Galibier Capital Management Ltd.

Quarterly Investment Review

Q2 2021

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"Whether the tide is with us or against us, we just keep swimming"

Charlie Munger, Caltech 2020

Another quarter of remarkable equity performance in Q2 of 2021. Led by index heavy weight Shopify, as well as energy and other cyclicals, the Canadian market was up an impressive +8.5% in the quarter outperforming the MSCI World Index (in C$) which was up +6.2%. Other asset classes also performed very well such as commodities which were up almost +13% as measured by the S&P Goldman Sachs Commodity Index. This sharp increase in commodity prices was also captured in the Producer Price Index which was up +6.6% for the 12 months ended in May - the highest increase since 12-month data were first calculated in November 2010. Clearly the seeds of inflation are in the air.

Monetary policy makers have largely chosen to ignore this economic data and continue to push on the accelerator with both feet through extremely accommodative monetary policy coupled with massive fiscal spending. This has led to skyrocketing money supply growth and enormous deficits and debt to GDP ratios.

This unprecedented stimulus is leading to excessive speculation in traditional asset classes such as equities, commodities and real estate and the spawning of new, even more speculative markets ranging from crypto-currencies to non-fungible tokens (NFT's). As well, the continuing disruption to global supply chains and the lack of vaccinations outside of the first world economies is also adding to volatility in both capital and capital goods markets.

It is possible that the Fed and other policy makers are concerned about a fourth wave of lockdowns and are therefore delaying rate increases and reducing the level of yield curve management through open market activities in order to cushion the economy against another lockdown.

Some days it feels like the entire world is trading on an engineered U.S. yield curve alone - not on real world fundamentals.

Against this somewhat bizarre backdrop we soldier on. As advised by Charlie Munger and also by Dory in Disney's film Finding Nemo, we at Galibier "just keep swimming, just keep swimming…" And to us swimming means relentlessly applying The Galibier Way to identify and value suitable investments for our portfolios.

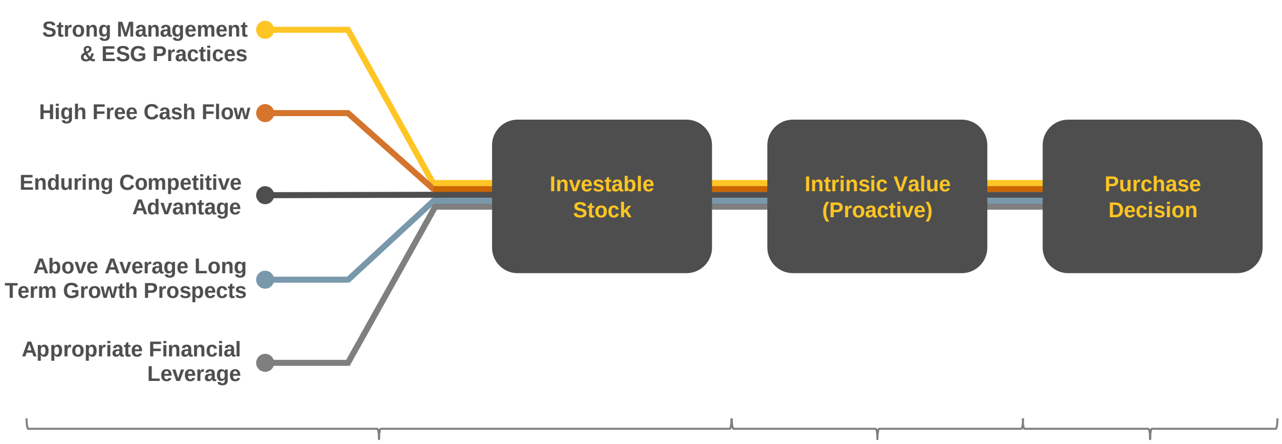
We finish this quarter comfortably above $2B in assets under management after adding three new institutional clients during the quarter. We thank all our clients for their continued support.

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… i.e. 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 30/2021	Since Sep27/12 (%)	8 Year (%)	7 Year (%)	6 Year (%)	5 Year (%)	4 Year (%)	3 Year (%)	2 Year (%)	1 Year (%)	Year-to-date (%)
Galibier Canadian Equity Pool	**12.0**	**12.1**	**8.2**	**9.8**	**12.1**	**11.2**	**10.9**	**14.5**	**45.5**	**14.8**
S&P/TSX Composite (total return)	9.0	9.8	7.4	8.9	10.8	10.7	10.8	14.4	33.9	17.3

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 Q2 2021, the Galibier Canadian Equity Pool generated a return of +6.4%. Since inception on September 27, 2012, the Canadian Pool's annualized return has been +12.0% per year which was ahead of the +9.0% annual return of the index. At the end of the quarter, the active share[3] of the portfolio was 81%.

Canadian Equity Pool Top Holdings (June 30/2021)

		Weight (%)
1.	Spin Master Corp.	5.0
2.	Canadian Imperial Bank of Commerce	4.8
3.	Nutrien Ltd.	4.8
4.	CCL Industries Inc.	4.8
5.	Northland Power Inc.	4.7
6.	Manulife Financial Corp.	4.6
7.	Kirkland Lake Gold Ltd.	4.5
8.	WSP Global Inc.	4.4
9.	Park Lawn Corp.	4.2
10.	Rogers Communications Inc.	4.2
Total		**46.0**

Best performers during the quarter[2]

Spin Master up +37%

Shares of Spin Master were strong in the second quarter, reflecting the continued improvement in margins and a stronger than expected revenue outlook for the year. As the company has worked through distribution centre issues that plagued results in 2019 and early 2020, the margins are now returning to historical levels, earlier than originally anticipated. Along with reporting first quarter results, management increased their guidance for full year revenue growth, which in combination with the margin improvement, leads to impressive year over year growth. Spin Master also has a best in industry balance sheet, which gives management the potential to complete acquisitions if they see compelling opportunities in the industry.

WSP Global up +21%

Shares of WSP reacted favourably during the quarter to news that its recent acquisition of Golder Associates is proving to be better than initially expected. Many of WSP's clients are increasing their focus on meeting environmental targets, an area where Golder is a leader, which is helping revenue recover faster than first thought. Meanwhile, WSP continues to consolidate the fragmented engineering services industry with three acquisitions in 2021, helping the company meet its latest three year strategic plan which ends in 2021. The company and shareholders will continue to benefit from further organic growth and value enhancing acquisitions.

GILDAN ACTIVEWEAR UP +19%

Gildan has recovered well from the government imposed COVID-19 shutdowns which allowed it to reinstate its dividend in the most recent quarter. The company is benefiting from market share gains in its core printwear segment, where its low-cost production is a competitive moat, as well as restructuring that began before the global pandemic. The restructuring has simplified Gildan's operations and is improving profit levels beyond prior expectations. Additionally, the return of events that have large gatherings [such as concerts and live sports] will further improve revenue as this is the one segment that has yet to regain pre-pandemic levels and represented 20% of Gildan's revenue.

CIBC UP +16%

The CIBC reported superb quarterly earnings driven by solid performance in mortgages, U.S. Commercial and Wealth business and credit loss performance. As a result, the bank generated a core ROE of >17%. This return profile is expected to moderate as credit losses normalize however the bank is guiding to solid net interest income and fee income both in Canada and in the U.S. which should support a 14% ROE next year. Trading at $140 per share, the stock is up more than 50% in the last year and has ranked among the top performers of the Canadian banks. As a result, the valuation gap has narrowed somewhat between the CIBC and its peers. Yielding 4.1% and 10.5X 2022 earnings per share, the bank appears fairly valued.

Worst performers during the quarter[2]

AG GROWTH DOWN -13%

Despite a strong outlook for agricultural markets, shares of Ag Growth declined in the quarter. Along with the report of its first quarter results, management cautioned that steel prices would be a drag on profitability for the rest of this year. While the company has pass through capabilities, the rapid rise in steel prices does create a drag and can pressure margins. Backlogs were up sharply throughout the company, and we expect once there is more clarity on the impact from steel prices that Ag Growth's share price will more accurately reflect the strength of the business.

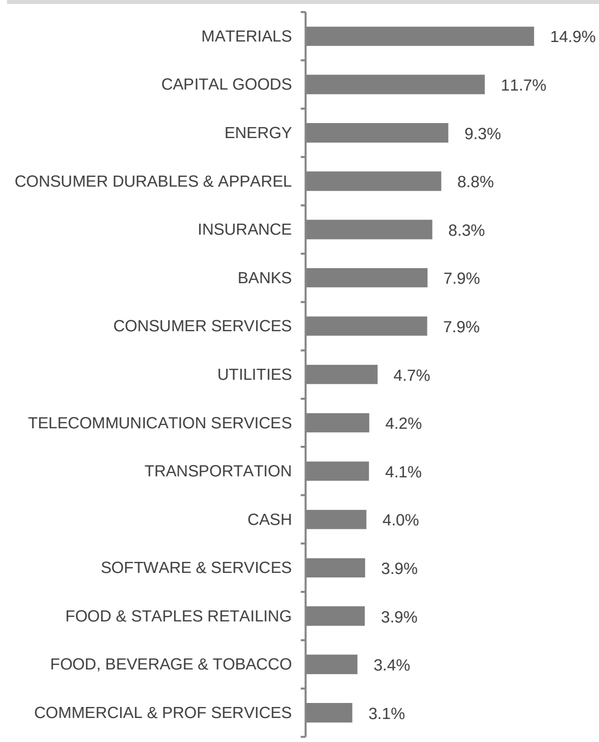
MANULIFE DOWN -9%

During the quarter Manulife reported strong earnings, however, investors continue to worry about its Variable Annuity business. Additionally, book value growth in the quarter was somewhat below expectation due to accounting for higher bond yields even though rising rates are structurally positive for insurance company's investment income. As well, heading into the quarter, Manulife's valuation had normalized to historic levels. Despite this setback we look to Manulife's attractive P/E multiple of 8X current earnings, Price to Book of < 1.0, LICAT of 133% and dividend yield of 4.5% and conclude that the valuation is compelling.

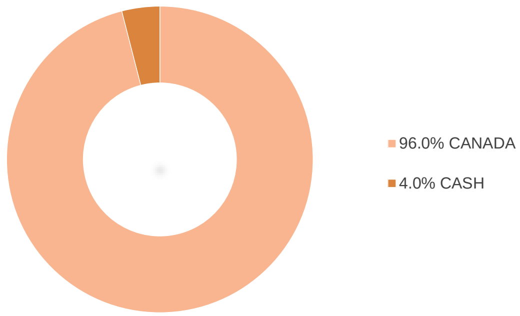
NORTHLAND POWER DOWN -6%

Shares of Northland Power lagged in the second quarter as the entire renewable energy space saw weaker performance, coming off all-time highs in the first quarter. The strength in oil prices led some investors to rotate out of the renewable stocks and into traditional energy plays. In coordination with an acquisition in Spain, Northland completed an equity raise of almost $1 billion, both to fund the transaction, as well as the near-term development pipeline. This was a sizeable equity raise for the company and may also have contributed to share price weakness as the market digested that share offering. We continue to like the growth opportunities available to Northland over the next decade, given its position as one of the world's leading offshore wind developers.

Canadian Equity Pool Industry Split (June 30/2021)



Canadian Equity Pool Geographic Split (June 30/2021)



Canadian Equity Pool Dynamics (June 30/2021)

Measure	Canadian Pool	S&P/TSX Comp
Fwd 12M P/E	19.1x	16.3x
Dividend Yield	2.1%	2.6%
Number of Names	25	231
Active Share[3]	81%	-

Source: *Galibier Capital Management Ltd, Bloomberg*

Buys & Sells

During the quarter, we added one new name to the portfolio: Cenovus Energy. In addition, we added to our position in Kirkland Lake Gold.

We reduced our positions in numerous names including West Fraser Timber, Restaurant Brands, Empire, Cargojet and Park Lawn among others.

As a result of these transactions, the cash position stayed flat at 4.0% compared to 4.0% at the end of the prior quarter.

New Buys:

Cenovus Energy Inc.

Fundamentals at Cenovus (CVE) have improved sharply. The purchase of Husky Energy was completed in the first quarter and the combined company is well on its way to achieving or exceeding the targeted $1.2B in synergies ($1.00/share pre-tax). As well, a significant narrowing of differentials between WTI and Western Canadian Select (heavy oil) due to strong demand for Canadian oil offsetting slowing supply growth from U.S. shale plays has meant that Cenovus financial returns from its production have materially improved and now rival its primary competitor Canadian Natural Resources. However, the valuation differential between the two has widened significantly and we purchased CVE at a significant discount to our $15-$16+ Net Asset Value assuming a $60 oil price (USD). At $60 oil, Cenovus will generate significant free cash flow to de-lever its balance sheet and create upside to equity value.

Galibier Global Equity Pool Summary of Results

Period ending: June 30/2021	Since May12/17 (%)	4 year (%)	3 year (%)	2 year (%)	1 year (%)	Year-to-date (%)
Galibier Global Equity Pool	**10.5**	**11.4**	**11.9**	**13.1**	**25.5**	**9.3**
MSCI World (CAD, total return)	11.1	12.7	12.7	16.4	26.4	9.9

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 2021, the Galibier Global Equity Pool generated a return of +2.5%. Since inception on May 12, 2017, the Global Pool's annualized return has been +10.5% per year. At the end of the quarter, the active share[3] of the portfolio was 94%.

Global Equity Pool Top Holdings (June 30/2021)

		Weight (%)
1.	Alphabet Inc.	5.2
2.	AstraZeneca PLC ADR	4.7
3.	Medtronic PLC	4.5
4.	Berkshire Hathaway Inc.	4.5
5.	Cisco Systems Inc.	4.4
6.	Schneider Electric SE	4.4
7.	Heidelberg Cement AG	4.3
8.	GlaxoSmithKline PLC ADR	4.1
9.	Cognizant Tech Solutions Corp.	3.8
10.	Intel Corp.	3.8
Total		**43.7**

Best performers during the quarter[2]

ALPHABET UP +19%

Shares of Alphabet moved higher during the quarter as growth in its core search and Youtube platforms is accelerating. Search is benefitting from share gains in advertising as consumer product companies compete to reach potential customers. Youtube now reaches more people in the 18-49 year old demographic in the U.S. than all of the traditional TV channels combined. This is attracting more brand advertisers to the platform. Overall revenue was 54% higher than the comparable period in 2019 before the pandemic. This growth has helped generate more free cash flow and the company announced a new $50 billion share repurchase program continuing a trend for more shareholder friendly actions.

ASTRAZENECA UP +19%

AstraZeneca entered the quarter with a depressed valuation due to the negative press on the blood clots associated with its COVID-19 vaccine. This was always a not-for-profit initiative and was only a distraction to our thesis that AstraZeneca has the fastest, most visible growth in the large cap pharma sector, the most productive R&D division, and a very young portfolio of drugs. We took advantage of the depressed valuation to add to our position this year after selling into the excitement of the vaccine last year.

ANHEUSER-BUSCH UP +14%

Earlier this year, after Anheuser-Busch (ABI) reported its 2020 Q4 results, we significantly increased our position in the stock after it underperformed following a lower than anticipated near-term outlook for margins. Our conclusion was for this situation to be temporary due to a slower than anticipated recovery in the on-trade channel (for example: bars, restaurants, etc.) in emerging markets. Since then, ABI has continued to report solid volume growth results, even on top of difficult "pantry-loading" comparables year-over-year, and we continue to have a strong conviction that ABI's operating margins will normalize to its full potential within a reasonable time frame as the on-trade channel reopens. Hence, while we attribute the performance in the shares this quarter to other investors starting to think similarly, we continue to see the shares as attractive and remain invested in the business.

GlaxoSmithKline up +11%

During the quarter, activist investor Elliott Management became one of the top three active shareholders and GlaxoSmithKline (GSK) hosted a well-received investor day featuring a growth plan for its pharmaceutical business beyond the Consumer Health spin out next year. We agree with Elliott Management that the market should be approaching GSK's valuation on a sum-of-the-parts basis. The Consumer Health business is a premium asset that is projected to be divested by August 2022 and equates to nearly one third of our intrinsic value. We are roughly in line with the company's 10% EBIT growth for the next five years which is excellent relative to its current 14x P/E on 2021 earnings.

Worst performers during the quarter[2]

Intel down -13%

Intel reported strong first quarter earnings but the company's shares were weak as guidance for the year was conservative. New management continues to execute on the company's restructuring and new products over the next year will improve its competitive position in its core CPU market. With the stock trading at less than 12x earnings, the shares will benefit from an improvement in competitive position. With the stock below Galibier's view of intrinsic value and after trimming the relatively new position in the prior quarter at higher levels, the position was increased during the most recent quarter.

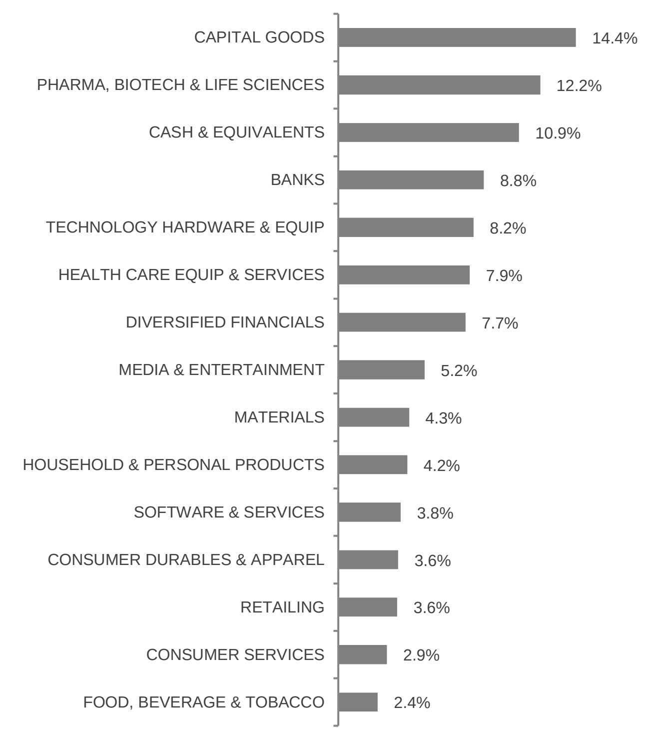
Galaxy Entertainment down -12%

Shares of Galaxy Entertainment Group declined during the quarter as the travel situation between China and Macau remains tepid due to the ongoing travel restrictions and the COVID-19 resurgence in the China regions. The weak visitation levels negatively impacted the Macau gaming operator but Galaxy continues to outperform its peers thanks to its resilient non-gaming segment and cost control strategies. In the long term, we continue to like Galaxy for its growth potential primarily driven by its phase 3 & 4 expansion which will significantly increase its premium mass capacity. We took advantage of the lower share price during the quarter to increase our weight in the portfolio.

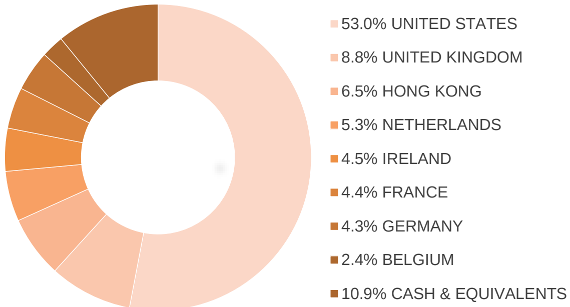
Cognizant down -12%

Shares of Cognizant were weak in the quarter on mixed results. The company slightly reduced its expectations for profit margin for the year but demand for its services remained strong as revenue expectations were increased. New management continues to execute on restructuring the business and this is causing some higher levels of employee churn. As a people oriented business they are well versed in dealing with attrition and this also helps to upgrade the employee base leading to higher levels of productivity. With significant free cash flow and a net cash balance sheet, the company and shareholders will also benefit from value enhancing acquisitions in its core verticals.

Global Equity Pool Industry Split (June 30/2021)



Global Equity Pool Geographic Split (June 30/2021)



Buys & Sells

During the quarter, we added one new name to the portfolio: VF Corp. In addition, we added to our positions in Galaxy Entertainment, Cognizant Tech Solutions and Intel.

We reduced our positions in Anheuser-Busch, Emerson Electric, Oshkosh, Berkshire Hathaway and Heidelberg Cement.

As a result of these transactions, the cash and equivalents position decreased to 10.9% from 13.4% at the end of the prior quarter.

New Buys:

VF Corp.

Headquartered in the U.S., VF Corporation is a $33 billion (USD) market cap apparel and footwear company that is principally known for its successful portfolio of active lifestyle brands which include: Vans, The North Face, Timberland, Dickies, and Supreme. Most recently, the shares came under pressure as VF Corporation management announced their intention to step-up selling and advertising expenses over the next 12 months resulting in a near-term outlook for operating margins that was below investors' expectations. VF Corporation's management is very well regarded in the industry for their demonstrated track record in managing brands for the long-term, and we see their willingness to step-up demand-creation expenses at a time when the global economy is reopening and consumers have significant amounts of cash to spend as an act that further reinforces their track record in doing what is right for the health of their brands. In addition, we see strong potential in Vans over the medium-term as they continue to build on the brand's strong position within communities as well as with skateboarding now being an official Olympic sport. Consequently, we have strong conviction in a high-single-digit topline growth outlook for VF Corporation's brand portfolio over the medium-term as well as for the business to earn valuable returns on the current investments management is making. We therefore took a position in the stock during the quarter as the shares were selling at a discount to our estimate of intrinsic value.

Global Equity Pool Dynamics (June 30/2021)

Measure	Global Pool	MSCI World
Fwd 12M P/E	18.8x	19.6x
Dividend Yield	1.7%	1.7%
Number of Names	25	1,563
Active Share[3]	94%	-

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.*