHO had strong performance in the quarter after reporting revenue with higher than expected organic growth. While the trucking spot market has slowed, the company has been able to maintain impressive growth, with the shares rallying in response. The company is progressing well with its integration of Command Transportation (acquired summer 2015) and expects the majority of that work to be completed later this year. We are excited about the opportunities available once the sales force and network of these two powerful trucking brokers have been fully integrated.

LAS VEGAS SANDS UP +11%

Las Vegas Sands (LVS) has significant operations in Macau, China. Traffic and spending in the region is beginning to stabilize after the implementation of some strong anti-corruption laws by government policy makers. LVS is much more focussed on the mass market which makes it relatively underexposed to the target of these policies. In addition, the market is beginning to anticipate two new mega projects that are expected to be brought on line by LVS in the 2016-2017 timeline which will have a significant positive impact on earnings.

VERIZON UP +10%

Verizon Communications rallied during the quarter as the company continues to execute well in a competitive environment. At 11.5x earnings, the shares benefited from a positive re-rating through the quarter as the company offers a stable business model that generates significant free cash flow, is a beneficiary of lower interest rates and continues to increase wireless within its mix of assets through accretive mergers & acquisitions. Connections to its wireless network increased to a staggering 112 million customers during the 4th quarter. Despite the competitive environment, the nation's largest and highest quality carrier has largely maintained its subscriber base without launching aggressive price-cutting campaigns as some other carriers have.

POLARIS INDUSTRIES UP +7%

Polaris shares rallied during Q1 2016, rebounding from a weak Q4 when the company pre-released lower than expected results. We capitalized on our conviction in the company and on the weakness in the share price to add to our position early in the quarter. Shares then benefitted from the decision to increase the dividend and the share buyback, showing Management's confidence in the business. Management also reiterated their 2020 revenue and margin targets, which we expect will drive long term share price appreciation.

Worst Performers[2]

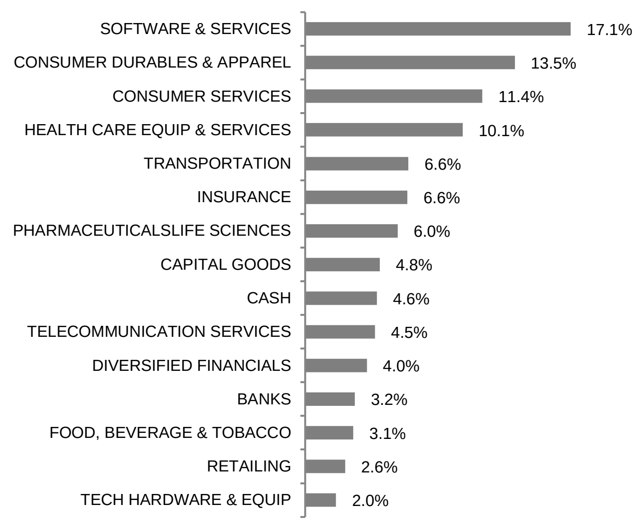
EXPRESS SCRIPTS DOWN -27 %

Express Scripts weakened in the quarter after one of its major clients, Anthem, had threatened not only not to renegotiate its contract that is due to expire in 2020, but also claimed that the company was not passing through enough of the savings they have in the current agreement. We estimate Anthem's current contribution to the company's profitability is in the realm of ~15% and believe that Anthem's claims are actually excessive relative to the amount of scripts that Express services for Anthem. Furthermore, Anthem does not have a lot of substitutes it could use to fulfill this gap should they indeed terminate the relationship with Express Scripts. At these levels, we believe the stock already incorporates a worst case scenario, trading at ~11x 2016 P/E's.

AIG DOWN -18 %

As mentioned above in the MFC and IAG write-ups, investors rallied the financial services stocks in the fourth quarter in anticipation of a prolonged period of rate increases. These rate increases now appear to be on hold or at least delayed. As well, AIG's Management has succumbed to activists calls for board representation but appears to be dragging its feet on the breakup of the company. We continue to see significant value in AIG on a going concern as well as "sum of the parts" basis.

U.S. Equity Pool Industry Split (Mar 31/2016)



Buys & Sells

New Buys:

BIOGEN INC. (BIIB)

Biogen Inc. is a biotech company specializing in the manufacture of drugs designed to treat neurological, autoimmune and rare diseases. Biogen products are also known as biologics - a complex synthesis of acids, sugars, proteins and the like that includes cells and tissues. Biologics are more difficult to manufacture and copy unlike their "small molecule" pharmaceutical peers, which are chemically synthesized and its structure easily known. In particular, Biogen has a leading position in the treatment of multiple sclerosis (MS) with products such as Tecfidera, Tysabri and Avonex - one of the first prescribed therapies for MS. Over and beyond this strong franchise, Biogen has a pipeline of products that are expected to supplement current revenues, most notably in brain diseases such as Alzheimer's and Parkinson's. Management has been in this business for over a decade with solid results. The current re-rating within the biotechnology sector allowed us to establish a position in this relatively cheap name.

STARBUCKS (SBUX)

The future looks bright for the world's largest retailer of coffee and related products. The company continues to buttress its network of 12,400 company owned stores and 11,000 franchised units. China, in particular, offers a long runway for growth at Starbucks. The rapid and significant adoption of the Starbucks App has led to the company having quite a sizeable float of prepaid product and this, coupled with the new Mobile Order and Pay technology, has significantly increased the value proposition to the customer. An emerging opportunity for the company is found in its consumer packaging offering of coffee in bag and K cup formats. All in all, we see high and predictable earnings growth over the medium- to long-term.

During the first quarter the fund added to its positons in Express Scripts, Kering, Polaris and Tiffany. Reductions were made in both Echo Global Logistics and Gilead. Two names were eliminated from the fund, Cummins and Ross Stores.

As a result of these transactions and funds flows, the cash position of the fund was 4.6% at the end of March 2016, down significantly from the 7.3% as of December 31/2015.

U.S. Equity Pool Dynamics (Mar 31/2016)

Measure	U.S. Pool	S&P500
FY1 P/E	16.3x	15.3x
Dividend Yield	1.7%	2.2%

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 percentage 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, with the British Columbia Securities Commission as a Portfolio Manager, with the Nova Scotia Securities Commission as a Portfolio Manager and with the Autorité des Marchés Financiers in Quebec as a Portfolio Manager and Investment Fund 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, the Galibier U.S. Equity Pool and the Galibier Opportunities Fund (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. 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 of the Galibier Canadian Equity Pool and the Galibier U.S. Equity Pool prior to June 6, 2013 and of the Galibier Opportunities Fund prior to November 30, 2014 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.