

Quarterly Investment Review

Q2 2015

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Results

From the mounting risk of default in Greece to the uncertainty around the timing and quantum of rate increases, the 2nd quarter returns of the market mirrored the spring weather: cold and wet. However, as we do every Spring (and Summer, Winter and Fall) we were hard at work valuing companies, developing investment theses and identifying investment opportunities.

We won several accounts in the quarter including two large pension accounts and a well respected charitable foundation. We also added to our team with the hiring of Andrew Wallman who will be focused on marketing and client service.

Q2 2015 provided similar small negative returns in the overall Canadian and U.S. markets. The Canadian market generated performance of -1.6% (S&P/TSX) in Q2 while the U.S. market generated -1.2% (S&P500 C\$). In Canada, the best performing sectors were Healthcare, Telecom and Consumer Discretionary while the worst performing were Industrials, Utilities and Technology. In the U.S., the market was led higher by the Healthcare, Consumer Discretionary and Financial sectors, offset by the worst performing sectors Utilities and the Industrials.

For the year ended June 30/2015, performance in the overall Canadian market was -1.2% sharply lower than the +25.9% of the U.S. market (in C\$) due in large part to the C\$ weakness.

Summary of Results

Period ending: June 30/2015	3 Months (%)	1 Year (%)	2 Year (%)	Since Inception (%)
Galibier Canadian Equity Pool	-1.7	-0.7	19.1	17.0
S&P/TSX Composite (total return)	-1.6	-1.2	12.8	9.4
Galibier U.S. Equity Pool	-0.2	20.4	22.6	22.5
S&P500 (CAD, total return)	-1.2	25.9	25.9	26.6
Galibier Opportunities Fund	2.4	N/A	N/A	N/A

Note:

Return figures are gross of fees and fund expenses.

Return figures are annualized for periods greater than 1 year.

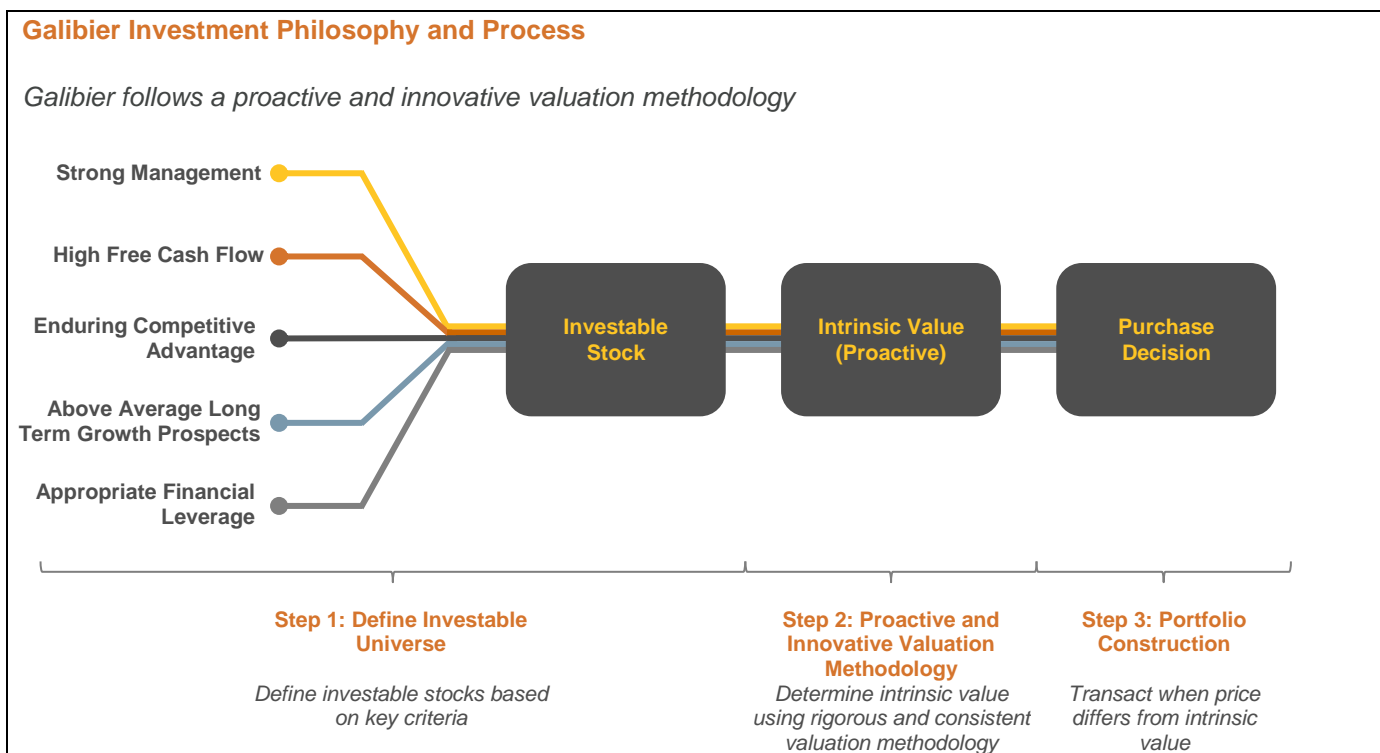
Inception date of the Canadian and U.S. Pools is September 27, 2012 and October 31, 2014 for the Opportunities Fund.

See Note 1 and Disclaimer at the end of this document for 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.



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 Q2 2015, the S&P/TSX provided a negative total return of -1.6%. The Galibier Canadian Equity Pool's investment results were -1.7%. For the 1-year period ending June 30th, 2015, Galibier's Canadian Equity Pool returned -0.7% versus the S&P/TSX -1.2%. On a two year basis Galibier's annualized numbers are +19.1% vs. the S&P/TSX at +12.8%. Since its inception, the Canadian Pool has returned +17.0% per year vs. the index +9.4%.

Canadian Equity Pool Top Holdings (June 30/2015)

	Weight (%)
1. Bank of Nova Scotia	8.4
2. CIBC	5.3
3. Intact Financial	5.2
4. CGI Group Inc	4.4
5. Cenovus Energy Inc.	4.3
6. MacDonald Dettwiler & Associates	4.3
7. Transforce Inc.	4.1
8. Cargojet Inc.	4.1
9. WSP Global Inc.	4.1
10. AutoCanada Inc.	3.9
Total	48.1

Best performers²

AUTOCANADA UP +31.6%

AutoCanada had strong performance in the quarter, rebounding from a weak start to the year. The company's management team commented that after a slow January and February, sales had rebounded in March and continued strong into the second quarter. They also gave details of their cost cutting initiatives, which will benefit the company long term. AutoCanada continues to execute on its acquisition strategy, where we believe they are very well positioned to continue to consolidate the dealership market.

MCCOY GLOBAL UP +29.0%

McCoy Global is a provider of various products used on oil rigs. The company had sold off sharply as investor's feared a sharp reduction in demand for McCoy's products as drilling volume declined in response to last year's oil price correction. However, the market may have overreacted in the first quarter and in the second quarter McCoy's share price rallied as investors took note of its pristine balance sheet and very attractive dividend yield of over 4%.

GENWORTH UP +18.5%

Genworth, which is Canada's largest private residential mortgage insurer, rallied nicely through the 2nd quarter as it reported very strong and above expectation first quarter earnings. As well, oil prices stabilized somewhat throughout the second quarter which assuaged fears about a slowdown in home purchases in Western Canada.

Worst Performers²

TRANSFORCE DOWN -15.1%

TransForce shares declined with results slightly behind plan in the first quarter of the year. Weakness was due to a combination of weather and lower volumes in Western Canada. Management is confident in their full year targets and reiterated guidance. We continue to see opportunities for TransForce to surface value in their waste division and bulk up their truck load business for a possible U.S. listing.

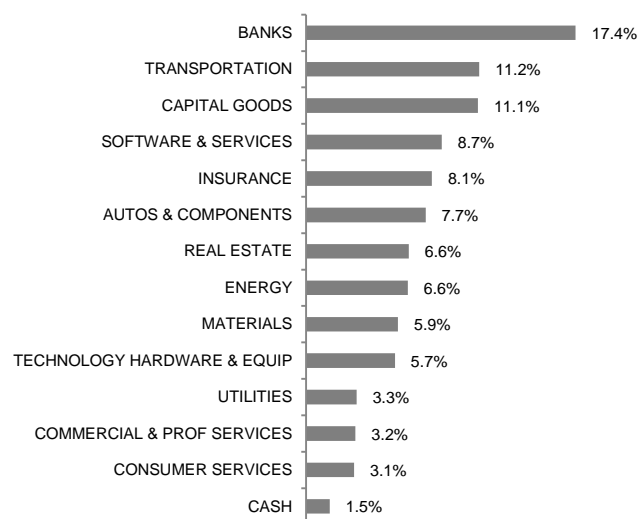
BSM TECHNOLOGIES DOWN -13.8%

BSM Technologies is a leading provider of remote monitoring, fleet management and automated vehicle security systems. Shares of the company declined as investors reacted to an elevated "churn" level in the quarter on the company's legacy platform, which comprises less than 5% of the total subscribers. Over the coming quarters the company should experience accelerating subscriber growth as several ongoing pilot programs in the rail vertical move into deployment phase and as recently won contracts in the construction vertical continue to ramp up. Additionally, the company benefited in the latest quarter from its recent move to outsource the majority of manufacturing as margins exceeded expectations in the quarter. This positive margin trend should continue as past investments by management have set the company up for materially higher levels of revenue.

JOURNEY ENERGY DOWN -13.4%

Journey suffered along with the rest of the oil patch due to oil price settling into a range of between \$50-\$60 over the quarter. As well, the company has significant weighting to natural gas and gas which has continued to be quite weak. We find the stock to be very cheap trading at \$20,500 per daily flowing barrel. As well the dividend appears safe due to the strength of the company's balance sheet.

Canadian Equity Pool Industry Split (June 30/2015)



As a result of these, the cash position decreased to 1.5% vs. the 5% at the end of the first quarter. The cash position in the Galibier Opportunities Fund was 2.7%.

Canadian Equity Pool Dynamics (June 30/2015)

Measure	Canadian Pool	S&P/TSX Comp
FY1 P/E	18.6x	15.0x
Dividend Yield	3.2%	2.9%

Source: Galibier Capital Management Ltd, Bloomberg

Buys & Sells-Canada

During Q2 2015, one new position was added to the Canadian pool: AgGrowth International. Two existing names were removed from the portfolio: Canadian Natural Resources and Loyalist Group. In the Galibier Opportunities Fund, three Canadian names were added: CargoJet, MTY Food Group and Transforce.

New Buy for Galibier

AG GROWTH INTERNATIONAL

Ag Growth was a new addition to the portfolio in the quarter. They are a leading manufacturer of grain handling, conditioning and storage equipment. Ag Growth recently closed the acquisition of Westeel, another major player in their market. There are opportunities for both cost and revenue synergies, as well as growth into complimentary international markets. We see significant long term opportunity in international markets like Brazil where Ag Growth is just starting to build out their business.

Canadian positions added to in the quarter include Cenovus, Goldcorp, MDA and Transforce.

We reduced positions slightly in AutoCanada and Intact Financial.

Galibier U.S. Equity Pool

The S&P500's performance in the quarter was -1.2% in Canadian dollar terms. Galibier's investment results were ahead of the index at -0.2% for the quarter. For the year ended June 30/2015, the U.S. market was up 25.9% (S&P500 C\$) while Galibier's investment result was +20.4%. On a two year basis the U.S. market returned +25.9% per year vs Galibier's return of +22.6%. Since inception the Fund has returned 22.5% per year vs. the market up 26.6%.

US Equity Pool Top Holdings (June 30/2015)

	Weight (%)
1. Priceline Group, Inc.	4.9
2. Express Scripts Holding Co	4.8
3. Echo Global Logistics, Inc.	4.7
4. JPMorgan Chase & Co	4.4
5. AIG	4.4
6. Google Inc.	4.4
7. Sanofi SA (ADR)	4.4
8. VISA Inc.	4.3
9. Booz Allen Hamilton Inc.	4.2
10. Gilead Sciences Inc.	4.0
Total	44.5

Best performers²

ECHO GLOBAL LOGISTICS UP +18.5%

ECHO shares rallied during the quarter following their acquisition of competitor Command Transportation. The acquisition is both accretive and strategic, with Echo having focused more on "less than truckload" while Command has a "truck load" focus. Command has a long and successful history, and as a result, Echo has been able to strengthen their management and Board with industry veterans. We feel Echo continues to sit in a sweet spot in the small to mid-sized market which will allow them to grow more quickly than the industry and capitalize on acquisition opportunities.

GILEAD SCIENCES INC UP +18.1%

Gilead has been experiencing strong uptake on its Hepatitis C franchise with results that are ahead of expectation. The challenge for the company will be to maintain this growth trajectory despite a challenging medical reimbursement climate in the U.S. We note that Express Scripts has balked at the pricing of Gilead's Harvoni and competition in the Hepatitis C treatment category is increasing. Happily Gilead has an enormous war chest of cash of \$14.5B which will

allow it to acquire new products in its core areas of Hepatitis, oncology and immunology.

MONDELEZ INTERNATIONAL UP +12.8%

Mondelez International's management team is finally making good on its promise to improve its cost structure. Despite tough headwinds due to the strong US\$ the company was able to sharply improve its operating margin in the quarter. Given this performance, the future is looking quite bright for the company, especially if Europe begins to turn the corner as Mondelez derives 40% of its revenue from Europe.

AMERICAN INTERNATIONAL GROUP UP +11.4%

AIG has been steadily improving its cost controls and judiciously writing new insurance contracts. AIG's share price has risen as investors are beginning to place value on the large amount of excess capital on the balance sheet and the potential for both share buybacks and dividend increases as regulatory scrutiny on AIG subsides.

Worst Performers²

ICONIX DOWN -27.0%

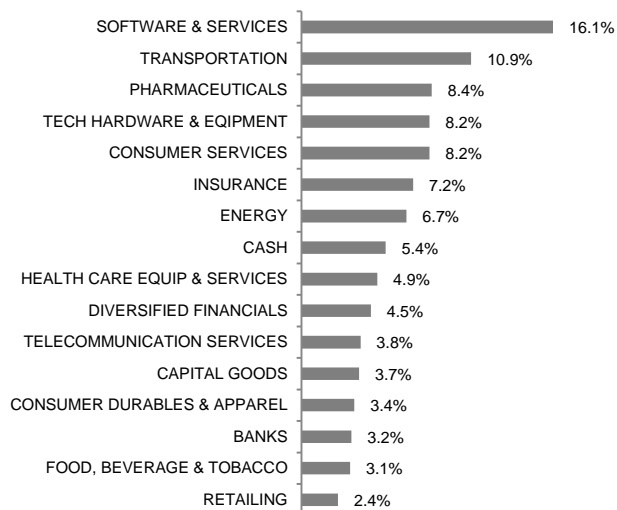
Iconix Brand Group, Inc., a brand management company, declined on the departure of its COO after only one year with the company. While in and of itself, an executive departure should not cause such stock gyrations, this news came just one month after the CFO left the company as well. We certainly do not like to see management turnover such as this, however after visiting the company and reviewing the investment proposition against our 5 key criteria we added to our position during the quarter. The company has since replaced the CFO with an experienced individual who looks to have the needed skills to help the company move forward. Under the long-term leadership of its CEO, the company continues to execute on its dual strategy of acquiring new brands (2 new brands added in 2015) and increasing organic growth of owned brands. Near term, the Peanuts movie should act as a material catalyst for the company and profits as Iconix owns a significant piece of the Peanuts cartoon brand.

BOOZ ALLEN HAMILTON DOWN -14.1%

After strong performance over the previous year, shares of Booz Allen pulled back during the 2nd quarter of 2015 as earnings hit the mid-point of management guidance but fell below street consensus. Investors may have also been disappointed with the lack of a special dividend which have been paid out fairly regularly in the last few

years. We continue to be optimistic on the opportunities for the company, especially in its niche areas like cyber security and their commercial business.

US Equity Pool Industry Split (June 30/2015)



Buys & Sells

Over the course of the 2nd quarter, the U.S. Equity Pool added no new names but exited Ultratech. The fund added to its exposure in Booz Allen, Echo Global Logistics, Gilead, Iconix, JPMorgan, Priceline and Sanofi. The Fund reduced its position in Cognizant, Ross Stores and National Oilwell Varco. In the Opportunities Fund we exited Ultratech.

The cash position of the U.S. Pool at June 30/2015 was 5.4% versus the 7.4% cash weight as of March 31/2015.

U.S. Equity Pool Dynamics (June 30/2015)

Measure	U.S. Pool	S&P500
FY1 P/E	16.0x	15.6x
Dividend Yield	1.7%	2.0%

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 and fund expenses. 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.