Galibier Capital Management Ltd.

Quarterly Investment Review

Q2 2018

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"Buy not on optimism but on arithmetic."

- Ben Graham

Galibier's concentrated portfolios, proactive determination of intrinsic value, long-term time horizon and benchmark agnostic style of investing are key tenets of our philosophy and process. Equally as important is our commitment to our clients through a high degree of ALIGNMENT.

At Galibier, we have two important sources of alignment with our clients:

1. We are 100% independent and employee owned.
2. Everyone at the firm is required to have the majority of their personal investable assets in the products we manage.

By ensuring that Galibier's employees have a significant economic interest in both the investment results and in the firm's success, the interests of our clients and our team are absolutely aligned. At Galibier, we are all 'Investors' and our only focus is generating alpha for our clients – we buy on arithmetic, not on optimism.

The second quarter of 2018 provided investors with above average returns, particularly in Canada, with the S&P/TSX Composite up 6.8% in the quarter. Global equity markets were also strong as the MSCI World Index was up 3.8% in Canadian dollar terms. Major drivers include solid profit generation from corporations as well as low U.S. unemployment that could potentially lead to sustained consumption growth. In Canada, markets were impacted by strengthening commodity prices, particularly in energy, with WTI crude oil up 16% in Canadian dollar terms in the quarter.

The Trump impact continues as The Economist reports that U.S. corporations have done the math and have concluded that tax cuts, deregulation and the potential for trade concessions from China and other countries should more than offset the negatives associated with trade wars, tariffs and increased wage costs. As well, the concerns in the first quarter about potential regulation of the FANG stocks, particularly Facebook, appear to have waned and these stocks rallied sharply in the second quarter. In fact, almost half of the performance of the MSCI World Index was due to the FANG stocks.

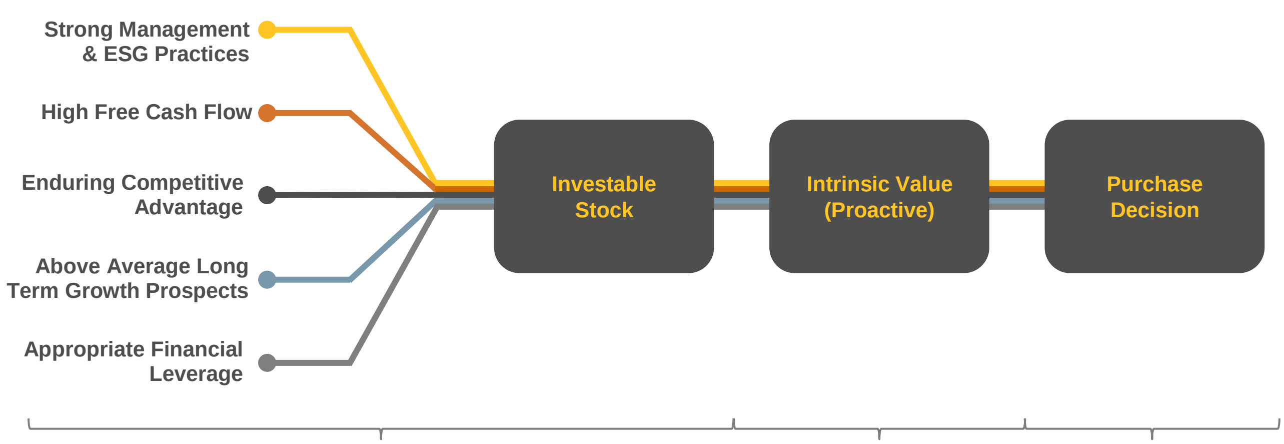
As always, at Galibier we look for investment opportunities by identifying high quality companies and then proactively calculating intrinsic value. In the quarter, we initiated several new positions in both the Canadian and Global equity portfolios.

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 – *The Galibier Way*

*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
- Concentration is essential for generating alpha
- 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 30/2018	3 Months (%)	1 Year (%)	2 Year (%)	3 Year (%)	4 Year (%)	5 Year (%)	Since Sep 27/12 (%)
Galibier Canadian Equity Pool	**3.6**	**11.9**	**13.8**	**8.7**	**6.3**	**12.8**	**12.6**
S&P/TSX Composite (total return)	6.8	10.4	10.7	7.0	4.9	9.2	8.1

Notes:

i. *Return figures are gross of fees.*
ii. *Return figures are annualized for periods greater than 1 year.*
iii. *The Funds' returns are not guaranteed, the values change frequently and past performance may not be repeated.*
iv. *Inception date of the fund is September 27, 2012.*
v. *Returns are presented only for periods during which Galibier has been registered as a portfolio manager.*
vi. *The investment objectives of the Galibier Canadian Equity Pool have not changed since the Funds' inception.*
vii. *All returns of the Galibier Canadian Equity Pool 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. 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.*

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

For the one year period ending June 30/2018, Galibier's Canadian Equity Pool returned +11.9% versus the S&P/TSX up +10.4%. Over the past five years, the Canadian Pool's annualized return has been +12.8% per year which was ahead of the +9.2% annual return of the index. At the end of the quarter, the active share[3] of the portfolio was 85%.

Canadian Equity Pool Top Holdings (June 30/2018)

		Weight (%)
1.	Cargojet Inc.	5.8
2.	CIBC	5.6
3.	Enbridge Inc.	5.1
4.	CGI Group Inc.	4.8
5.	Metro Inc.	4.8
6.	Dream Global REIT	4.5
7.	Intertape Polymer Group Inc.	4.4
8.	Parkland Fuel Corp.	4.3
9.	Ag Growth International Inc.	4.3
10.	Manulife Financial Corp.	4.1
Total		**47.7**

Best performers during the quarter[2]

Cenovus Energy up +25%

Cenovus benefitted from stronger oil prices and, even more importantly, narrowing heavy/light oil price differentials over the quarter. New management took aggressive steps to curtail non-economic production and to secure more rail car take away capacity for its crude production which was a positive move. The company continues to look at asset sales of non-core acreage which will lead to a decrease in its debt levels.

Spin Master up +20%

After strong share performance to start the year, shares of Spin Master sold off on concerns around the Toys R Us bankruptcy and its potential impact on the financial results of the toy companies. We took that opportunity to add the shares into the portfolio and benefitted from the rebound in the share price that occurred in the weeks after the official Toys R Us bankruptcy. While there may be short term impacts on the toy industry, we believe that Spin Master is well positioned as a leader in innovation to continue to gain market share throughout all distribution channels.

Enbridge up +18%

Shares of Enbridge strengthened in the quarter as the company executed on several asset sales at favourable prices, announced a simplification of its corporate structure and had a positive regulatory outcome regarding its plan to replace the Line 3 pipeline in Minnesota. All of which are part of the company's long term plan to meaningfully increase cashflow and shareholder value. The asset sales help to strengthen the balance sheet, which was a major concern for the market earlier this year. In addition, the company raised its dividend 10%, further increasing its already attractive dividend yield. The recent strength in the share price moves it closer to our view of intrinsic value and we trimmed the position at the end of the quarter as its weight increased.

WSP Global up +17%

Over time, shareholders of WSP Global have benefited significantly as management consolidates the fragmented engineering industry as well as accelerates organic growth. These trends continued in the past quarter which helped the share price. Revenue increased 15% over the prior year and backlog grew 12.5%, supporting future growth. With numerous potential acquisitions and a robust pipeline of projects, our view of intrinsic value has increased along with the company's share price.

Worst performers during the quarter[2]

DHX Media down -29%

The company's lengthy strategic review resulted in an asset sale to its long term partner Sony Entertainment. The deal for 40% of the Peanuts brand will bring in $235M in cash which will help DHX improve its balance sheet, a primary goal of the review. However, the shares were pressured further in the quarter as this fell short of investor expectations. After changing senior management last quarter, this disappointing outcome has lead to further changes, this time at the board level. Of note, a large investor with a significant stake in the company (25% ownership) has gained a board seat and is well aligned to enhance shareholder value. With the content assets of the company selling at a depressed valuation due to management mis-execution, the recent personnel changes should strengthen the company and lead to improvements in shareholder value.

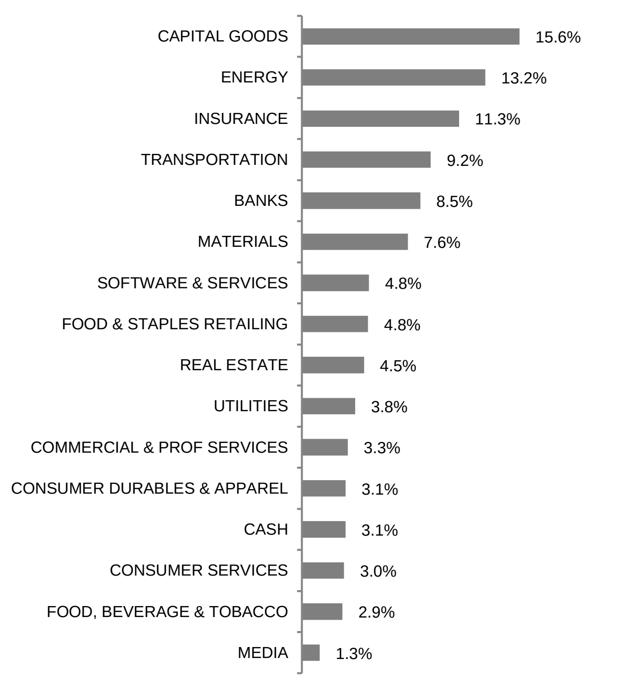
NFI Group down -16%

New Flyer's (NFI) performance during the quarter suffered from macro-economic concerns over rising steel prices and potential tariffs. New Flyer has manufacturing operations across North America, with a portion of its production crossing the border during the different manufacturing stages. Steel is an input to the manufacturing process but it accounts for only roughly 2% of the cost of building a bus, on an overall sales price of $500,000. While it may be a bit of a bumpy ride in the short term, we believe that manufacturing can be shifted between the New Flyer facilities to minimize border crossings and the impact of any tariffs. New Flyer competitors are subject to similar macro-economic factors, so we believe that pricing increases will be passed along to the customers to account for higher steel inputs or tariffs.

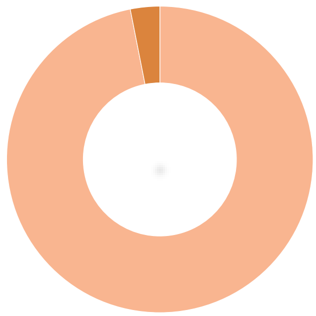
Intertape Polymer down -12%

Elevated pricing of Intertape's major commodity cost inputs continue to cause concerns with investors and pressure the stock price. Historically, the company has been able to pass these costs on to customers and we expect a similar outcome this cycle. Near term, the company will benefit from improved operations as they invest in numerous high return projects to increase capacity, where they are currently constrained, as well as further lower the cost structure. Over the next several years the company will also benefit from further consolidation in the industry where they have been a key consolidator. We are confident that management's goal to double the size of the company is achievable and will reward shareholders over the long term.

Canadian Equity Pool Industry Split (June 30/2018)



Canadian Equity Pool Geographic Split (June 30/2018)



Buys & Sells

During the quarter, two new names were added to the portfolio: Spin Master Corp. and Park Lawn Corp. In addition to the new names, we added to several positions including Alcanna Inc., Intertape Polymer Group, NFI Group Inc., Enbridge Inc. and Metro Inc.

We reduced our positions in Cargojet Inc., WSP Global Inc., Dream Global REIT and Cenovus Energy Inc. Two positions were eliminated during the quarter: Gildan Activewear Inc. and Enghouse Systems Ltd.

As a result of these transactions, the cash position rose to 3.1% from 1.9% at the end of the prior quarter.

New Buys:

Spin Master Corp.

Spin Master (TOY) is an innovative and fast growing company in the global toy and game space. TOY is well known for some of its top platforms including Paw Patrol and Hatchimals, which are part of a diverse portfolio of owned and licensed brands. Started by three university students who still own a significant stake in the company today, Spin Master has grown through a combination of unique and creative internal developments and a number of acquisitions, where they can add value to the platform. Shares sold off during the quarter around fears related to the Toys R Us bankruptcy and we used that weakness to add Spin Master to our portfolio.

Park Lawn Corp.

Park Lawn Corporation (PLC) owns a collection of cemeteries, funeral homes and offers death care related services across North America. The current management team joined the company in 2013 and has dramatically grown the asset portfolio through a number of acquisitions over the past five years. We believe that PLC has a sustainable competitive advantage since most people want to be located near loved ones and it is difficult to get permitting for new cemeteries as they are exempt from property taxes which make them unattractive to municipalities. Park Lawn already has a significant cemetery inventory with the opportunity to densify through mausoleums on some of their sites. We believe that Park Lawn is a unique asset base in Canada with a quality management team and strong growth prospects.

Canadian Equity Pool Dynamics (June 30/2018)

Measure	Canadian Pool	S&P/TSX Comp
Fwd 12M P/E	18.1x	15.2x
Dividend Yield	3.0%	2.8%
Number of Names	25	246
Active Share[3]	85%	-

Source: *Galibier Capital Management Ltd, Bloomberg*

Galibier Global Equity Pool Summary of Results

Period ending: June 30/2018	3 Months (%)	1 year (%)	Since May 12/17 (%)
Galibier Global Equity Pool	**1.3**	**9.9**	**6.9**
MSCI World (CAD, total return)	3.8	12.5	7.1

Notes:

i. *Return figures are gross of fees.*
ii. *Return figures are annualized for periods greater than 1 year.*
iii. *The Funds' returns are not guaranteed, the values change frequently and past performance may not be repeated.*
iv. *Inception date of the fund is May 12, 2017.*
v. *The investment objectives of the Galibier Global Equity Pool have not changed since the Funds' inception.*
vi. *Returns are presented only for periods during which Galibier has been registered as a portfolio manager.*

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 Global Equity Pool

For the one year period ending June 30/2018, Galibier's Global Equity Pool returned +9.9% versus the MSCI World Index up +12.5%. Since inception, the Global Pool's annualized return has been +6.9% per year versus the +7.1% annual return of the index. At the end of the quarter, the active share[3] of the portfolio was 97%.

Global Equity Pool Top Holdings (June 30/2018)		Weight (%)
1.	Anheuser-Busch Inbev NV ADR	5.4
2.	Colgate Palmolive Co.	5.2
3.	LVMH Moet Hennessy Louis Vuitton SE ADR	4.9
4.	Walgreens Boots Alliance Inc.	4.7
5.	Starbucks Corp.	4.7
6.	Heidelberg Cement AG	4.6
7.	Ryanair Holdings PLC ADR	4.5
8.	Alphabet Inc.	4.1
9.	Merck & Co. Inc.	4.1
10.	Schneider Electric SE	4.0
Total		**46.2**

Best performers during the quarter[2]

VISA UP +13%

Visa is the world's number one electronic payments processor with 50% market share in credit card transactions and >50% market share in debit card transactions due to its ownership of the Plus and Interlink networks. Its network includes 17,000 financial institutions, 44 million merchants and literally billions of cards issued around the world. Visa's enduring competitive advantage is due to a number of sources, most importantly network effects and brand power. We are mindful, however, of threats to Visa from increased regulation and new players in the space including Apple, Google and potentially blockchain.

MERCK & CO. UP +12%

Merck (MRK) was a new buy in the quarter and happily immediately contributed to investment results. The strong performance of the stock was due to the recent release of promising clinical trial results from an oncology drug which Merck produces, called Keytruda, in the treatment of lung cancer. If results continue to be favourable, Merck's therapy may gain first mover advantage in this large market. In addition, MRK's diabetes franchise, Januvia, is being strengthened and extended through a similar combo strategy.

ALPHABET UP +11%

Shares of Alphabet continue to reflect the significant growth in revenue and profits from the company's many services. With over one billion people now using Search, YouTube, Maps, Play, Gmail, Android, and Chrome every month, the company's competitive advantage from its network effect has never been stronger. In addition, the company has attained leadership positions in new services such as autonomous driving and cloud computing which should further accelerate growth. This also demonstrates that this large enterprise can still allocate capital to develop innovative technology.

LVMH Moet Hennessy up +11%

LVMH outperformed during the quarter after posting better than expected organic growth of 15%. The shares responded favourably and moved towards our estimate of intrinsic value for the company based on our sum-of-the-parts valuation. The company has limited fashion risk due to its timeless brands and spirit categories as well as sustainable growth through its exposure to the wealthy U.S. and Asian consumer markets. LVMH remains a core holding in the portfolio for its ability to compound capital over the long-term.

Worst performers during the quarter[2]

Starbucks down -13%

Starbucks (SBUX) had a difficult quarter with a widely publicized incident in one of its stores coupled with the retirement of company founder and chief architect Howard Shultz and finally, a continued slowing of performance at its U.S. stores. However, we still see a company in a unique position with its brand power, 28,000+ global stores and broad appeal across a wide variety of socio-economic constituencies. SBUX's product lineup has demonstrated pricing power with high and increasing margins. In particular, China remains a significant source of future growth for SBUX, however this may represent a slight risk in the short run as the rhetoric regarding tariff and counter tariff policies of the two countries could strain relations.

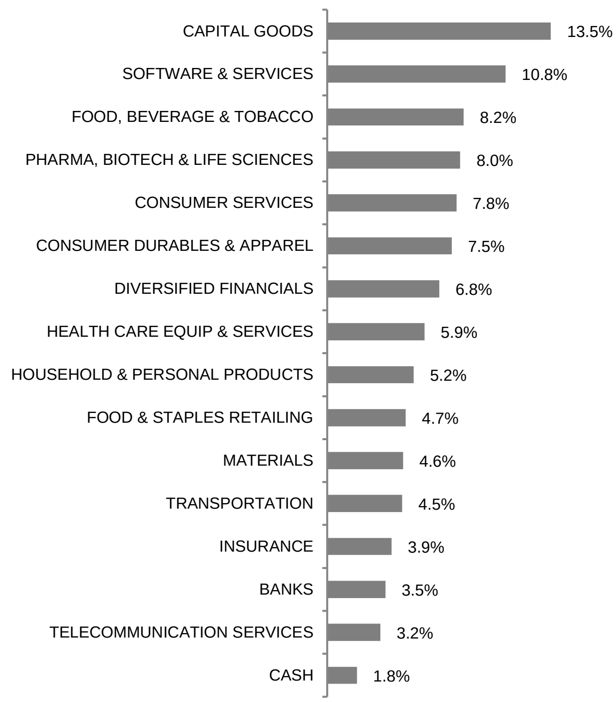
ING Groep down -11%

ING reported a somewhat disappointing quarter with reasonable net interest income growth more than offset by weaker than expected trading commissions and lower fee income from its investment products. As well, expenses were higher in the quarter particularly on the retail banking side. ING continues its move towards increased digitalization which should lead to solid operating leverage into the future. Happily, with a dividend yield of around 5%, investors are getting paid to wait.

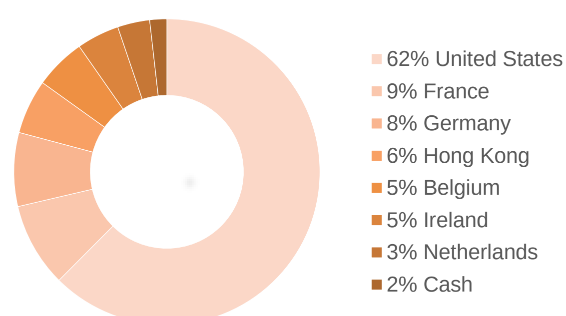
Heidelberg Cement down -10%

Heidelberg (HEI), one of the four global cement companies, sold off on somewhat disappointing quarterly results. Although both revenue and EBITDA declined due to timing issues and poor weather in a number of Heidelberg's markets, the company has been offsetting this with price increases. Even more importantly, its backlog continues to look strong. Despite the soft first quarter results, HEI did not change volume and EBITDA guidance for the year which suggests a notably strong second half of 2018. Longer term, infrastructure around the world will require not only replacement but also expansion. The consolidation of the global cement industry under four global companies suggests demand and supply moving into favourable balance for good financial returns for the industry.

Global Equity Pool Industry Split (June 30/2018)



Global Equity Pool Geographic Split (June 30/2018)



Buys & Sells

During the quarter, six new names were added to the portfolio: Anta Sports Products Ltd., Colgate-Palmolive Co., Galaxy Entertainment Group, Merck & Co. Inc., Oshkosh Corp. and WABCO Holdings Inc. In addition to the new names, the fund added to several positions including ING Groep NV ADR, Starbucks Corp., American International Group, Cognizant Tech Solutions Corp., Heidelberg Cement AG, Walgreens Boots Alliance Inc., Mondelez International Inc., Anheuser-Busch Inbev NV ADR and Ryanair Holdings PLC ADR.

The fund reduced its exposure to LVMH Moet Hennessy Louis Vuitton SE ADR. Three names were eliminated: Metlife Inc., Nike Inc. and Shire PLC ADR.

As a result of these transactions, the cash position decreased to 1.8% from 9.3% at the end of the prior quarter.

New Buys:

ANTA SPORTS PRODUCTS LTD.

Anta Sports is the leading mass market sporting goods brand in China as well as the official sponsor to the country's Olympic team. The company also owns the FILA brand in China, recently introduced DESCENTE in its brand portfolio and has a pristine balance sheet with 9% of the market cap in net cash. We see rapid growth in discretionary consumer spending in China as well as a growing interest towards health and wellness as two sustainable trends that will drive Anta's revenue growth in the double digit rates going forward. In addition, Anta has a solid track record of capital allocation which we attribute to the founder and CEO's current significant ownership in the business. We expect this track record to continue going forward with most of the free cash flow to be returned to shareholders via dividends in addition to disciplined bolt-on brand acquisitions that will further expand the company's exposure into the premium segment of the market.

COLGATE-PALMOLIVE CO.

Colgate (CL) is one of the world's best consumer product companies due to the high price to utility function for its products. In addition, CL's well-established global network of health care professionals including dentists (Colgate), dermatologists (Palmolive) and veterinarians (Hill's) support its oral care, soap, skin care and pet food offerings. Key global brands of CL include Palmolive, IrishSpring, Softsoap, Mennen, Javex, FAB, Ajax and of course, Colgate. The stock has sold off due to investor concerns regarding the pricing and volume pressures that have afflicted other companies in developed markets, however we believe this to be a short term issue as the company invests in its key brands and continues to aggressively reduce costs. The company has huge market share in a number of countries with >50% share in a number of emerging markets and derives the majority of its profitability outside of North America. Its products are low on the hierarchy of needs meaning that Colgate is well positioned as wealth per capita increases in emerging markets.

GALAXY ENTERTAINMENT GROUP

Galaxy Entertainment Group is one of the six integrated resort and casino operators in Macau. These resorts feature a large portfolio of retail, dining, hotel and gaming facilities. The company is utilizing its largest landbank located on the Cotai Strip to expand its prime resort, Galaxy Macau, in the 2020 to 2022 time period in order to bring in more entertainment and cultural offerings. This should lead to a material increase in earnings power. Along with the company's clean balance sheet and strong cash flow generation, the management team has a proven track record of managing resort development projects by meeting completion deadlines and providing an excellent return on invested capital to investors. In addition to the Galaxy Macau expansion, the company's long-term growth prospects include the potential to expand its operations to Hengqin (China), Philippines and Japan.

MERCK & CO. INC.

Merck (MRK) is among the world's largest pharmaceutical companies. It is involved in a number of therapeutic trials that use combo therapies with its oncology product, Keytruda, for certain types of lung cancer. If successful, this would be an important new indication with significant revenue potential. To date, the results have been quite favourable which means that Merck may realize on a high earnings growth profile for some years to come in cancer treatment as it is the apparent front runner in this indication. In addition, MRK's diabetes franchise, Januvia, is being strengthened and extended through a similar combo strategy. We initiated our position at a very attractive 13.6X 2018E earnings multiple with a dividend yield in excess of 3% and believe that Merck's return prospects are quite attractive.

OSHKOSH CORP.

Oshkosh is a manufacturer of specialty trucks including fire trucks, lifting platforms, military vehicles, garbage trucks and cement mixers. Many of OSK's brands hold industry leading market share positions in its respective categories including Pierce, JLGI, Oshkosh Defense, McNeilus and Con-E Co. The company has a pristine balance sheet with about $8 per share in net working capital which equates to roughly 12% of the share price. OSK's earnings power is around $5.50 in 2018 and we anticipate future earnings growth due to strong demand for lifting platforms (from Amazon and others), large well defined contracts for U.S. military trucks and growth in international markets. Our purchase price was made at a cash adjusted 11X price to earnings.

WABCO HOLDINGS INC.

WABCO is a global leading manufacturer of safety and braking systems to truck manufacturers (i.e. anti-locking braking systems, stability controls, etc). The company is the leader in a concentrated industry with high barriers to entry and we anticipate WABCO to continue to gain share against its smaller peers due to its technology leadership as well as large portfolio of patents. The shares have sold off significantly over the last few months following a failed takeover attempt, concerns about the truck production cycle, and tariff-related uncertainties. While some of these concerns are warranted, going forward we anticipate WABCO to grow significantly above and beyond the global truck market as governments enforce new regulations to push manufacturers to adopt better safety systems on trucks. Consequently, as the current stock price is well below our estimate of intrinsic value, we took this opportunity to build a position in the company at an attractive free cash flow yield of 7%.

Global Equity Pool Dynamics (June 30/2018)

Measure	Global Pool	MSCI World
Fwd 12M P/E	15.8x	15.6x
Dividend Yield	2.1%	2.4%
Number of Names	26	1,643
Active Share[3]	97%	-

Source: *Galibier Capital Management Ltd, Bloomberg, MSCI Inc.*

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, the MSCI World 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).*

3. *Active share: a measure of the percentage of stock holdings in a portfolio that differ from the benchmark index.*

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, with the Autorité des Marchés Financiers in Quebec as a Portfolio Manager and Investment Fund Manager and with the Alberta 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, the Galibier Global 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.