Galibier Capital Management Ltd.

Quarterly Investment Review

Q3 2022

Joseph Sirdevan, CFA
Graham Anderson, CPA, CFA
Lauree Wheatley, CFA
Andrew Wallman, CFA
Kelvin Wong, CFA
Colin Pearson, CFA
Zohan Barkur
Jun Chuah, CFA
Neeti Pandey

"Don't give up your dreams – we started with DVDs"

– Netflix

Equity markets were down across the board in the third quarter. Central banks globally and the Federal Reserve in particular, made good on their promise of raising short term rates to reduce runaway inflation. Both consumer and producer price inflation remain stubbornly high with annualized rates of 8.3% and 8.7%, respectively. Particularly troubling is that the core rate, which excludes food and energy, is rising faster than expected.

To counter this inflation, the Fed raised rates by 150 basis points in the quarter which is the fastest rate increase in 40+ years. Other central banks have followed suit.

A key risk in using monetary policy to slow inflation is that it may lead to reduced consumption, job losses and reduced investment, ultimately leading to a recession which will impact corporate profits. Equities historically do not perform well during periods of monetary policy tightening and this period is no exception with the year-to-date return of the S&P/TSX Composite Index down -11.1% and the MSCI World Index down -18.9% in $CAD. Bond prices were not immune with the FTSE Canadian Universe Bond Index down -11.8% during that same period.

The question facing *true investors* is whether observed market prices for equities are higher or lower than their intrinsic values. Galibier's investment process is focused on the proactive determination of where intrinsic value lies. It is our process that gives us the confidence to act and despite the recent market volatility, has led to numerous investment actions for the year as detailed in our quarterly reports.

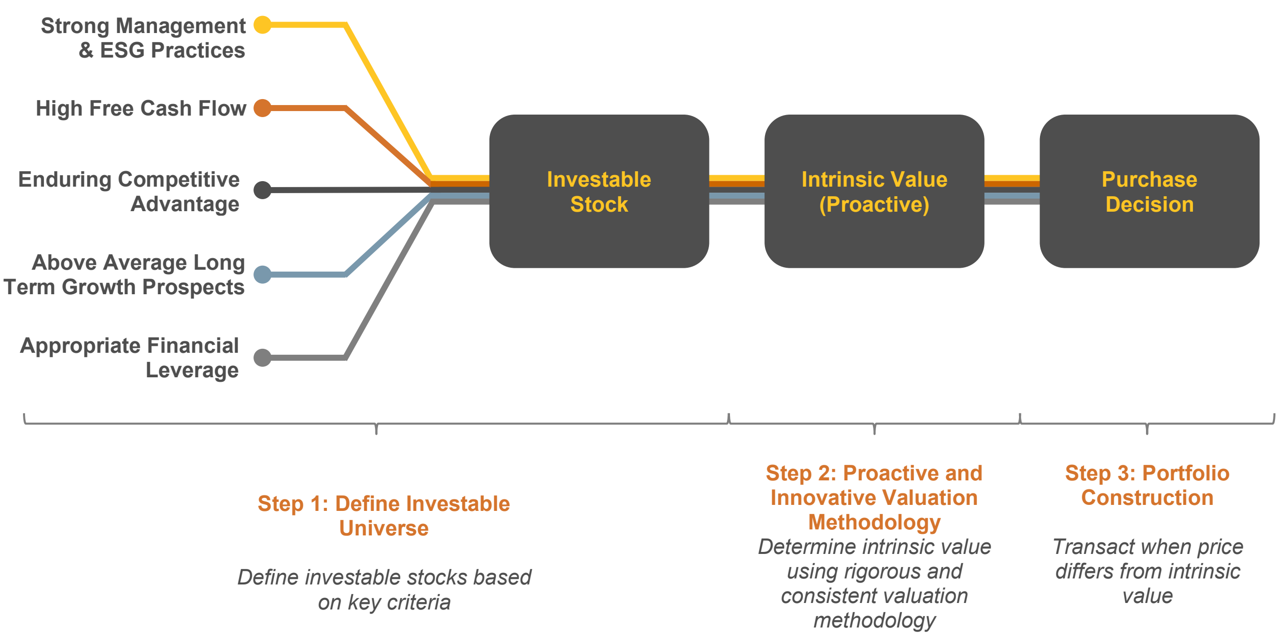
This quarter marks the 10th anniversary of Galibier managing money for our clients. We sincerely thank all our clients and service providers for their support and counsel.

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… 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: Sep30/2022	Since Sep27/12 (%)	10 Year (%)	5 Year (%)	3 Year (%)	1 Year (%)	Year-to-date (%)
Galibier Canadian Equity Pool	**9.9**	**9.9**	**7.6**	**7.4**	**-4.1**	**-8.5**
S&P/TSX Composite (total return)	7.3	7.3	6.5	6.6	-5.4	-11.1

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 Q3 2022, the Galibier Canadian Equity Pool generated a return of -3.1%. Since inception on September 27, 2012, the Canadian Pool's annualized return was +9.9% per year. At the end of the quarter, the active share[3] of the portfolio was 75%.

Canadian Equity Pool Top Holdings (Sep30/2022)		
		Weight (%)
1.	Canadian Pacific Railway Ltd.	5.4
2.	CCL Industries Inc.	5.1
3.	Northland Power Inc.	5.1
4.	Manulife Financial Corp.	4.9
5.	Spin Master Corp.	4.7
6.	Intact Financial Corp.	4.6
7.	Restaurant Brands International Inc.	4.6
8.	Nutrien Ltd.	4.5
9.	WSP Global Inc.	4.4
10.	Canadian Imperial Bank of Commerce	4.3
Total		**47.6**

Best performers during the quarter[2]

Restaurant Brands International up +15%

A broader return to office brings a return to routine and mobility, and a return to that cup of Tim Horton's coffee that Canadians know and love. After two years of investment in the Back-to-Basics program and the digital app at Tim Horton's, the business is seeing the rewards in increasing customer traffic. During the quarter, Restaurant Brands also announced its "Reclaim the Flame" program at Burger King, planning to partner with franchisees on a refresh of the marketing program and the store design. We expect that Restaurant Brands should fare well in the coming quarters as consumers look to lower ticket dining experiences during a potential recession.

Nutrien up +13%

Nutrien has benefitted from high fertilizer prices due to extremely strong agricultural product prices. Low harvests, bad weather and the war in the Ukraine as well as low global inventories of food products have led to strong planting intentions. With the Ukraine situation being sustained, investors have begun to look at this cycle plateauing at a high level leading to the move in Nutrien's share price in the quarter.

CCL Industries up +11%

CCL Industries' steady, well diversified business was rewarded during the quarter with strong share price performance. The company provided a solid quarterly update, highlighting that while some parts of its business, Checkpoint specifically, are seeing challenges in the current environment, its core label business is performing well, and Avery is benefitting from the return of in person events. Given that labels are a small part of the customer cost structure, there have been no difficulties in passing through price increases, suggesting that margins for CCL should remain stable. Finally, the company may experience some small tailwind in its Innovia division with printing of currency featuring King Charles III.

AG GROWTH INTERNATIONAL UP +9%

Shares of Ag Growth International performed well in the quarter as strong fundamentals for the agricultural sector were reflected in its results and management's increased guidance for the remainder of the year. After several years of acquisition activity, the company has now shifted its focus to integration and operating leverage. The company will be able to 'harvest' cash flows after years of investment. As Ag Growth deleverages its balance sheet, we expect a re-rating of the trading multiple, which should drive continued returns for equity holders.

Worst performers during the quarter[2]

CAE DOWN -33%

After a strong start to the quarter, shares of CAE performed poorly following the release of its first quarter fiscal 2023 financial results. The company reported two surprising losses in its defense business which were the result of higher-than-expected costs on contracts. The elevated costs came from a combination of disrupted supply chains and disrupted work environments, neither of which are unique to CAE, but still caught investors off guard as this is a very rare event for the company. As CAE was a relatively new and smaller position for us at Galibier, we have used the sell off as an opportunity to increase our position size.

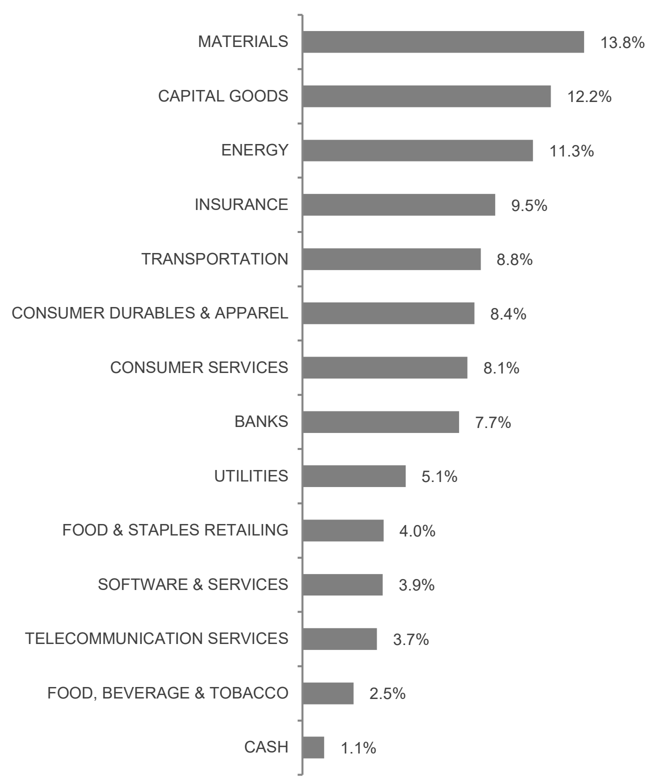
PARK LAWN DOWN -29%

Shares of Park Lawn continued their bumpy ride this quarter as growth slowed compared to the elevated death levels experienced in 2021. The second quarter results released in August suffered from lower margins as timing of lumpier bulk sales were lower than expected in the quarter. Management also indicated that after two years of difficult working conditions on the front lines of the COVID-19 pandemic, the sales team needed a bit of a breather before kicking things back into high gear again. The company recently hosted an investor day which included touring multiple facilities in the Nashville area and reiterated its long-term aspirational goals. We believe that Park Lawn has a significant opportunity ahead to be the consolidator of choice in a highly fragmented industry.

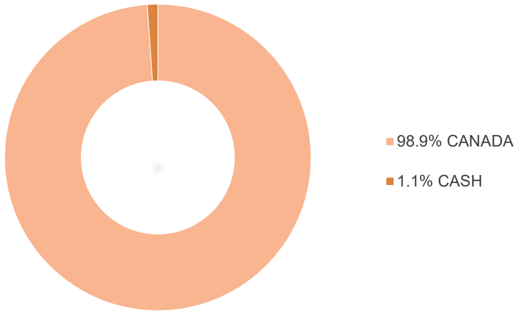
CARGOJET DOWN -22%

Shares of Cargojet experienced a turbulent quarter, impacted by concerns about consumers in the face of a looming recession, and by FedEx slashing its earnings forecast. While Cargojet will no doubt feel an impact to volumes driven by a weakening consumer, we do like the protection provided by its long-term, take-or-pay contracts with customers on its domestic network and its ACMI (aircraft, crew, maintenance and insurance) contracts with DHL and others. The company recently held its inaugural investor day and provided 2026 revenue, EBITDA (earnings before interest, taxes, depreciation and amortization), and free cash flow projections that align with our expectations around the growth opportunities available. We continue to see an opportunity for Cargojet to grow its business, leveraging its exceptional customer service and reliability, to achieve its 2026 targets.

Canadian Equity Pool Industry Split (Sep30/2022)



Canadian Equity Pool Geographic Split (Sep30/2022)



Buys & Sells

During the quarter, we added one new name to the portfolio: Canadian Natural Resources Ltd.

In addition, we added to numerous positions including CAE, Cargojet, Empire, Canadian Pacific Railway and WSP Global among others. We reduced our position in Enbridge.

As a result of these transactions, the cash position increased to 1.1% compared to 0.0% at the end of the prior quarter.

New Buys:

Canadian Natural Resources Ltd.

In the quarter, we purchased a small position in Canadian Natural Resources (CNQ) at $63.90 and sold down our position in Enbridge to fund it. This kept our exposure to the energy sector flat but gave us increased optionality on higher oil prices. At $63.90, CNQ is discounting WTI oil price of $70-$80. As well, CNQ pays a very high dividend for an oil and gas production company. The dividend yield on our cost represents a 4.7% yield, meaning we are getting paid while we wait for the full intrinsic value to be realized.

Canadian Equity Pool Dynamics (Sep30/2022)

Measure	Canadian Pool	S&P/TSX Comp
Fwd 12M P/E	13.6x	11.2x
Dividend Yield	2.7%	3.3%
Number of Names	26	236
Active Share[3]	75%	-

Source: *Galibier Capital Management Ltd, Bloomberg*

Galibier Global Equity Pool Summary of Results

Period ending: Sep30/2022	Since May12/17 (%)	5 year (%)	3 year (%)	1 year (%)	Year-to-date (%)
Galibier Global Equity Pool	**5.0**	**6.1**	**2.1**	**-13.4**	**-16.6**
MSCI World (CAD, total return)	6.2	7.3	5.9	-12.8	-18.9

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 Q3 2022, the Galibier Global Equity Pool generated a return of +1.5%. Since inception on May 12, 2017, the Global Pool's annualized return was 5.0% per year. At the end of the quarter, the active share[3] of the portfolio was 89%.

Global Equity Pool Top Holdings (Sep30/2022)

		Weight (%)
1.	Amazon.com Inc.	5.8
2.	LVMH Moet Hennessy Louis Vuitton SE	5.4
3.	JPMorgan Chase & Co.	5.1
4.	Wabtec Corp.	4.9
5.	Berkshire Hathaway Inc.	4.9
6.	ING Groep NV	4.7
7.	The Walt Disney Company	4.7
8.	Alphabet Inc.	4.7
9.	General Motors Co.	4.6
10.	Galaxy Entertainment Group Ltd.	4.6
Total		**49.4**

Best performers during the quarter[2]

Ross Stores up +28%

After suffering from poor share price performance in the second quarter, Ross Stores rallied back in the most recent quarter. With excess inventory in many retail and apparel manufacturer's channels, Ross and the other off-price retailers are poised to benefit from liquidation events. Ross focuses on apparel basics with minimal fashion risk and its packaway capability allows it to buy for pennies on the dollar during times of excess inventory, store that merchandise away until the following year, and then offer its customers exceptional value. With consumers facing difficult times, we are likely to see a decline in discretionary spending, which drives those consumers to the value Ross offers.

Amazon.com up +13%

Amazon (AMZN) reported solid Q2 results and gave strong revenue guidance for the third quarter. Amazon Web Services (AWS) performed very well but we believe the strong performance from the core retail business accounted for the strong price performance of the stock in the quarter. Capital expenditures should decline sharply in 2023 meaning the company should be comfortably free cash flow positive and its competitive position remains unmatched both in e-commerce (Amazon and Amazon Prime) and in cloud-based services and solutions (AWS).

Target up +13%

We bought Target in Q2 after its profit warning on overordering inventory which forced it to discount. We saw this as an opportunity to pay 13 times earnings for a quality retailer that was gaining market share as it elevates its brand perception. As Target was one of the first retailers to discount, they should be the nimblest going forward allowing them to better navigate any macroeconomic situation. We took advantage of the strength in the quarter and reduced our position.

General Motors up +8%

General Motors, like many auto companies, has been impacted by a global shortage of semiconductor chips as well as raw materials etc. However, the company's 3rd quarter report was quite strong, with U.S. revenue growth of 24%. Revenue growth should be decent for the rest of 2022. Investors are now fretting about the prospects for 2023 given rising interest rates impacting demand for light trucks and cars. We believe the share price more than reflects this concern as GM is trading at 7-8X multiple on 2023 earnings per share estimates.

Worst performers during the quarter[2]

VF Corp. down -28%

It has been a perfect storm for VFC over the past two years. First off, the company was damaged by the on again off again closures of retailing outlets. Second, like many companies it was impacted by global supply chains affecting inventory. Third, high expectations heading into the Olympics for Van's (its largest brand) did not materialize. Now fears of an economic slowdown or recession have led to fears about reduced demand by consumers globally. We believe that at the current price, the stock offers compelling value and we have been carefully adding to our position. The company's competitive advantage comes from its active management of its branded apparel portfolio, currently containing attractive outdoor/lifestyle brands North Face, Timberland and Supreme as well as Vans. With normalized earnings power of ~$3.00+ the company is trading at 11X earnings per share and offers an attractive yield of 6.3%.

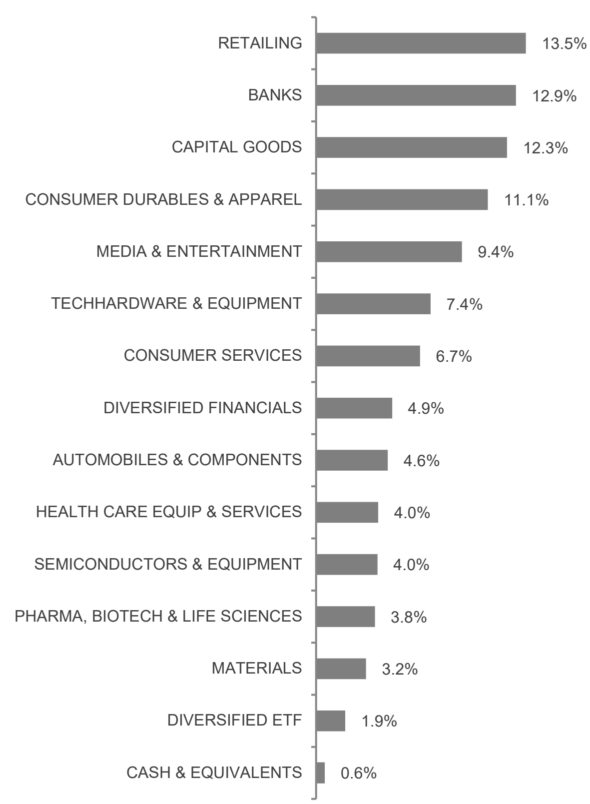
Intel down -26%

A weaker near-term outlook has cast a shadow on the positive longer term growth outlook for Intel. Intel's projected earnings for 2022 declined drastically as Intel's customers took down inventory from elevated pandemic levels to one that represents a weaker macroeconomic outlook. In a negative scenario, Intel is trading at 13 times 2022 earnings with a 30%+ earnings per share compound annual growth rate to its longer term, 2026 target. As part of its long-term targets, the company announced its largest ever capex program not only to match Taiwan Semiconductor's industry leading chips but to exceed it. We see Intel's longer-term guidance as more of a blue-sky scenario versus our more conservative, long-term forecast but still see the shares trading at attractive levels. While we wait for the negative macroeconomic storm clouds to pass, we appreciate the 5% dividend yield. We took advantage of the weakness and added to our position in the quarter.

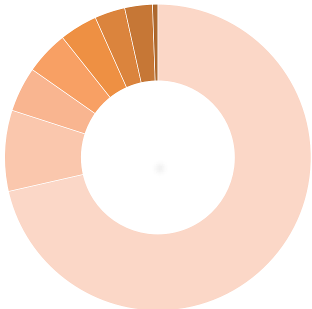
HeidelbergCement down -11%

Facing concerns about the macro environment, the sustained Ukraine conflict and high energy costs impacting margins, Heidelberg sold off over the quarter. The stock is now trading at < 5X 2021 earnings and offering a yield of 5.7%. The company is making progress on streamlining its operations and deleveraging its balance sheet. As well, it has announced a path to further decarbonization. Even though signs point to a recession, infrastructure spend by governments may increase in the next few years.

Global Equity Pool Industry Split (Sep30/2022)



Global Equity Pool Geographic Split (Sep30/2022)



Global Equity Pool Dynamics (Sep30/2022)

Measure	Global Pool	MSCI World
Fwd 12M P/E	16.6x	13.9x
Dividend Yield	2.1%	2.4%
Number of Names	25	1,513
Active Share[3]	89%	-

Source: *Galibier Capital Management Ltd, Bloomberg, MSCI Inc.*

Buys & Sells

During the quarter, we added one new name to the portfolio: Vail Resorts Inc.

In addition, we added to numerous positions including VF Corp., ING Groep, LVMH, Intel and Apple among others.

We reduced our positions in Target, Ross Stores and Amazon.com. One position was eliminated from the portfolio: Applied Materials Inc.

As a result of these transactions, the cash and equivalents position decreased to 0.6% from 2.7% at the end of the prior quarter.

New Buys:

VAIL RESORTS INC.

Vail Resorts is an operator of mountain resorts in North America, Australia and Europe. Vail dominates the North American market with nearly 20% of total ski days in North America occurring at a Vail resort which is more than twice that of its nearest competitor. Given the nature of mountain resorts, it would be very difficult to recreate Vail. The company is using its scale to create a network effect with its EPIC pass which increases resort utilization organically across its portfolio. As well, the EPIC pass gives the company the data to drive ancillary sales on top of lift tickets. All of this creates incremental revenue on a fixed asset. This should lead to strong organic growth supplemented by a management team that has a history of value creating capital allocation. The stock has sold off this year from inflationary and macroeconomic concerns. Even with these headwinds built in, Vail is trading at a 12x EV/EBITDA, nearly 6% free cash flow yield and offering us 3.5% dividend yield.

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.*