Galibier Capital Management Ltd.

Quarterly Investment Review

Q1 2019

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"Why make trillions when we can make… Billions?"

- Dr. Evil

Financier J.P. Morgan once commented on the market that "It will fluctuate." His prophecy was in bold evidence over the last six months. In Q4 2018 the S&P/TSX was down 10.1%, only to rally back 13.3% in Q1 2019. The MSCI World Index was down 8.5% in Q4 2018 and rallied back +10.0% in Q1 2019.

In many ways the first quarter was a complete reversal of the factors which led to the dismal fourth quarter results. In the fourth quarter, the Federal Reserve raised rates. In the first quarter, the Federal Reserve signaled no imminent rate rise. In the fourth quarter, commodity prices fell. In the first quarter, they rallied. In the fourth quarter, investors obsessed about the difficult trade negotiations underway between the U.S. and China. In the first quarter, the release of the Mueller report may have given more teeth to Mr.Trump to take a hard line with China in these talks.

Recent economic statistic releases are now pointing to a moderating economy which gives further ammunition to the Federal Reserve to stay on the sidelines. With no prospect of a significant rise in rates, investors are now focused on earnings growth and dividend yields. This explains the recent above average rally in growth sectors such as Information Technology and high dividend paying stocks such as Utilities and Real Estate companies.

While the market was flip-flopping over the past six months, Galibier's three to five year focus kept us unfazed. Our goal, as always, is to take advantage of Mr. Market's ups and downs rather than be influenced by them. We do this by calmly going about our business of employing our three step investment process, consisting of (1) defining an investable universe of very high quality competitively advantaged companies (2) proactively calculating intrinsic value for these investable companies and (3) transacting when prices differ from intrinsic value.

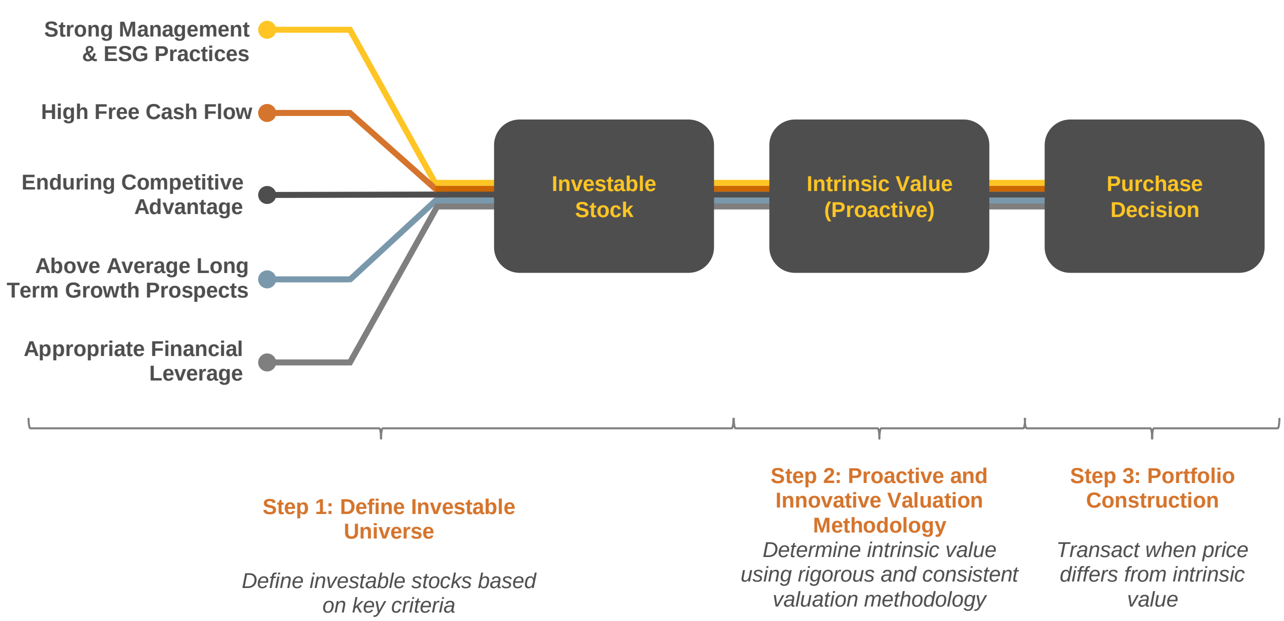
Finally we are very happy to note that our assets under management exceeded $1 billion at the end of Q1 2019. For a firm that started 6 and half years ago with just the partner's money under management, we are deeply appreciative to our clients for your faith in our investment philosophy and process.

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*



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: Mar 31/2019	Since Sep27/12 (%)	6 Year (%)	5 Year (%)	4 Year (%)	3 Year (%)	2 Year (%)	1 Year (%)	Year-to-date (%)
Galibier Canadian Equity Pool	**10.7**	**10.4**	**6.6**	**5.4**	**9.7**	**5.5**	**1.4**	**12.4**
S&P/TSX Composite (total return)	7.3	7.1	5.4	5.1	9.3	4.9	8.1	13.3

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.*
viii. *Performance presentation consistent with recommendations from FCLTGlobal "Institutional Investment Mandates: Anchors for Long-term Performance" www.fcltglobal.org*

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 Q1 2019, the Galibier Canadian Equity Pool results were +12.4%. Since inception on September 27, 2012, the Canadian Pool's annualized return has been +10.7% per year which was ahead of the +7.3% annual return of the index. At the end of the quarter, the active share[3] of the portfolio was 84%.

Canadian Equity Pool Top Holdings (Mar 31/2019)

		Weight (%)
1.	Cargojet Inc.	6.4
2.	Ag Growth International Inc.	5.6
3.	NFI Group Inc.	5.3
4.	Manulife Financial Corp.	5.0
5.	iA Financial Corp.	4.6
6.	Premium Brands Holdings Corp.	4.5
7.	Spin Master Corp.	4.5
8.	CCL Industries Inc.	4,4
9.	CIBC	4.2
10.	Park Lawn Corp.	4,2
Total		**48.7**

Best performers during the quarter[2]

AG GROWTH UP +34%

Ag Growth (AFN) shares had a strong quarter following solid quarterly results and the announcement of a platform acquisition in India. AFN's fourth quarter results demonstrated the strength of the business, with all geographies generating strong sales and a robust 2019 outlook. The acquisition in India provides opportunities for cross-selling as Ag Growth will look to bring its products into the Indian market for the first time. The management team continues to execute on its strategic vision which will drive organic growth in the years ahead.

ALCANNA UP +33%

Shares of Alcanna (CLIQ) rebounded in the first quarter following weak performance in the fourth quarter of 2018. CLIQ's quarterly results reflected early success in the consolidation of the liquor market in Alberta as same store sales figures suggest it is taking market share. We anticipate continued improvement on the liquor side of the business as it works through strategies to take market share and improve profitability. The conservative strategy around its retail cannabis roll out has proven to be prudent as supply shortages continue to limit the number of locations that can be opened. Alcanna is in the early innings of a turnaround effort and we expect significant improvement in earnings and cash flow in quarters and years to come.

WSP Global up +25%

WSP continues to grow its business through acquisitions and organic growth and the stock reacted favorably during the quarter to the company's new three year plan. This is the 3rd such plan that management has unveiled and the company has exceeded prior aspirations. The plan highlights WSP's ability to grow revenue by more than 10% per year and increase profitability as they cross sell services and increase the productivity of their engineers. Management has a history of executing well and attaining the new three year goals would lead to a significant increase in shareholder value.

Boyd Group up +22%

Boyd Group (BYD) has benefited from the recent proposed merger between two large competitors (ABRA and Caliber) which has dampened their acquisition activity in the industry as they await regulatory approval for their merger. The resulting lull has allowed BYD to accelerate its own acquisition activity, a key aspect of its competitive advantage, as it has purchased 80 collision repair shops in the past six months which brings its network to 650 shops. BYD's strong relationship with insurance companies helps to increase the utilization rate of acquired businesses as well as the profitability.

Cenovus Energy up +21%

With benchmark oil prices increasing 30%+ over the quarter and the Western Canadian Select oil price differential narrowing in sharply, it is not surprising that heavy oil producer Cenovus (CVE) had a strong price move higher. In addition, CVE has embarked on a significant commitment to crude by rail which will solve deliverability issues for its crude oil. If oil prices stay flat, CVE will be able to reduce debt and possibly increase its dividend in the medium term. At current crude prices, Cenovus looks quite inexpensive on both an absolute and relative basis versus comparable energy companies.

Worst performers during the quarter[2]

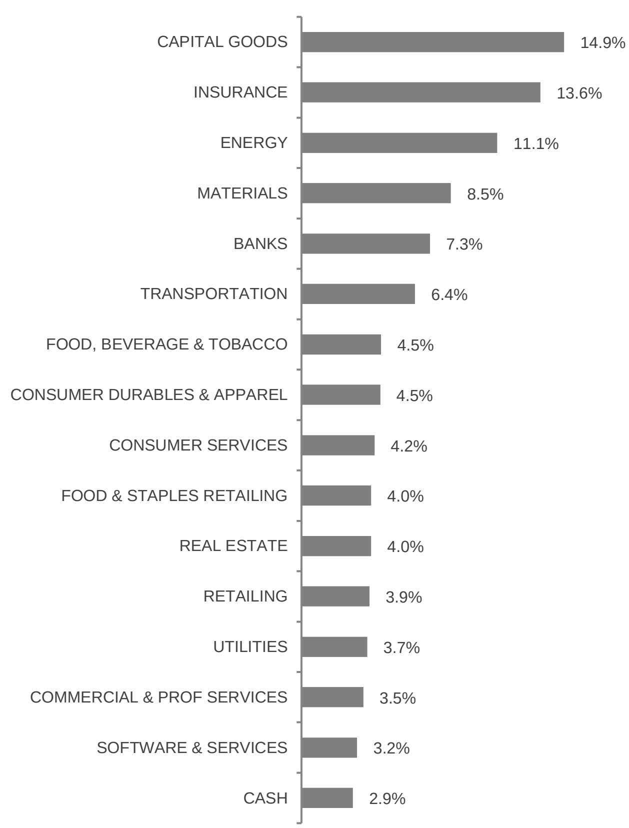
Spin Master down -3%

Spin Master (TOY) shares underperformed in the quarter as the lingering impact of the Toys R Us bankruptcy continued to be felt across the toy industry. Fourth quarter results reflected higher than usual sales allowances and management's guidance for 2019 was lower than long term expectations. Despite the disruption in the industry, we see an opportunity for TOY to continue to gain market share as it leverages its culture of innovation, strong brands and global network. With a net cash position on the balance sheet, the company is also in a good position to make an acquisition if an opportunity were to present itself.

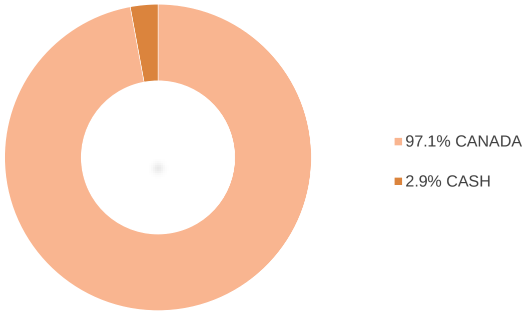
NFI Group down -3%

Shares of NFI Group were weak this quarter. The market remains concerned about the outlook for the motor coach side of the business, with some operators like Greyhound reducing service or exiting markets entirely. The management team cautioned about a potentially weak first quarter as well, which contributed to the share price decline. With its market leadership in each of the transit and motor coach end markets, we believe NFI Group will continue to generate solid free cash flow as it works through some of the issues around ramping up new facilities and shifting demand within the motor coach business.

Canadian Equity Pool Industry Split (Mar 31/2019)



Canadian Equity Pool Geographic Split (Mar 31/2019)



Buys & Sells

During the quarter, the fund experienced positive inflows. Excluding flow driven trades, we added to numerous positions including NFI Group Inc., Manulife Financial Corp., Spin Master Corp., iA Financial Corp., Dollarama Inc., Premium Brands Holdings Corp., WSP Global Inc., Ag Growth International Inc., CCL Industries Inc. and Intact Financial Corp.

We reduced positions in Intertape Polymer Group, Boyd Group Income Fund and Metro Inc. One position was eliminated during the quarter: Exchange Income Corp.

As a result of these transactions and inflows, the cash position rose to 2.9% from 2.3% at the end of the prior quarter.

Canadian Equity Pool Dynamics (Mar 31/2019)

Measure	Canadian Pool	S&P/TSX Comp
Fwd 12M P/E	17.7x	15.0x
Dividend Yield	2.8%	3.1%
Number of Names	24	243
Active Share[3]	84%	-

Source: *Galibier Capital Management Ltd, Bloomberg*

Galibier Global Equity Pool Summary of Results

Period ending: Mar 31/2019	Since May12/17 (%)	1 year (%)	Year-to-date (%)
Galibier Global Equity Pool	**7.8**	**8.1**	**10.8**
MSCI World (CAD, total return)	6.3	7.8	10.0

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.*
vii. *Performance presentation consistent with recommendations from FCLTGlobal "Institutional Investment Mandates: Anchors for Long-term Performance" www.fcltglobal.org*

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

In Q1 2019, the Galibier Global Equity Pool results were +10.8%. Since inception on May 12, 2017, the Global Pool's annualized return has been +7.8% per year which was ahead of the +6.3% annual return of the index. At the end of the quarter, the active share[3] of the portfolio was 95%.

Global Equity Pool Top Holdings (Mar 31/2019)

		Weight (%)
1.	LVMH Moet Hennessy Louis Vuitton SE ADR	5.4
2.	Anheuser-Busch Inbev NV ADR	5.2
3.	ING Groep NV ADR	5.0
4.	Heidelberg Cement AG	4.7
5.	Koninklijke Philips NV ADR	4.7
6.	Anta Sports Products Ltd.	4.7
7.	Schneider Electric SE	4.6
8.	Ryanair Holdings PLC ADR	4.6
9.	Colgate Palmolive Co.	4.5
10.	Oshkosh Corp.	4.4
Total		**47.8**

Best performers during the quarter[2]

ANTA SPORTS UP +39%

During the quarter, ANTA closed on its acquisition of Amer Sports - the Swedish owner of sports brands like Arcteyrx, Salomon, and Wilson. Following management's disclosure of additional information about their growth plan for these brands in China, in addition to the reversal of the bear market trend in the Hong Kong stock market, the share price of ANTA increased significantly towards our estimate of intrinsic value. With a valuation multiple of 21x forward earnings per share and a sustainable low-to-mid teens revenue growth profile, we see the shares as appropriately priced and continue to see ANTA as a core holding for the portfolio.

ANHEUSER-BUSCH UP +25%

Shares of Anheuser-Busch (ABI) started off the year at a very attractive free cash flow yield of 9% after what can be characterized as a disappointing 2018 for the company and resulting share price performance. As the largest beer brewer in the world, ABI benefits from unmatched economies of scale as well as distribution advantages and is a very defensive business with predictable free cash flows. Contrary to many other investors, we see ABI able to sustain its mid-single digit growth profile due to its exposure to high growth emerging markets, beneficial portfolio mix from outperforming premium brands, and an eventual turnaround in the Brazilian economy. In addition, management continues to build on its stellar track record of execution on the implementation of cost synergies following the SAB Miller acquisition. We applaud their decision to re-prioritize cash flow deployment towards balance sheet deleveraging. We attribute the outperformance of the shares during the quarter to other market participants steadily recognizing the same elements of our thesis and we continue to see significant upside to the shares from here.

LVMH UP +23%

Throughout the second half of 2018, we took advantage of investors' fears of a slowdown in Chinese consumer spending on luxury goods to substantially add to our position in LVMH. Subsequently, shares of LVMH outperformed steadily during the quarter as those fears subsided and LVMH reported double digit growth from China. We continue to believe growth in Chinese luxury consumption will prove to be more durable than the market thinks, supported by the ongoing shift in the Chinese economy towards a consumption driven GDP growth and the growing middle income class. LVMH continues to be core holding in the portfolio due to its strong brand recognition, stellar management track record of capital allocation, and above average growth outlook.

OSHKOSH UP +20%

Shares of Oshkosh (OSK) were strong in the quarter after the company reported strong financial results - in particular, for its Access products (JLG lifts) which more than offset a slight delay/slowdown in orders in its military truck offering. Looking forward we see earnings power of $7.25 per share in 2019 which, coupled with net cash per share of $20.25, gives us a stock trading at a very low working capital adjusted price to earnings multiple of 8.2x. With this excess cash the company has announced a $350MM share buyback for FY19 which will reduce the shares oustanding by 6% at the current prices.

WABCO UP +19%

Shares of WABCO started off the quarter at a depressed valuation level of 11.5x cash earnings per share as investors feared the impact of a sharp cyclical downturn in truck production to the company's business. Within the first few weeks of the quarter, as other truck suppliers started reporting results and providing an optimist outlook for U.S. truck production, shares of WABCO outperformed significantly as investors started anticipating similar results from the company. Following this, by the end of February, rumors of a takeover offer for WABCO emerged and the shares reached a level above $145. We sold most of our position at this level prior to the official takeover announcement of $136 as we felt investor excitement and valuation, post potential cost synergies to the buyer, was above what a rational buyer would pay for the business.

Worst performers during the quarter[2]

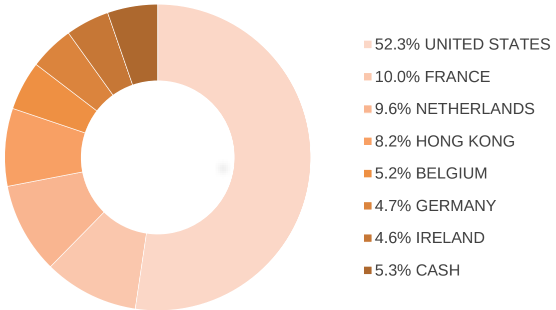
BIOGEN DOWN -23%

The entire underperformance of Biogen happened on March 21st with the surprise announcement that its lead Alzheimer's treatment, Aducanumab, failed the interim futility analysis a year before the study was meant to conclude. Sadly, Biogen did not replicate its impressive phase 1b results. This development is disappointing for the large number of Alzheimer's patients as it pushes out any potential treatment by at least three years. At the current price, Biogen is trading at a "zero-pipeline value" implying the pipeline in neurology (e.g. ALS, Alzheimer's, Parkinson's, Lupus) is free. We reviewed the Aducanumab announcement with company management and believe they will announce details of a strategic review on the first quarter call in April. We would applaud a "shrink to grow" strategy of divesting non-core assets to increase the upside of the pipeline versus the current share price. Additionally, this would make it more of an acquisition target.

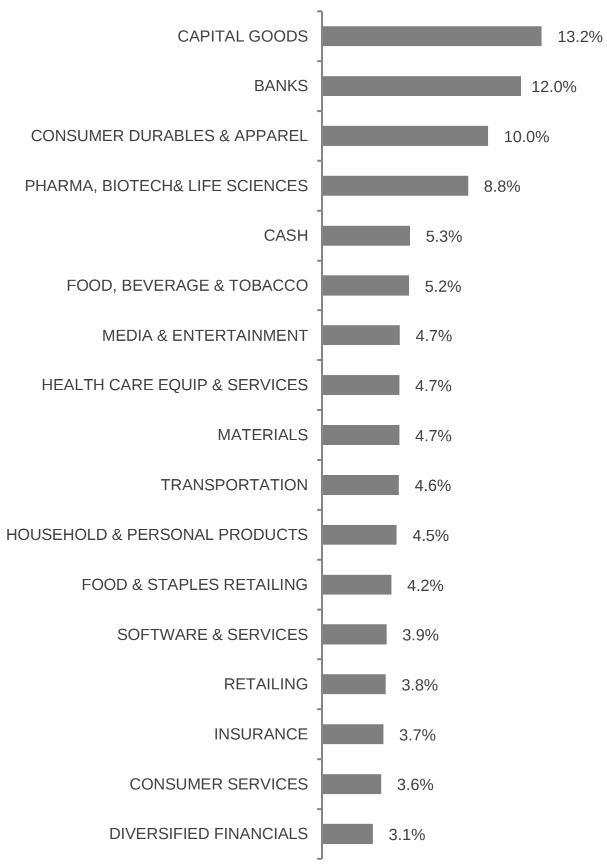
WALGREENS BOOTS ALLIANCE DOWN -9%

Walgreens' (WBA) scale as the world's largest pharmacy chain provides them with a cost advantage over competitors. However, WBA is currently facing several headwinds to its business. A near term decline in industry wide new generic launches is lessening the company's ability to lower drug procurement costs. In addition, higher than usual payer reimbursement pressure is compressing the topline and low branded drug inflation is affecting its growth. Finally, WBA reported disappointing same-store-sales performance due to management's ongoing SKU rationalization program and an economic slowdown in the United Kingdom. Walgreens relies on all of these factors to offset natural payer reimbursement pressure. While we do anticipate the headwinds from the situation in generic markets to subside over the near term, consolidation in the payer market over the recent years has potentially increased bargaining power in their favor.

Global Equity Pool Geographic Split (Mar 31/2019)



Global Equity Pool Industry Split (Mar 31/2019)



Buys & Sells

During the quarter, two new names were added to the portfolio: Voya Financial Inc. and Booking Holdings Inc.

In addition, we added to numerous positions including ING Groep NV ADR, Walgreens Boots Alliance Inc., Schneider Electronic SE, Cognizant Tech Solutions Inc., Ryanair Holdings PLD ADR, JPMorgan Chase & Co., Emerson Electric Co. and Alphabet Inc.

We reduced our positions in Anta Sport Products Ltd., WABCO Holdings Inc., American International Group, LVMH Moet Hennessy Louis Vuitton SE ADR, Merck & Co. Inc., Oshkosh Corp., and Biogen Inc.

Three positions were eliminated during the quarter: Visa Inc., Mondelez International Inc. and Deutsche Telekom AG ADR.

As a result of these transactions, the cash position rose to 5.3% from 1.5% at the end of the prior quarter.

New Buys:

VOYA FINANCIAL INC.

With the exit of its annuity business and the decision to run off its life insurance business, Voya is in the process of transforming itself from a mid-sized life insurance and financial services company to a company that is focussed on providing retirement solutions. As a result of this transformation, Voya will generate a steadily improving return on equity (ROE) in the future. As well, given the different economics of the retirement business versus the life insurance business, the new Voya will have much less regulatory capital requirements. The resulting liberation of capital will allow for continued share buy backs and increasing dividends. With demography in its favour and at a 9.5x price to earnings multiple, Voya offers a compelling value proposition.

BOOKING HOLDINGS INC.

With a current market capitalization of $79 billion, Bookings.com (BKNG) is the global leading online travel agency. This is a highly free cash flow generative business with a sustainable high-single-digit revenue growth profile benefitting from both strong network effects and strong brand recognition with consumers around the world. Furthermore, Bookings has a strong balance sheet with $120 per share worth of net cash and investments. Recently, the shares have underperformed from their 52-week high of $2,230 as investors fear a recessionary slowdown in Europe (a key market for them) and are disappointed in management's decision to aggressively invest in expanding their offering - resulting in short-term operating margin pain for a better long-term competitive position. Hence, we took advantage of Mr. Market's pessimistic mood during the quarter to initiate a position in Bookings at a valuation of 15.5x forward earnings per share providing us with a good margin of safety in light of the current short-term concerns about the business. This is Galibier's second investment in BKNG having had a very profitable run with the stock a few years back.

Global Equity Pool Dynamics (Mar 31/2019)		
Measure	Global Pool	MSCI World
Fwd 12M P/E	15.2x	15.7x
Dividend Yield	1.8%	2.5%
Number of Names	24	1,635
Active Share[3]	95%	-

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. Data source: Bloomberg.*