Galibier Capital Management Ltd.

Quarterly Investment Review

Q2 2019

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"Your rational mind is your greatest asset"

- Marcus Aurelius

The second quarter of 2019 saw a continuation of many of the factors that were present in the first quarter. New economic statistics suggest some moderation of growth and investors began to expect a rate cut in the U.S. This expectation of lower rates led to higher valuations of all assets and the markets correspondingly rallied. The yield curve shifted downward as the 10-year U.S. Treasury yield fell below 2% which led to a decline in the U.S. dollar. Gold rallied as trade talks sputtered between the U.S. and China and stoked inflationary fears. The upcoming U.S. elections are going to be hard fought and contentious and we expect political gambits to be somewhat de-stabilizing and lead to increased market volatility.

At Galibier, we welcome market volatility as we view it as the friend of the long term investor. In his famous book 'The Intelligent Investor', legendary investor Benjamin Graham compared the market to a person with a manic-depressive personality. The trick to dealing with Mr. Market, wrote Graham, was to remember that the market is there to serve the investor, not to instruct the investor.

A proactive view on valuation is the key to taking advantage of Mr. Market. The idea is to act when there is a sufficient spread between a company's market price and its intrinsic value. The determination of intrinsic value is the most important element of the Galibier investment process. In making this determination, we utilize a rigorous and rational approach which allows us to calculate intrinsic value for all of the companies in our investable universe. Our objective is to buy when price is below intrinsic value and sell when it is above intrinsic value. This is a simple strategy but it isn't easy.

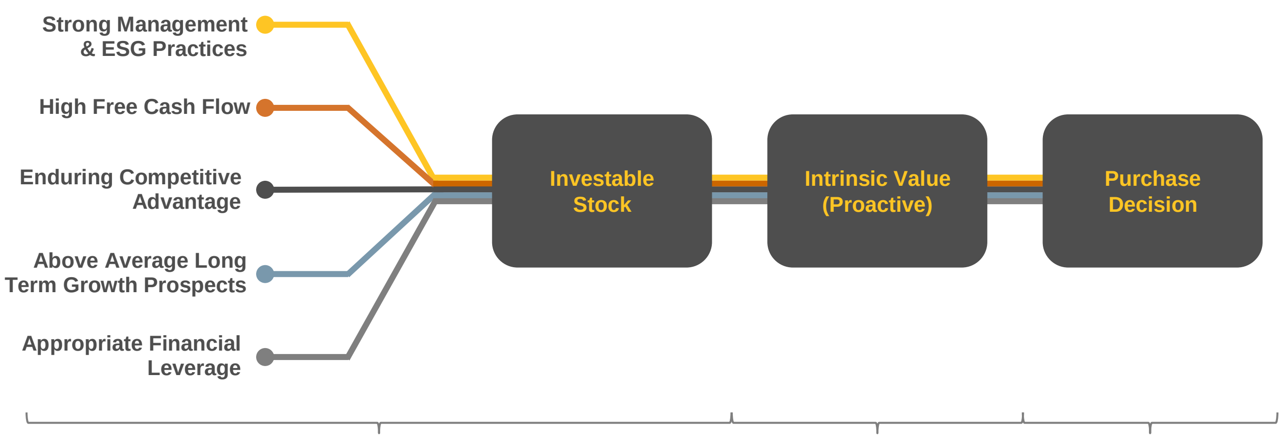
We are also pleased to note that we have added to the Galibier investment team with Colin Pearson, CFA coming on board in a permanent capacity. Colin has already demonstrated significant value with several successful additions to our investment portfolio.

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 30/2019	Since Sep27/12 (%)	6 Year (%)	5 Year (%)	4 Year (%)	3 Year (%)	2 Year (%)	1 Year (%)	Year-to-date (%)
Galibier Canadian Equity Pool	**11.3**	**11.3**	**5.8**	**7.5**	**10.5**	**7.9**	**4.0**	**19.5**
S&P/TSX Composite (total return)	7.5	8.3	4.7	6.2	8.4	7.1	3.9	16.2

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 Q2 2019, the Galibier Canadian Equity Pool generated a return of +6.3%. Since inception on September 27, 2012, the Canadian Pool's annualized return has been +11.3% per year which was ahead of the +7.5% annual return of the index. At the end of the quarter, the active share[3] of the portfolio was 82%.

Canadian Equity Pool Top Holdings (June 30/2019)		Weight (%)
1.	NFI Group Inc.	5.6
2.	Cargojet Inc.	5.1
3.	CCL Industries Inc.	5.0
4.	Manulife Financial Corp.	5.0
5.	iA Financial Corp.	4.8
6.	Ag Growth International Inc.	4.7
7.	Spin Master Corp.	4.3
8.	Enbridge Inc.	4.2
9.	Park Lawn Corp.	4.1
10.	Parkland Fuel Corp.	4.0
Total		**46.8**

Best performers during the quarter[2]

Dollarama up +29%

The price of Dollarama (DOL) increased in the quarter after the company reported revenue growth of 9.5% over the past year. Even more importantly, the key metric of same-store-sales growth accelerated to 5.8%, with customer traffic returning to growth after declining for the past four quarters. Dollarama's results are expected to continue to benefit as it opens new stores and delivers a significant value proposition for its customers. While DOL is a relatively new holding in the portfolio, the position was reduced during the quarter as the share price approached our estimate of intrinsic value.

Boyd Group up +20%

Boyd Group benefited from its accelerated pace of acquisitions as its main competitors in the North American collision repair industry (Caliber & ABRA) are in the midst of a merger. Due to this favourable opportunity, Boyd Group has acquired 54 shops so far in 2019. In addition, the company's historical difficulty in finding technicians to handle the increase in demand for its services is waning. This was evident in its other key growth metric (same-store-sales) which accelerated to 5.3% in the past three months. The company and shareholders will benefit as Boyd further consolidates the fragmented industry. Given our view of intrinsic value and the significant increase in the share price over the past six months, we trimmed our position during the quarter.

CCL Industries up +19%

The share price of CCL Industries responded positively in the quarter to better than expected financial results across all of its divisions. In particular, the market was focused on the Innovia division which had been a drag on earnings over the past few quarters but showed strong improvement in the first quarter of 2019. We believe that the company has solid growth prospects ahead as well as the opportunity to consolidate smaller niche players in the industry which will bolster CCL's global leadership position.

Premium Brands up +17%

Shares of Premium Brands (PBH), the specialty food manufacturer and distributor, increased over the past three months as its business continues to grow and it announced that the Canadian Pension Plan Investment Board (CPPIB) made an investment in the company as a strategic shareholder. The capital from the CPPIB investment will be used to reduce debt and allow Premium Brands to return its focus to acquiring businesses faster than it otherwise could. Acquiring smaller specialty food companies and accelerating their growth is one of the key competitive advantages of the company. Over the long term, we believe PBH is well positioned to execute on its growth strategy.

Worst performers during the quarter[2]

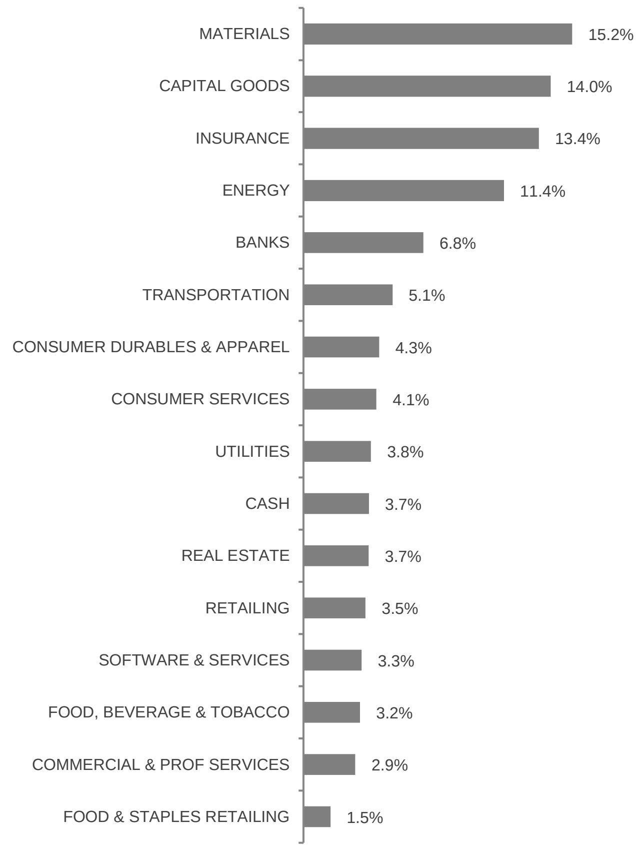
Ag Growth down -11%

The share price of Ag Growth (AFN) was negatively impacted during the second quarter by a wet spring in North America and the resulting delays in planting of crops. While we understand investor concerns, we believe that AFN is a far more diversified business than it was in the past and its exposure to the U.S. farm industry is much smaller than it has been historically. Management commented during the quarter that its backlog of business remains strong both in North America and internationally. Our view is that the strength of its strategic plan will ultimately be reflected in the long-term results of the company and that the shares are currently attractively valued.

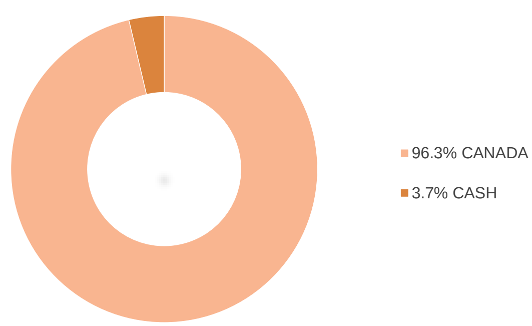
Dream Global REIT down -2%

The shares of Dream Global were down slightly during the second quarter. The company continues to execute well on all initiatives, had strong operating results in the quarter and provides a solid dividend yield of 5.7%. Despite the modest decline in share price during the quarter, we believe Dream Global remains an attractive way to gain exposure to an exceptional portfolio of European real estate assets.

Canadian Equity Pool Industry Split (June 30/2019)



Canadian Equity Pool Geographic Split (June 30/2019)



Buys & Sells

During the quarter, two new names were added to the portfolio: Nutrien Ltd. and West Fraser Timber Co. Ltd. In addition, we added to Enbridge Inc. and Dream Global REIT.

We reduced positions in Premium Brands Holdings Corp., Boyd Group Income Fund, Dollarama Inc., Cargojet Inc., Intact Financial Corp., Cenovus Energy Inc. and NFI Group Inc. One position was eliminated from the portfolio: Metro Inc.

As a result of these transactions, the cash position rose to 3.7% from 2.9% at the end of the prior quarter.

Canadian Equity Pool Dynamics (June 30/2019)		
Measure	Canadian Pool	S&P/TSX Comp
Fwd 12M P/E	16.5x	14.7x
Dividend Yield	2.8%	3.1%
Number of Names	25	239
Active Share[3]	82%	-

Source: *Galibier Capital Management Ltd, Bloomberg*

New Buys:

NUTRIEN LTD.

Nutrien (NTR) is a company that has been in our investable universe for some time. We added the company to the portfolio in Q2 as the shares fell below our estimate of intrinsic value due to concerns regarding a weak 2019 planting cycle in North America as a result of a wet spring. NTR is a large producer of potash, a key crop input, as well as nitrogen and phosphate fertilizer. In addition, the company operates a large retail network with over 1,500 stores focused on selling agricultural products. Its position as low cost producer of potash with excess capacity, one of NTR's competitive advantages, allows NTR to manage the price of the commodity over the long term. In addition, NTR is able to re-invest excess cash flow into further consolidating the fragmented global agricultural retail network. The high cash flow nature of its business allows for this investment plus a 3.3% dividend yield and significant share repurchases. Our initial investment was purchased at an attractive discount to intrinsic value.

WEST FRASER TIMBER CO. LTD.

Among the world's largest and most efficient lumber producers, West Fraser sold off to attractive prices during the quarter. West Fraser has a first quartile cost position, a pristine balance sheet and has significantly increased its exposure to the U.S. market through an aggressive acquisition strategy. The board of directors and management team have a significant ownership stake in the company and have been prudent stewards of capital over the long term. Our purchase price of the stock was $53.50 which represented a significant discount to replacement value and to our conservative intrinsic value.

Galibier Global Equity Pool Summary of Results

Period ending: June 30/2019	Since May12/17 (%)	2 year (%)	1 year (%)	Year-to-date (%)
Galibier Global Equity Pool	**8.0**	**9.7**	**9.4**	**13.4**
MSCI World (CAD, total return)	6.4	9.0	5.6	11.9

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 Q2 2019, the Galibier Global Equity Pool generated a return of +2.4%. Since inception on May 12, 2017, the Global Pool's annualized return has been +8.0% per year which was ahead of the +6.4% annual return of the index. At the end of the quarter, the active share[3] of the portfolio was 96%.

Global Equity Pool Top Holdings (June 30/2019)

		Weight (%)
1.	Anheuser-Busch Inbev NV ADR	5.4
2.	Heidelberg Cement AG	5.1
3.	ING Groep NV ADR	5.1
4.	Ryanair Holdings PLC ADR	4.9
5.	Koninklijke Philips NV ADR	4.8
6.	Schneider Electric SE	4.8
7.	Booking Holdings Inc.	4.8
8.	Emerson Electric Co.	4.6
9.	Alphabet Inc.	4.5
10.	Oshkosh Corp.	4.3
Total		**48.3**

Best performers during the quarter[2]

American International Group up +22%

Investors were delighted that American International Group finally delivered on its long promised improvement in underwriting results and the accompanying double digit return on equity. These good results under a revitalized management team came from both improvement in loss ratio and, even more importantly, a 200 basis point improvement in operating expense ratio which are both sustainable and favorable developments.

Schneider Electric up +17%

Shares of Schneider Electric performed well in the quarter as fears that a slowdown in Asia would negatively impact its business have faded. As a market leader in industrial automation and energy efficiency, Schneider is well positioned to benefit from its global clients' desire to become more energy efficient and productive. The company's competitive advantage comes from its clients' high switching cost after implementing Schneider's automation products, which are integrated into industrial production facilities. The stock is inexpensive at 16.2x earnings per share and has a dividend yield of 2.7%.

LVMH up +14%

Shares of LVMH outperformed during the quarter as investors' fears of a slowdown in Chinese demand for luxury goods continued to subside. During the second half of 2018, we took advantage of those concerns to significantly add to our position in LVMH. This decision followed from our thesis that Chinese consumer spending on luxury goods would prove to be more durable than the consensus view at the time, primarily due to the growing middle income class and GDP growth increasingly being driven by consumption rather than infrastructure spending. LVMH is a core holding in the portfolio due to its strong brand recognition, stellar management track record of capital allocation and above average growth outlook.

Heidelberg Cement up +13%

Heidelberg (HEI) is one of the world's largest cement, aggregate and ready mix producers. After a disappointing 2018, HEI finally had a solid quarter. The company enjoyed rising margins and strong comparisons against last year's results which were hampered by weather and rising energy prices. With the reversal of short term results and longer term trends for cement consumption intact, we forecast positive future results from the company. HEI trades at a discount to our estimate of intrinsic value, pays a 3% dividend yield and continues to offer very good upside.

Worst performers during the quarter[2]

Ryanair down -16%

Shares of the low cost airline, Ryanair, moved lower during the quarter as competition pressured fares in the European short haul market. While some competitors in the market have gone bankrupt which removes some capacity, there needs to be a further capacity reduction for fares to increase. As the low cost provider with a strong balance sheet, Ryanair is well positioned to operate in this environment and benefit from higher fares in the future. Longer term, Ryanair will benefit from moving more people (+50% growth by 2024) and selling a greater amount of ancillary services to those passengers.

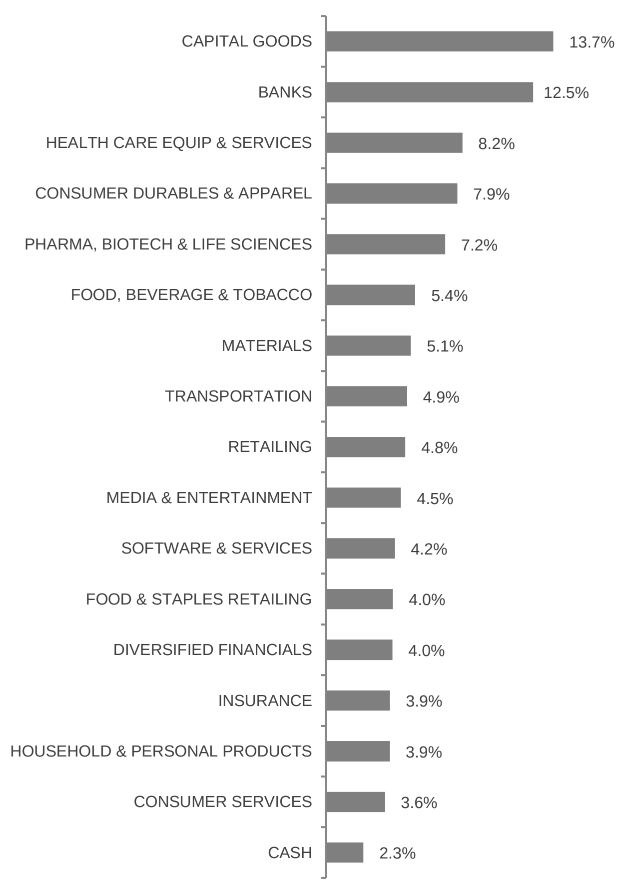
Walgreens Boots Alliance down -15%

Shares of Walgreens underperformed during the quarter after management updated their outlook for the coming year which came in significantly below investor expectations. This disappointment is primarily due to accelerating reimbursement pressure from payers but also due to lower than anticipated generic deflation (ie: higher than expected procurement costs) and macroeconomic challenges in the U.K. affecting store traffic. While the former is a fact of business which we expect to continue, we deem the latter two headwinds to be short term in nature rather than structural and expect the situation to reverse and improve with time. At a current valuation of 9x forward earnings per share and a free cash flow yield of 10%, we see the shares as significantly undervalued for a business benefitting from sustainable cost advantages as well as a uniquely positioned network of stores in the U.S., Europe and the U.K. that offer convenience and critical access points.

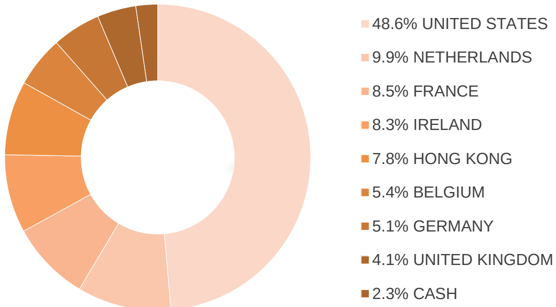
Cognizant down -14%

Share of Cognizant sold off after the company lowered its growth expectations for 2019. Cognizant is a market leader in consulting, information technology services and outsourcing but the company's business has been temporarily impacted as some of its clients are merging. This has slowed spending while the merger is ongoing. Longer term, the need for organizations to become more digital and productive will support growth for Cognizant. The stock is inexpensive at 16.2x earnings and below our view of intrinsic value. We increased our position during the quarter.

Global Equity Pool Industry Split (June 30/2019)



Global Equity Pool Geographic Split (June 30/2019)



Buys & Sells

During the quarter, we added two new names: AstraZeneca PLC ADR and Medtronic PLC.

In addition, we added to numerous positions including Emerson Electric Co., Ryanair Holdings PLC ADR, Cognizant Tech Solutions Inc., Voya Financial Inc., Booking Holdings Inc., Walgreens Boots Alliance Inc., Alphabet Inc., ING Groep NV ADR and Galaxy Entertainment Group.

We reduced our positions in LVMH Moet Hennessy Louis Vuitton SE ADR, Colgate Palmolive Co., American International Group, Oshkosh Corp., Schneider Electric SE and Anta Sport Products Ltd.

Three positions were eliminated during the quarter: Merck & Co. Inc., Biogen Inc. and WABCO Holdings Inc.

As a result of these transactions, the cash position decreased to 2.3% from 5.3% at the end of the prior quarter.

New Buys:

AstraZeneca PLC ADR

AstraZeneca (AZN) is one of the large-cap pharmaceutical companies that ran into a “patent cliff” this decade. Pascal Soriot joined AstraZeneca as CEO in 2012. He changed the R&D culture allowing scientists more freedom, he shut-down lower value projects and invested heavily in new projects including projects that were forgotten about from the Medimmune acquisition in 2007. These changes led AstraZenca to have the highest spending on new drugs versus peers as a percentage of sales. It has now been seven years since this transformation (which is the typical time lag between investments in pipelines and outcomes) and, as a result, Astrazenca is now the fastest growing large-cap pharmaceutical company. Between now and 2023 we expect a 9% compound annual growth rate (CAGR) on revenue and a 16% CAGR on earnings per share giving AZN the lowest projected price-to-earnings ratio in 2023 among its peers as well as the youngest portfolio in the industry meaning growth should continue into the 2030s.

Medtronic PLC

Medtronic (MDT) is the largest medical device manufacturer globally and is typically the number one player across its many categories. Medical devices are a good industry as they are only 5% of total healthcare spending and innovation is focused on new products that save the system money while selling at a higher price per unit. Medtronic’s Micra is a perfect example. Micra is a pacemaker implanted through the leg and costs three times as much but still lowers the overall cost of procedure and has better outcomes. We have known Medtronic for a number of years and met the entire C-suite management team as well as division heads. This fiscal year has had some growth hiccups with earnings per share growing mid-single digits, allowing us to purchase MDT at a discount to our intrinsic value. Next fiscal year and beyond we forecast double digit earnings per share growth.

Global Equity Pool Dynamics (June 30/2019)

Measure	Global Pool	MSCI World
Fwd 12M P/E	15.6x	15.8x
Dividend Yield	2.2%	2.5%
Number of Names	23	1,655
Active Share[3]	96%	-

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.*