

Quarterly Investment Review

Q2 2016



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Results

“Shaken, not stirred” – James Bond

At Galibier, we are focused on the long term and are willing to have short-term fluctuations as long as there is the potential for good long-term absolute returns. With concentrated portfolios of approximately 25 stocks, we expect volatility versus our benchmarks and we are willing to sustain this short-term pain against our long-term objectives.

Over the nearly four years since Galibier was founded, our funds have produced solid absolute results with the Canadian Pool returning +11.9% per year since inception, while the U.S. Pool has returned +14.4% per year since inception.

The Galibier Pools' long term performance is consistent with the 12-15% hurdle rates employed by the Galibier valuation methodology.

In the short term, however, Q2 2016 was a challenging quarter. Absolute returns in Canada were solid, but the U.S. Pool produced a negative return. Relative to the benchmarks, we marginally underperformed in Canada and were well behind in the U.S.

Adhering to our philosophy of owning companies with enduring competitive advantages and solid long-term growth rates means we generally do not have a lot of exposure to the volatile cyclical industries such as Energy and Materials which happened to be strong in the quarter.

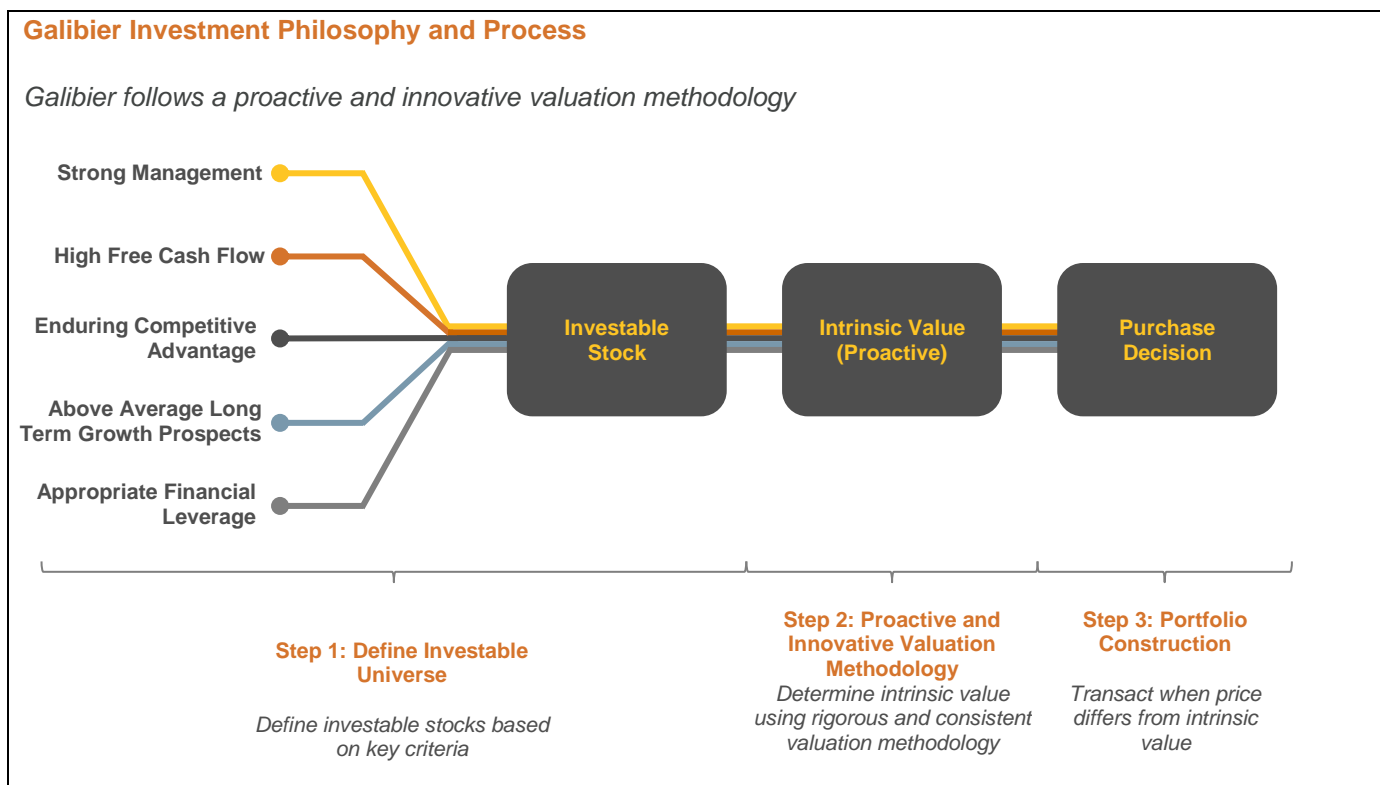
The top performing sector in Canada was Materials, which includes base metals and gold (+27%), followed by Energy (+10%) and Utilities (+7%). The worst performing sector, Health Care, was down -15%. As prices increased during the quarter, we significantly reduced our exposure to energy and eliminated our one gold position.

In the U.S., the top performing sector was Energy (+12%) followed by Telecom and Utilities. The worst performing sector was Information Technology (down almost -3%). The Brexit surprise, coupled with diminished likelihood of interest rate increases, affected our interest sensitive financial names and our healthcare names were hurt by political jawboning about price controls on pharmaceuticals.

During Q2 2016, several new institutional clients joined the Galibier family. This brings our AUM run rate to approaching \$500MM. Our existing and prospective clients should take comfort in the fact that Galibier will be adding to its investment team as assets grow.

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.



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 Summary of Results

Period ending: June 30/2016	3 Months (%)	1 Year (%)	2 Year (%)	3 Year (%)	Since Inception (%)
Galibier Canadian Equity Pool	4.2	-0.8	-0.7	12.1	11.9
S&P/TSX Composite (total return)	5.1	-0.2	-0.7	8.3	6.7

Note:

Return figures are gross of fees. Return figures are annualized for periods greater than 1 year. Inception date of the Canadian Pool is September 27, 2012.

Source: Galibier Capital Management Ltd, Bloomberg. See Note 1 and Disclaimer at the end of this document for information about the returns and benchmarks.

Galibier Canadian Equity Pool

In Q2 2016, the S&P/TSX provided a total return of +5.1%. The Galibier Canadian Equity Pool's investment results were +4.2%. For the one year period ending June 30/2016, Galibier's Canadian Equity Pool returned -0.8% versus the S&P/TSX return of -0.2%. Since its inception, the Canadian Pool has returned +11.9% per year versus the index return of +6.7%.

Canadian Equity Pool Top Holdings (Jun 30/2016)

	Weight (%)
1. Cenovus Energy Inc.	5.8
2. CIBC	5.5
3. Industrial Alliance Ins. & Fin. Services	5.2
4. Northland Power Inc.	5.1
5. Gildan Activewear Inc.	5.0
6. CGI Group Inc.	4.7
7. DHX Media	4.6
8. MacDonald Dettwiler & Associates	4.5
9. Cargojet Inc.	4.5
10. Ag Growth Int'l Inc.	4.3
Total	49.2

Best performers²

CARGOJET UP +29%

Cargojet was once again a solid contributor to performance in the quarter following the announcement of its cargo agreement with Air Canada. The relationship has started with three flights a week to Latin America and is expected to expand to European service later this year. We are also optimistic about the new relationship that has recently been disclosed with Amazon, which offers significant growth opportunity as well. In addition to operating its core business with increasing efficiency,

we are excited about the increasing charter business and potential growth in the Air Canada relationship.

MTY FOOD GROUP UP +26%

MTY had strong performance in the quarter following its announcement of the acquisition of U.S. based Kahala Brands. We had long believed that management would make a sizeable acquisition which would allow significant leverage of the administrative network within MTY, as well as allow for geographic expansion of existing brands. The acquisition of Kahala almost doubles the size of the company and is significantly accretive as MTY could use their balance sheet to finance the deal. We are impressed with management's ability to execute on their strategy, leveraging their balance sheet to add value for MTY shareholders.

PURE TECHNOLOGIES UP +21%

After a difficult second half in 2015, shares of Pure Technologies (PUR) rebounded somewhat during the quarter. Investors are gaining confidence in the company's ability to achieve significantly higher levels of revenue at higher than historic margins. Management helped bolster this confidence at its annual technology day where they demonstrated many new applications as well as new customers for their existing products. Coupled with their clients' needs to better understand the assets they have underground, growth should continue for PUR.

Worst Performers²

MARTINREA DOWN -22%

Investor concerns regarding slowing global auto sales pressured shares of Martinrea (MRE) this quarter which now trades at a modest earnings multiple of 5.1x. Management continues to focus on winning new programs, executing on ramping up recently won

business and increasing utilization rates of its global manufacturing network. All of which should increase profit margins toward their goal of 6%. The resulting cash generation from higher profits will allow management to reach their second goal of reducing debt to 1.5x EBITDA by year end 2017. All of this highlights that there are many 'self help' aspects to the MRE investment thesis, independent of gyrations in the global auto production cycle. As one of the few remaining class 1 suppliers to the auto OEMs, MRE is well positioned to increase revenue and is a key beneficiary of the trend towards lighter, more fuel efficient cars.

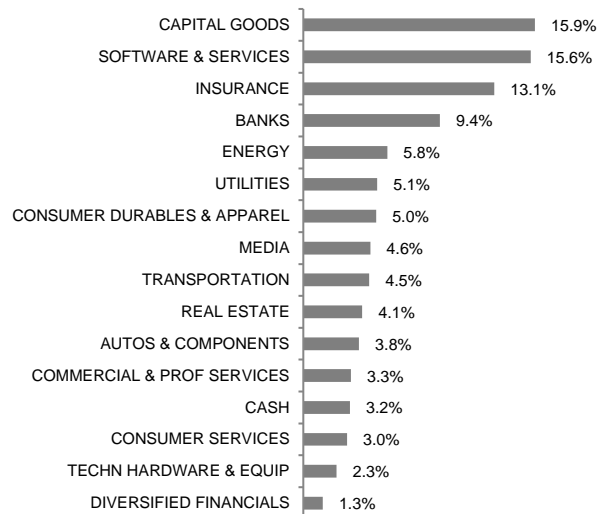
DH CORP DOWN -16%

Shares in DH declined following the release of its quarterly results. While the Global Transaction Banking Solutions division showed solid organic growth results, a window in the renewals of its Laser Pro product resulted in weaker than expected results. Management maintained that the weakness in the quarter was simply a timing issue. However, the divisional miss reignited management credibility concerns that were initially raised in a 2015 short seller's report. Following multiple meetings with management, we are satisfied with their explanation of the Laser Pro renewals and we remain positive on the long-term growth prospects for the DH business.

CGI GROUP DOWN -11%

CGI's shares reversed recent gains as they were impacted by the market dislocation following the Brexit referendum in the UK. With 13% of revenue being generated in the UK and a further 40% from Europe, CGI will be impacted by these changes. On one hand, increased uncertainty may cause CGI's UK & European clients to hold off spending on IT services. On the other hand, if the UK does leave, many of its clients will need to review and change how they are currently conducting business which should increase the need for CGI's services. Additionally, the increased uncertainty may help accelerate acquisitions for CGI.

Canadian Equity Pool Industry Split (Jun 30/2016)



Buys & Sells – Canada

During Q2 2016, three new names were added to the fund: Badger Daylighting, Enghouse Systems and Gluskin Sheff.

In addition to the three new names, the fund increased its exposure to Computer Modelling Group, DH Corp, DHX Media, Gildan Activewear, Intact Financial, Manulife and Martinrea. The fund reduced its position in MTY Food Group.

The fund eliminated its positions in AutoCanada, Evertz, Goldcorp, Genworth, Canadian Natural Resources, Paramount Resources and TransCanada Corp.

As a result of these transactions, the cash position decreased marginally to 3.2% from the 3.3% position as at March 31st, 2016.

New Buys:

BADGER DAYLIGHTING

We initiated a position in the shares of Badger Daylighting during the quarter. While this is a stock we have followed for years, the valuation in Q2 2016 finally presented us with a price at which we were comfortable buying shares. Badger is the largest player in the “daylighting” market, which is a safer and more efficient way for construction companies to dig holes in the ground. While there has been weakness in its energy business, Badger's trucks have been relocated to new markets where the focus is on

infrastructure investment. We are very excited about the long-term growth prospects for Badger as “daylighting” becomes a more widely used technology and as it capitalizes on its North American network of offices and trucks.

ENGHOUSE

Enghouse Systems (ESL) is an Ontario-based provider of enterprise software with two primary business segments: the Interactive Management Group and the Asset Management Group. The Interactive Management Group provides interaction tools for its call centre customers that is deployed on site, hosted, or delivered through a hybrid model. The Asset Management Group provides software to the transportation, telecommunications and utilities sectors. ESL’s software tools are entrenched and benefit from high switching costs and recurring revenue. The company’s key competitive advantage lies in its ability to source small acquisitions at attractive prices and allocate capital to enhance shareholder value. ESL’s growth prospects remain strong and we expect the company to continue to grow through acquisitions given the fragmented nature of its industry. The stock offers compelling value after selling off since the end of 2015.

GLUSKIN SHEFF + ASSOCIATES

Gluskin Sheff (GS) is a Canadian based wealth management firm focused on the high net worth (HNW) private client market with \$8.2bn in assets under management. GS generates revenues from base management fees and performance fees, which are earned when annual portfolio returns exceed pre-set hurdle rates (between 0-15%). Its unique product offering for the HNW market coupled with its high-end brand and industry leading margins offer a compelling investment opportunity. Its share price has recently been under pressure as the company deals with ongoing issues with the founding partners and succession.

Canadian Equity Pool Dynamics (Jun 30/2016)

Measure	Canadian Pool	S&P/TSX Comp
FY1 P/E	17.3x	15.7x
Dividend Yield	2.8%	3.0%

Source: Galibier Capital Management Ltd, Bloomberg

Galibier U.S. Equity Pool Summary of Results

Period ending: June 30/2016	3 Months (%)	1 Year (%)	2 Year (%)	3 Year (%)	Since Inception (%)
Galibier U.S. Equity Pool	-4.1	-5.2	6.8	12.5	14.4
S&P500 (CAD, total return)	2.9	8.2	16.7	19.7	21.4

Note:

Return figures are gross of fees. Return figures are annualized for periods greater than 1 year. Inception date of the U.S. Pool is September 27, 2012.

Source: Galibier Capital Management Ltd, Bloomberg. See Note 1 and Disclaimer at the end of this document for information about the returns and benchmarks.

Galibier U.S. Equity Pool

The S&P500 returned +2.9% in Q2 2016 as measured in Canadian dollar terms. Galibier's investment results were -4.1% for the quarter. For the year ended June 30/2016, the U.S. market was up +8.2% (S&P500 C\$) while Galibier's investment result was -5.2%. Since inception the U.S. market returned +21.4% per year vs Galibier's return of +14.4%.

U.S. Equity Pool Top Holdings (Jun 30/2016)

	Weight (%)
1. Express Scripts Holding Co.	5.6
2. Thermo Fisher Scientific Inc.	5.6
3. VF Corp.	5.1
4. Alphabet Inc.	5.1
5. Polaris Industries Inc.	5.1
6. Las Vegas Sands Inc.	5.0
7. Emerson Electric Co.	5.0
8. Priceline Group, Inc.	4.8
9. Kering ADR.	4.6
10. ECHO Global Logistics Inc.	4.5
Total	50.4

Best performers²

MONDELEZ UP +13%

Mondelez had a solid quarter, with its "Power Brands" such as Oreo Biscuits, Cadbury chocolates and Trident gum delivering consistent mid-single digit revenue growth. In addition, the company continues to execute well, alluding to strong margin expansion from better cost control measures and a pruning of unprofitable businesses. Despite some turbulence in its emerging markets business, the company also demonstrated its ability to pass through price increases to offset the currency devaluations in the region. As of this writing, there have been reports of the company bidding for Hershey's, which, if

consummated, may provide further earnings upside. The relative steadiness of Mondelez and its food business provides some shelter in these volatile markets.

EXPRESS SCRIPTS UP +10%

This company recovered from a somewhat oversold position in the first quarter. Investors were concerned about the potential loss of a very large benefit management client called Anthem Healthcare. This quarter saw the company's share price recover as investors started realizing that Anthem's relative contribution to Express Scripts was not as significant as initially feared. Moreover, initial reports have indicated that last quarter's selling season had a higher retention rate of clients relative to previous quarters, aiding revenue and profit results for the company. We expect the company's share price to continue to recover and benefit from increasing script volumes due to an aging US population.

JP MORGAN CHASE +6%

JP Morgan Chase (JPM) benefitted from investors starting to recognize its higher potential earnings power if the Fed starts to lift rates. As well, JPM passed the most recent Federal Reserve Stress Test process allowing for the potential for dividend increases or share buybacks.

Worst Performers²

ECHO GLOBAL LOGISTICS DOWN -18 %

While ECHO had strong operational performance during the quarter, its shares were weak as a result of sentiment within the trucking and brokerage industry. Despite weak industry conditions, ECHO continues to show solid organic growth, outperforming its peers. ECHO is well on their way to completing the integration of their 2015 acquisition of Command

Transportation, which we believe will be a positive catalyst. We remain optimistic that management will meet their long term revenue and EBITDA projections and believe the shares are attractively valued at current prices.

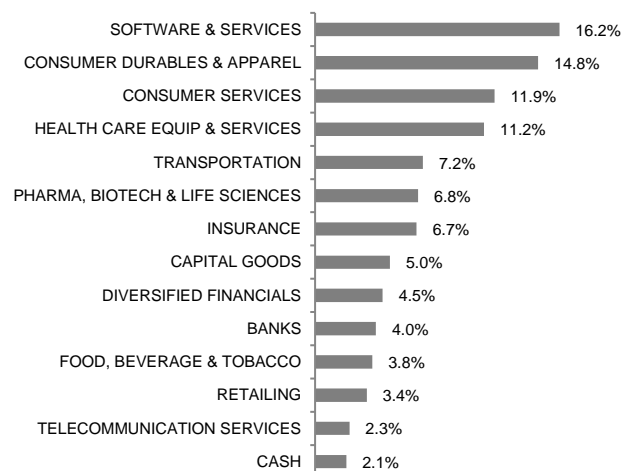
TIFFANY AND COMPANY DOWN -17 %

Tiffany (TIF) has been selling off as investors worry that the continued strong U.S. dollar may inhibit travel to the company's New York City 5th Avenue location, which garners about 40% of TIF's sales. As well, concerns about Chinese economic conditions and Brexit, and their effects on luxury spending are creeping in. We find the stock quite cheap compared to historical valuation measures and with assured future square footage global growth due to new store openings. As well the dividend yield at ~3% provides downside support.

POLARIS DOWN -16 %

Polaris saw negative share performance in the quarter related to concerns about demand in the "off road" recreational vehicle market. Polaris also announced a voluntary recall of certain models, which shifted dealer focus to repairs instead of selling new equipment. While we are seeing a weak pocket of off road demand right now, we are encouraged by growth in other areas of the company, specifically motorcycles. We also like the large share buyback announcement that management has recently made, and we expect them to add value through acquisitions as they drive towards their 2020 revenue and profitability targets.

U.S. Equity Pool Industry Split (Jun 30/2016)



Buys & Sells

During Q2 2016, Alliance Data Systems was added to the fund. Two names were eliminated from the fund: Apple and Booz Allen Hamilton.

In addition to ADS, over the quarter the fund added to its positions in BB&T Corp, Biogen, Echo Global Logistics, Kering, Las Vegas Sands, Polaris, Tiffany and VF Corp. The fund reduced its exposure to Express Scripts, Verizon and Visa.

As a result of these transactions as well as fund flows, the cash position was 2.1% at the end of June 2016, down significantly from the 4.6% as of March 31st.

New Buys:

ALLIANCE DATA SYSTEMS

Alliance Data Systems (ADS) is a unique company, offering their clients an ability to get closer to their customers, understand customer behavior and more effectively market to their customers. ADS has three different businesses. First is the loyalty business out of which they operate the Air Miles business in Canada. Air Miles partners with retailers like Metro, Rexall and Toys R Us, both to analyze their customer transactions and implement marketing programs to drive transactions and loyalty. Second, ADS offers Epsilon which is a marketing and communications agency, again working with clients to drive transactions and loyalty. Finally, ADS offers private credit cards to small and medium sized retailers, which act as both a payment and loyalty tool, again allowing clients to get closer to their end customers. We believe ADS offers an interesting mix of services to their clients which will become ever more valuable as companies look to deepen and expand relationships with their customers.

U.S. Equity Pool Dynamics (Jun 30/2016)

Measure	U.S. Pool	S&P500
FY1 P/E	15.2x	15.7x
Dividend Yield	1.9%	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.