Galibier Capital Management Ltd.

Galibier Opportunities Fund – Investment Review

Q1 2016

Joseph Sirdevan, CFA
Graham Anderson, CFA, CA
Scott Connell, CFA
Lauree Wheatley, CFA
Andrew Wallman, CFA
Charlie Ongking, CFA
Investors

Results

"Volatility is the friend of the long term investor" - Warren Buffett

And "volatile" sums up the performance of the markets in the first quarter of 2016. Changing expectations for the direction of future interest rate movements were a major source of the markets' gyrations as were weak commodity prices and continued sluggishness of general economic conditions.

At Galibier, we love short-term volatility. Why? Because we focus on the *long term* in deriving our view of individual company valuations. Thus, when a volatile market gives us stock prices that are well below our view of intrinsic value we buy. And when the market gives us stock prices well above intrinsic value we sell and redeploy capital into names with more upside potential.

Despite the incredible volatility during the quarter, the Canadian market was ultimately quite strong, finishing up +4.5%. The U.S. market was equally volatile but, when reported in Canadian dollar terms, was down -5.6% in Q1 2016.

For the quarter in Canada, the best performing sectors were Materials, Telecom and Utilities. The Healthcare sector was down 67% in the quarter almost all due to the collapse in the share price of Valeant Pharmaceuticals.

In the U.S., the market's best performing sectors were the Telecom, Utilities and Consumer Staples sectors, offset by the weakest performing Healthcare and Financial Sectors.

During the first quarter another large institutional client joined the Galibier family. As a result, we are now closing in on the $400 million mark of total assets under management.

Summary of Results

Period ending: March 31, 2016	3 Months (%)	1 Year (%)	Inception (%)
Galibier Opportunities Fund	**4.6**	**-7.8**	**-3.4**
S&P/TSX Composite (total return)	4.5	-6.6	-2.5

Note:
Return figures are gross of fees and fund expenses.
Return figures are annualized for periods greater than 1 year.
Inception date of the Galibier Opportunities Fund is October 31, 2014.
See Note 1 and Disclaimer at the end of this document for information about the returns and benchmarks.
Source: Galibier Capital Management Ltd, Bloomberg.

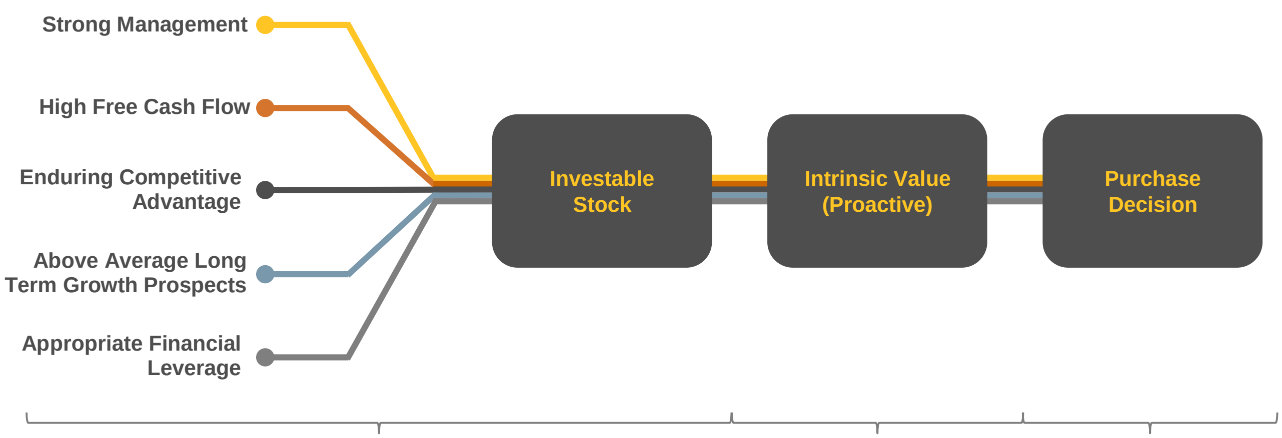
Galibier Capital Management Ltd. | Growth. At a Reasoned Price.
80 Richmond St. West | Suite 801 | Toronto | ON | M5H 2A4
416.867.1234
www.galibiercapital.com

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

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
- 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 Opportunities Fund Commentary

In Q1 2016, the S&P/TSX provided a solid total return of +4.5%. The Galibier Opportunities Fund's investment results were slightly better at +4.6%. The strengthening Canadian dollar negatively affected the performance of the U.S. equities held in the fund.

Since its inception on October 31, 2014 the fund has provided a total return of -3.4% versus the S&P/TSX index which returned -2.5%.

Galibier Opportunities Fund Top Holdings (Mar 31/2016)	Weight (%)
1. Polaris Industries Inc.	6.2
2. Thermo Fisher Scientific Inc.	6.0
3. Biogen Inc.	6.0
4. Industrial Alliance Ins. & Fin. Services	5.4
5. Cargojet Inc.	5.4
6. Northland Power Inc.	5.4
7. Echo Global Logistics	5.3
8. Ag Growth International Inc.	5.2
9. Kering ADR	5.1
10. DREAM Global REIT	4.9
Total	**54.9**

Best Performers[2]

Canadian Natural Resources up +34%

This superbly managed oil and gas producer has demonstrated admirable cost discipline and continues to generate economically viable production growth in the face of a very tough oil price environment. The stock price rebounded during the quarter along with the improving WTI price. In addition, management did not cut the dividend which the market had feared as a possibility.

Echo Global Logistics up +24%

ECHO had strong performance in the quarter after reporting revenue with higher than expected organic growth. While the trucking spot market has slowed, the company has been able to maintain impressive growth, with the shares rallying in response. The company is progressing well with its integration of Command Transportation (acquired summer 2015) and expects the majority of that work to be completed later this year. We are excited about the opportunities available once the sales force and network of these two powerful trucking brokers have been fully integrated.

Northland Power up +16%

Northland Power had strong returns in the quarter after announcing it had achieved first power on its Gemini offshore wind project in the North Sea. While this is the largest project it has ever taken on, Northland continues to execute well, with construction continuing on time and on budget. It is also making good progress on the construction of its second large offshore project, Nordsee One. We are excited by the upcoming completion and full contribution of these projects, as well as how Northland will use this newly developed expertise to add future value for shareholders.

DH Corp up +15%

After being hit by a short seller's report in Q4 2015, DH's share price rebounded during the quarter after reporting stronger than anticipated organic growth within its Global Transaction Banking Solutions product (global payment hubs). The financial results largely countered the assertions made in the short report, which gave investors more confidence in growth prospects going forward, aided by an increased level of disclosure from management. We believe DH still trades at a discount to its peer group, although the strong performance in the quarter helped to reduce that gap.

Worst Performers[2]

AutoCanada down -24%

Shares of AutoCanada continued to be weak in the quarter along with a weakening Alberta economy. As almost half of the company's dealerships are located in Alberta, results are suffering as customers delay purchases, or trade down to more affordable, lower priced vehicles. The parts and service business continues to be a bright spot, with strong per dealership results and attractive margins. We hope to see AutoCanada continue with their dealership acquisition strategy which should help to diversify away from Alberta and stabilize results.

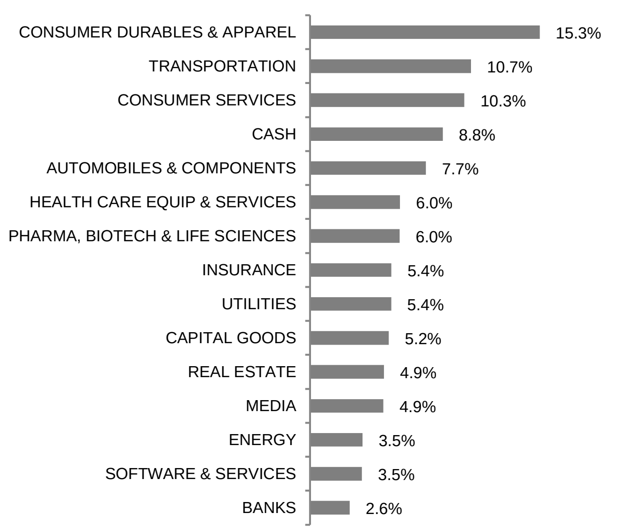
Biogen down -16%

We initiated a position in Biogen as the stock price fell below our calculation of intrinsic value. The weakness in the share price was driven by negative sentiment on biotechnology stocks mainly due to US election rhetoric (eg. Hillary Clinton). On a company level, Biogen actually delivered solid revenue and double digit earnings growth for the quarter, ahead of market expectations. However, there were some concerns with one of its newer drug, Tecfidera, as a result of a patient fatality. Worth noting is that Tecfidera has clinically shown to have better efficacy and less side effects over other current drugs available in the market. Biogen expects Tecfidera's growth to accelerate in the future through better physician education and an ongoing marketing campaign. At ~15x 2016 P/E, Biogen continues to offer good value relative to potential growth opportunities especially with its strong research and development pipeline.

Industrial Alliance down -10%

Industrial Alliance (IAG) was impacted by many of the same factors as Manulife during the quarter. In addition, the company continues to demonstrate difficulty in its mutual fund operations. We expect management to right the ship somewhat on the mutual fund side with its recent initiatives and management changes. On a return on equity vs. price to book measure, IAG looks very attractively priced under $40 and we added to our positon over the quarter.

Industry Split (Mar 31/2016)



Buys & Sells

New Buys:

Biogen Inc. (BIIB)

Biogen Inc. is a biotech company specializing in the manufacture of drugs designed to treat neurological, autoimmune and rare diseases. Biogen products are also known as biologics - a complex synthesis of acids, sugars, proteins and the like that includes cells and tissues. Biologics are more difficult to manufacture and copy unlike their "small molecule" pharmaceutical peers, which are chemically synthesized and its structure easily known. In particular, Biogen has a leading position in the treatment of multiple sclerosis (MS) with products such as Tecfidera, Tysabri and Avonex - one of the first prescribed therapies for MS. Over and beyond this strong franchise, Biogen has a pipeline of products that are expected to supplement current revenues, most notably in brain diseases such as Alzheimer's and Parkinson's. Management has been in this business for over a decade with solid results. The current re-rating within the biotechnology sector allowed us to establish a position in this relatively cheap name.

DHX Media Ltd

DHX Media Ltd. is a Halifax-based media company that produces, distributes, and licenses television and film programs primarily for children and families. DHX currently owns one of the world's largest independent libraries (12,000 half-hour episodes) of children's television content, containing popular brands such as Teletubbies, Caillou, Johnny Test, Inspector Gadget, Strawberry Shortcake and Yo Gabba Gabba, among others. DHX licenses and sells its content library to its global customer base which includes more than 200 multi-national broadcasters, merchandisers and distributors such as Netflix. The company is benefiting from strong demand for content as traditional distributors and new entrants compete for an audience. The shares have fallen since peaking in late 2014 at $10.00 and reached a level below our view of intrinsic value during the quarter.

Starbucks (SBUX)

The future looks bright for the world's largest retailer of coffee and related products. The company continues to buttress its network of 12,400 company owned stores and 11,000 franchised units. China, in particular, offers a long runway for growth at Starbucks. The rapid and significant adoption of the

Starbucks App has led to the company having quite a sizeable float of prepaid product and this, coupled with the new Mobile Order and Pay technology, has significantly increased the value proposition to the customer. An emerging opportunity for the company is found in its consumer packaging offering of coffee in bag and K cup formats. All in all, we see high and predictable earnings growth over the medium- to long-term.

Over the first quarter the fund added to its positions in a number of names. Stocks added to include Dream Global, Gildan Activewear, Industrial Alliance, Kering, Martinrea, MTY Group and Thermo Fisher.

The fund reduced its exposure to AutoCanada, CIBC, Echo Global Logistics, Northland Power, Paramount, Polaris and Priceline over the quarter. The fund eliminated its positions in both Transforce and Gilead Sciences.

Galibier's disciplined, valuation focused process allowed the fund to take advantage of price volatility in the market during the beginning of 2016. The fund initiated small positions in both Canadian Natural Resources and DH Corp. After strong share price appreciation during the quarter, we exited the positions to deploy the proceeds into more attractive opportunities.

Both TransCanada Corp. and Enbridge completed very large equity financings in the quarter and we took advantage of the discount the brokers priced into each of the deals to arbitrage the corresponding valuation gap. The Enbridge position was profitably eliminated in the quarter. A small piece of TransCanada remained in the portfolio at the end of the quarter.

As a result of these transactions and fund flows, the cash position in the fund increased to 8.8% at March 31/2016 from the 8.0% position at December 31/2015.

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. For the Galibier Opportunities Fund, Galibier utilizes the S&P/TSX Composite index for this purpose as it is a broad market index, one of the most well-known indices and is most likely to resemble the investment strategy of the fund. 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 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 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.