Galibier Capital Management Ltd.

GALIBIER

Quarterly Investment Review

Q3 2013

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Results

September 30, 2013 marks the end of our first 12 months of managing money at Galibier. Over the past year we have built two investment portfolios containing 20 names in Canada and 25 names in the U.S. The portfolios are concentrated in names held, while offering diversification across businesses and market capitalization ranges. All companies in the portfolios demonstrate our five key criteria… an enduring competitive advantage, the potential for high free cash flow, strong management teams, above average growth and an appropriate financial structure.

The third quarter of 2013 provided divergent returns in Canada and the U.S. with the Canadian market generating strong performance of +6.2% while the U.S. had a more moderate return of +2.6% in C$. In Canada, the performance was broad based and led by the Healthcare, Consumer Discretionary and Financial sectors. In the U.S., the market was led higher by Materials and Industrial stocks offset by the two most interest sensitive sectors, Telecom and Utilities.

Both of Galibier's portfolios exceeded their respective benchmarks in the quarter.

Summary of Q3 2013 Results

Period ending: September 30, 2013	3 Months (%)	YTD (%)	1-Year (%)
Galibier Canadian Equity Pool	**7.7**	**16.4**	**16.8**
S&P/TSX Comp. (total return)	6.2	5.3	7.1
Galibier US Equity Pool	**5.7**	**23.3**	**22.9**
S&P500 (CAD, total return)	2.6	23.7	24.7
DEX Universe Bond Index	0.1	-1.6	-1.3

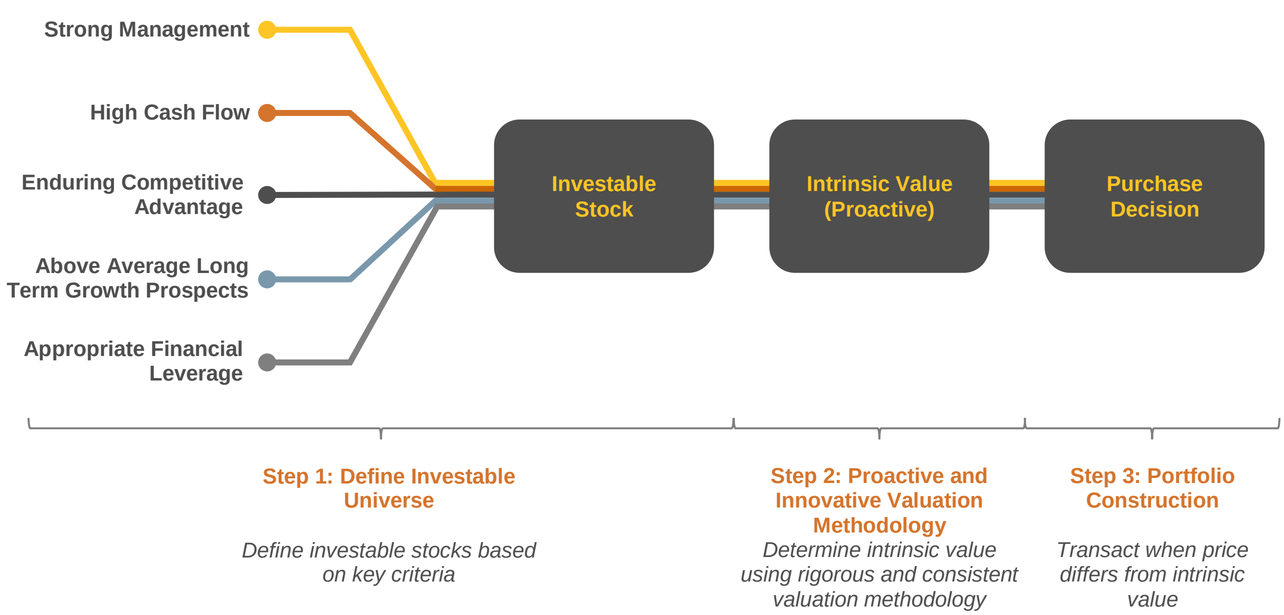
Note:
Return figures are gross of fees and fund expenses.
See Disclaimer at the end of this document for information about the returns.
Source: Galibier Capital Management Ltd, Bloomberg.

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 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

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
- 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

Galibier Canadian Equity Pool

The S&P/TSX provided strong performance over the quarter with a total return of +6.2%. Galibier's investment result was stronger still with a total return of +7.7%. Over the 1-year period ending September 30/2013, Galibier's Canadian portfolio returned +16.8% versus the S&P/TSX +7.1%.

Canadian Equity Pool Top Holdings (Sept 30/2013)

	Weight (%)
1. Bank of Nova Scotia	8.7
2. Cenovus Energy Inc	6.6
3. Evertz Technologies	5.4
4. Canadian Natural Resources Ltd	5.2
5. Air Canada	5.1
6. CGI Group Inc	5.1
7. Martinrea International Inc	4.9
8. Manulife Financial Corp	4.7
9. Genivar Inc	4.7
10. Loyalist Group Ltd.	4.6
Total	**55.0**

Best performers[1]

Air Canada up +61%

Air Canada was added to the portfolio in the quarter. During this period investors bid up the stock as a result of excellent quarterly results and increasing visibility of its strategic plan to increase seat density and to upgrade its fleet which will positively impact its margin structure. Investors may also be realizing that, as interest rates increase, Air Canada's pension liability will be reduced markedly.

McCoy up +21%

McCoy Corporation was also added to the portfolio during the quarter. McCoy provides services and equipment to the oil & gas industry. McCoy delighted investors with strong financial performance during the quarter due to the expansion of both its product line and its international presence.

Genworth MI Canada up +19%

Genworth benefitted from continued reasonable housing fundamentals in Canada as well as investors beginning to ascribe the accretive impact of a gradual interest rate increase on Genworth's earnings power.

All three of these names remain in the portfolio as core holdings as they continue to offer compelling investment propositions based on Galibier's criteria.

Worst Performers[1]

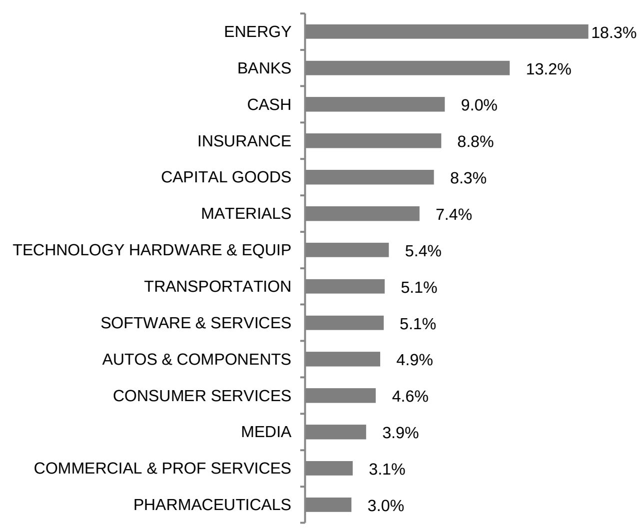
Potash Corporation down -19%

During the quarter, the largest member of a European-based consortium of potash producers announced that it was leaving the consortium and would seek to increase production and pursue market share on its own. As a result, prices for commodity potash are expected to decline going forward which has caused the share prices of potash producers, such as Potash Corporation of Saskatchewan, to decline as well. Even with the market's expectation for a significant drop in future potash prices, we continue to hold our position in Potash Corporation. We believe the company can continue to fund its dividend and remain profitable. As well, we believe the consortium is likely to re-establish itself in time.

Loyalist down -12%

Loyalist continued its strategy of integrating and consolidating English as a Second Language Schools in the quarter. The stock sold off during the quarter as some investors anticipate that the company may soon be doing a large equity issue to fund its ongoing acquisition program.

Canadian Equity Pool Industry Split (Sept 30/2013)



Buys & Sells

In the Canadian Equity Pool, new positions were established during the quarter in Air Canada, Intact Financial and McCoy Corp.

Air Canada

Air Canada is Canada's largest domestic and international airline and also ranks 15th on a worldwide basis. The company is actively managing a number of revenue increasing activities such as increasing seat density on international long haul flights, better managing yield and eliminating unprofitable routing. In addition, it is upgrading its planes to more efficient models and is optimizing its fleet deployment between its mainline service and its budget focused subsidiary ("Rouge"). Air Canada's underfunded pension fund has been granted a 7 year moratorium which caps the company's annual funding obligation to a manageable level. If interest rates continue to creep higher, the pension fund will cease to be underfunded relatively quickly.

Intact Financial

Intact Financial Corporation is a leading Canadian provider of property and casualty (P&C) insurance to individuals and small to medium-sized businesses. Intact Financial Corporation is a holding company and operates through a number of wholly owned subsidiaries including Intact (ING Canada), Grey Power, Jevco and Belair Direct. The company operates two primary lines of business for its insurance products, personal insurance and commercial insurance, and currently insures greater than 4 million individuals and businesses. The company has and is likely to continue to generate high ROE's and is currently paying a 3% dividend on our cost of just under $60.

McCoy Corporation

McCoy Corporation provides specialized equipment, service and replacement components to the global oil and gas sector. McCoy operates in two segments: Energy Products & Services (well drilling and completion equipment) and Mobile Solutions (specialized heavy duty trailers used in oil field service applications). McCoy has undertaken a significant expansion of its product portfolio as well as expanding the scope of its international markets and operations. The company has no net debt and significant free cash on its balance sheet. Finally McCoy provides a 3.6% dividend yield on our cost.

During the quarter the Canadian Equity Pool also added to a number of existing positions including the Bank of Nova Scotia, Cenovus, Evertz, Paramount Resources, Loyalist Group and Potash Corp. In July, Astral Media was acquired by BCE and thus exited the portfolio.

As a result of purchases in both new and existing names, the cash position of the Pool has been reduced slightly to 9% despite steady inflows to the fund over the quarter. As well, the Pool has become more diversified by industry with new exposure to the transportation sector (Air Canada) and Property & Casualty Insurance (Intact).

Canadian Equity Pool Dynamics (Sept 30/2013)

Measure	Canadian Pool	S&P/TSX Comp
FY1 P/E	11.7x	13.6x
Dividend Yield	2.1%	3.1%

Source: Galibier Capital Management Ltd, Bloomberg

Galibier US Equity Pool

The S&P500's performance in the quarter was +2.6% in Canadian dollar terms. Galibier's investment results were somewhat stronger at +5.7% for the quarter.

US Equity Pool Top Holdings (Sept 30/2013)

	Weight (%)
1. Sanofi SA (ADR)	5.4
2. VISA Inc.	5.1
3. JPMorgan Chase & Co	5.0
4. Mondelez International Inc.	4.9
5. Qualcomm Inc.	4.7
6. Cognizant Technology Solutions	4.4
7. Oracle Corp.	4.3
8. Emerson Electric Co	4.3
9. HollyFrontier Corp	4.3
10. Iconix Brand Group, Inc.	4.1
Total	**46.5**

Best performers[1]

APPLE UP +18%

With the launch of the new 5 series phones (the iphone 5C and 5S) and the well-received IOS7 operating system refresh, Apple's reputation as an innovation company has been restored somewhat. As well, the product pipeline looks full with the potential launch of an Apple watch, larger screen size phone and other developments. The valuation and dividend yield remain extremely compelling and continued returns of capital to shareholders through buybacks should keep the stock performing well over the medium term.

EMERSON ELECTRIC UP +16%

Emerson Electric reported solid numbers in the quarter especially in free cash flow terms. The company, which has a long record of making accretive acquisitions, again increased its exposure to the process controls business while divesting a significant portion of its embedded power business. The company has strong presence globally and should generate significant and solid earnings growth and dividend increases over the foreseeable future.

COGNIZANT SOLUTIONS UP +15%

Cognizant Technology Solutions Corporation is a new name in the portfolio this quarter. The company provides custom IT consulting, technology services and outsourcing services. Cognizant had a terrific quarter with year-over-year revenue growth of +20%. In addition, investors bid up the stock as fears about a possible U.S. government imposition of a limit on foreign workers servicing U.S. company contracts faded. Well positioned in providing services in a number of high growth IT segments such as cloud computing, data analytics and outsourcing, Cognizant's future is bright indeed. The balance sheet is also rock solid.

Worst Performers[1]

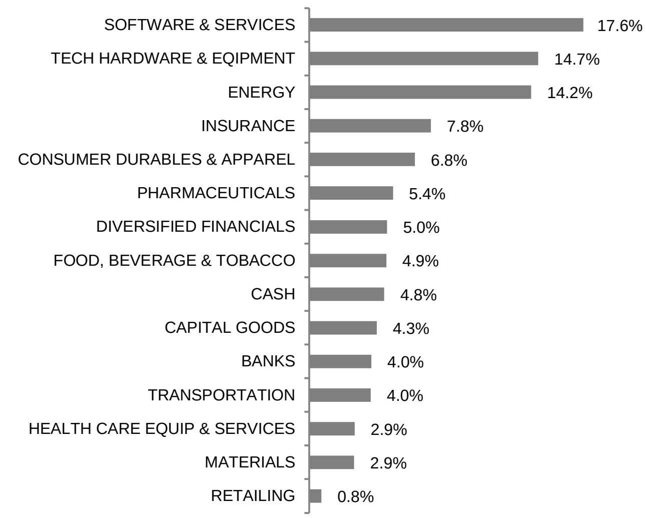
COACH INC DOWN -6%

Coach Inc. reported a weak financial report with disappointing growth of +6% year-over-year. The company is in transition to become more of a lifestyle brand that offers a broader range of products including apparel, accessories, footwear in addition to its traditional hand bags and leather goods. In the short run, Coach will likely be buffeted by the competitive environment. However, the company's growth plans, particularly in Asia, as well as its emerging lifestyle strategy and impeccable balance sheet and free cash flow gives us significant comfort.

CISCO DOWN -6%

Cisco continues to chug along, however the company recently issued earnings guidance that disappointed investors. The company, which is the world's largest provider of internet protocol networking products, cited global economic conditions for the slowdown. In response, the company has announced a reduction in headcount of 4,000 employees. Longer term broad trends such as cloud computing, data centre growth and streaming video applications should keep demand for Cisco's products strong. The company has a very significant cash balance per share and has been raising its dividend and buying back stock.

US Equity Pool Industry Split (Sept 30/2013)



Buys & Sells

During the third quarter the U.S. Pool established new positions in 4 names, Cognizant Technology Solutions, Visa, Express Scripts and Holly Frontier.

Cognizant Technology Solutions

Cognizant is an information technology company which provides solutions for software development and maintenance of IT systems. The company offers its corporate clients expertise and execution in value adding services such as cloud computing, business analytics and consulting. The company has approximately $9 per share in cash and no debt.

Visa Inc.

Visa is the world's largest retail payments network providing its card issuers, such as banks, processing services and payment platforms. In addition to providing the backbone of the global Visa Credit and Debit card products, Visa also operates one of the largest global ATM networks - Visa/Plus. Visa has ample runway to grow as it increases its exposure to high growth overseas markets in Central Europe, the Middle East, Latin America and the Asia Pacific regions. As well, debit cards are experiencing rapid growth both in developed and developing markets. The company has no debt and significant cash on hand. With net margins of approximately 50%, Visa should continue to generate high free cash flow and strong earnings growth for the long term.

Express Scripts

Express Scripts is the largest pharmacy benefit manager (PBM) in North America with approximately a 30% market share. PBMs are contracted by corporations, governments and individuals to administer employee pharmacy benefits. Express Scripts provides retail drug card programs, specialty disease management services and prescription drugs and biopharmaceuticals directly to patients and physicians. The key advantages that a PBM brings to its clients and to its partners is scale and processing efficiency. As the largest player we believe that Express Scripts has significant scale advantages and should generate significant and predictable earnings growth for years to come.

Holly Frontier Corporation

Holly is an independent petroleum refining and marketing company. It has five high complexity refineries in the U.S. mid and south west. Its refineries are well situated geographically and are configured to be able to refine heavier crudes which allows Holly to take advantage of lower cost feedstock than conventional refineries. Holly is also well positioned in its product markets. The company has a significant net net working capital position of almost $8 per share. It also has a high dividend yield and has a history of paying high special dividends in addition to its regular dividend stream.

Over the course of the quarter the U.S. Equity Pool also added to positions in JP Morgan, BB&T Bank, Oracle, Mondelez, Sanofi, Apple, IBM and Qualcomm.

The shares of Teradata Corp were sold as the company appreciated over 24% in the quarter and was trading well above Galibier's view of intrinsic value.

U.S. Equity Pool Dynamics (Sept 30/2013)

Measure	U.S. Pool	S&P500
FY1 P/E	13.3x	13.8x
Dividend Yield	1.9%	2.1%

Source: Galibier Capital Management Ltd, Bloomberg

Notes:

1. *Performance % represents the 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 and with the British Columbia 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 and the Galibier U.S. Equity Pool 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 prior to June 6, 2013 are related to Galibier’s proprietary accounts, as Galibier’s employees were the sole investors in the Galibier Canadian Equity Pool and the Galibier U.S. Equity Pool (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.