Galibier Opportunities Fund
Quarterly Investment Review

Q1 2020

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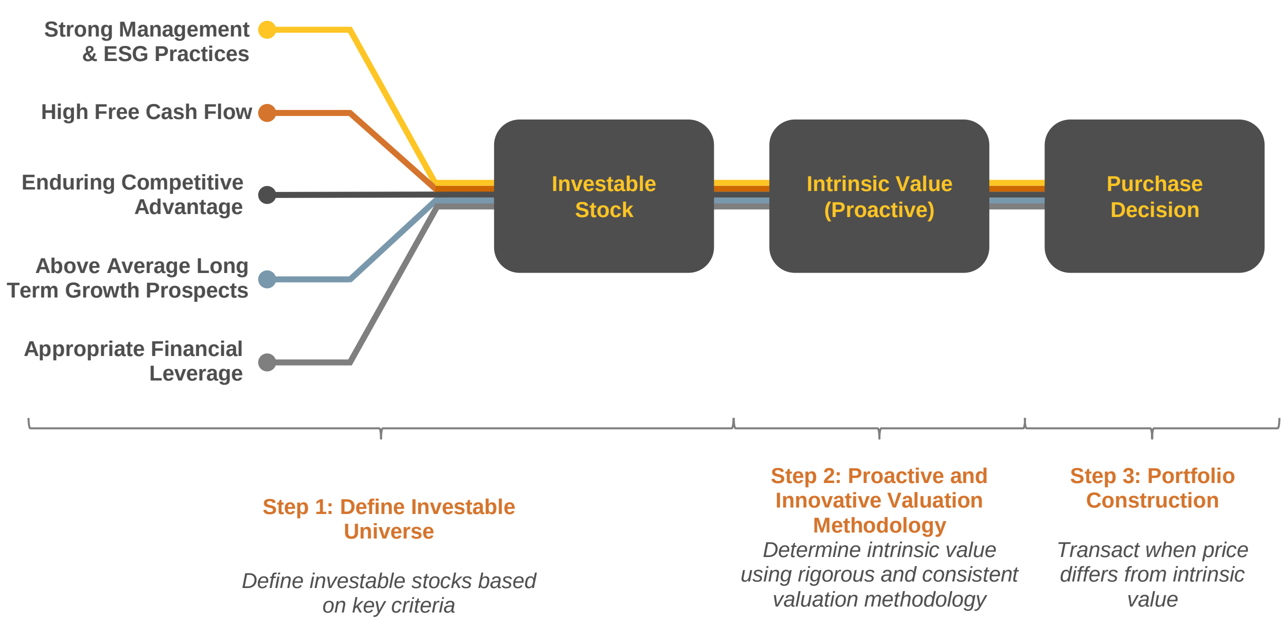
Galibier Capital Management Ltd.

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… ie. to be sanguine when others are discouraged and to be cautious when others are exuberant….

Summary of Results

Period ending: Mar 31/2020	Since Oct31/14 (%)	5 year (%)	4 year (%)	3 year (%)	2 year (%)	1 year (%)	Year-to-date
Galibier Opportunities Fund	**3.7**	**3.3**	**6.3**	**1.3**	**-5.1**	**-16.6**	**-27.6**
S&P/TSX Composite (total return)	1.4	0.9	2.9	-1.9	-3.7	-14.2	-20.9

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 October 31, 2014.*
v. *Returns are presented only for periods during which Galibier has been registered as a portfolio manager.*
vi. *The investment objectives of the Galibier Opportunities Fund have not changed since the Funds' inception.*
vii. *All returns 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. 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*

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 Opportunities Fund

In Q1 2020, the Galibier Opportunities Fund generated a return of -27.6%. Since its inception on October 31, 2014, the fund has provided an annual return of +3.7% versus the S&P/TSX index which returned +1.4%.

Opportunities Fund Largest Positions (Mar 31/2020)

Long positions		Weight (%)
1.	Maple Leaf Foods Inc.	8.5
2.	AstraZeneca PLC ADR	6.0
3.	Premium Brands Holdings Corp.	5.9
4.	Koninklijke Philips NV ADR	5.8
5.	AbbVie Inc.	5.7
6.	The Walt Disney Company	5.5
7.	Park Lawn Corp.	4.8
8.	NFI Group Inc.	4.4
9.	Anheuser-Busch Inbev NV ADR	4.4
10.	Finning International Inc.	4.2
Total		**55.2**

Best performers during the quarter[2]

CIBC UP +16%

CIBC was an opportunistic buy in the quarter. During the severe sell off in mid-March, the stock fell to an unprecedented low valuation level. Purchased in the fund at just below $72, CIBC has among the lowest valuation and highest dividend yield (>7%) of the Canadian bank group. Subsequent to the purchase the stock has rebounded nicely.

SHOPIFY (SHORT) +7%

Shopify has a good product that has demonstrated great revenue growth. This caused the market to push the shares to an extremely high valuation (>20x revenue) even relative to its rate of growth. This is despite a business model that has not shown an ability to generate profits and does not reflect the potential disruption from new competition from the likes of Facebook, Amazon or other players. On this premise we initiated a short position early in the quarter and closed it out after the stock declined.

SNC-LAVALIN UP +2%

Shares of SNC-Lavalin continued to perform well during the first portion of the first quarter as the company improved operations, won new business and successfully moved the remaining fixed price contracts forward. With shares trading above our view of intrinsic value and implying no further cost issues with the remaining projects we exited the position during the quarter.

ASTRAZENECA UP +1%

AstraZeneca (AZN) should manage through the global shutdown with limited impact and hence its outperformance versus the market. While growth may slow modestly in 2020, we expect mid-teens or better earnings per share growth in 2021. We touched base via Zoom with the management team in the past few weeks to address some of the issues the company might be facing. AZN has no supply chain issues as they have 6 to 12 months of inventory on hand and no sales channel issues as new prescriptions may slow but everyone will continue their old prescriptions while e-prescribing has accelerated. Finally, the majority of its drugs are self-administered so no doctor office visits are required. Overall, AZN has no supply side issues and limited demand issues. We still see upside to intrinsic value as AstraZeneca is one of the more reasonably valued companies five years out but we trimmed our position throughout the quarter to reallocate to names with better upside.

Worst performers during the quarter[2]

SPIN MASTER DOWN -66%

Shares of Spin Master (TOY) had very disappointing performance during the first quarter. In January, the company press released that it would fail to meet its previous fourth quarter 2019 guidance due to operational issues resulting from the consolidation of distribution facilities in the North East United States. Then, as COVID-19 started to cause shutdowns and closures in China, TOY's supply chain network was at risk of further disruption. While Spin Master does not own any manufacturing facilities, it does use third-party manufacturing in its supply chain, with China accounting for roughly 60%. Finally, along with reporting its fourth quarter results, the company announced that the issues within its distribution facilities were more complicated to resolve than initially expected, leading to lowered guidance for the full year of 2020. We are frustrated with the self-inflicted damage from the distribution facility consolidation, but hopeful that the company can get this fixed quickly and return to operating as the innovative toy company they have proven to be in the past.

AG GROWTH INTERNATIONAL DOWN -62%

Shares of Ag Growth were down significantly during the first quarter. Ag Growth, along with the market, sold off on fears of recession as COVID-19 spread around the world. Specific to the company, Ag Growth continued to invest in its new technology platform, SureTrack, which is acting as a drag on profitability as it ramps up. The company also saw orders they had originally expected to be placed late in 2019 being delayed into 2020 with the uncertainty around trade agreements and tariffs. Ag Growth plays an essential role in providing equipment to farmers as well as commercial crop, feed, seed and fertilizer customers. While COVID-19 has created significant short-term uncertainty, we are certain that people will continue to eat, which drives demand for Ag Growth products.

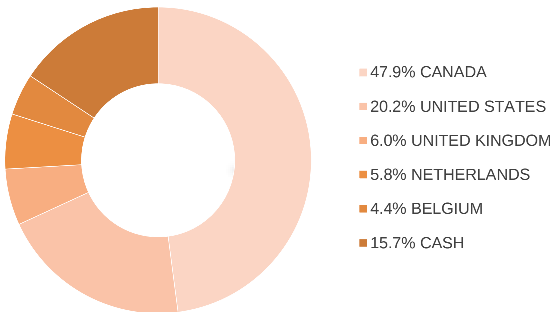
FLUOR DOWN -59%

Shares of Fluor declined significantly during the quarter as the company failed to finalize its year-end financials on time. In addition, the company's exposure to projects in the energy sector (35% of backlog) have come into question with the significant decline in the price of oil. Fluor has a diversified revenue stream which should mitigate the impact of the decline in its energy business if the oil price remains at this depressed level. The company is due to file year end results shortly and, with net cash on its balance sheet, is in a strong position to endure this period. Less competition for new projects and increasing demand from governments around the world should lead to long term earnings growth.

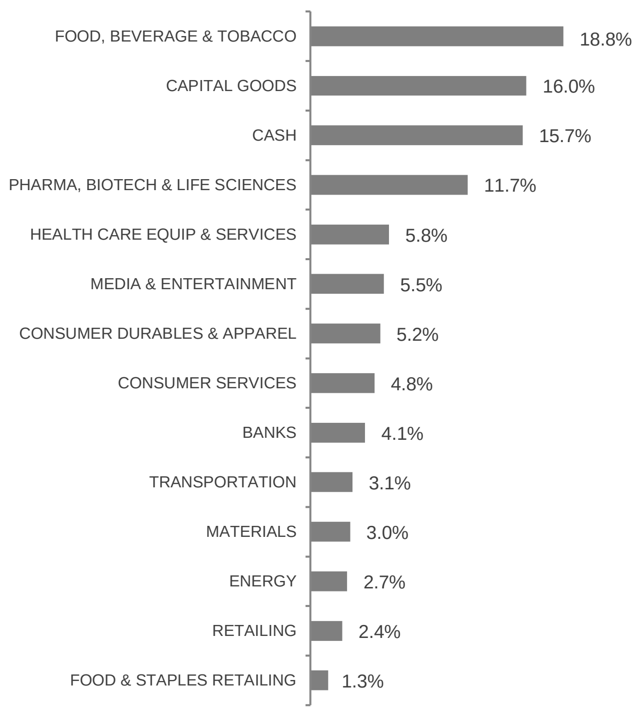
INTERFOR DOWN -58%

Interfor (IFP) is a pure play lumber producer with lumber mills both in Western Canada and the Southern United States. Investors, anticipating strong home building in the U.S., had bid the stock up early in the quarter and we reduced our position at prices as high as $15-$16. The shutdown of the global economy related to the COVID-19 virus led to a significant fall in demand for lumber. Canadian producers reacted by furloughing employees and reducing production. Share prices across the forest products sector fell sharply and Interfor was no exception. After evaluating IFP's competitive positon and balance sheet strength, we took advantage of the volatility to add to our positon in IFP in early April at $6-$7.

Geographic Split (Mar 31/2020)



Industry Split (Mar 31/2020)



Buys & Sells

During the quarter, we added four new positions to the portfolio: Walt Disney, CIBC, Schlumberger and short Shopify.

In addition, we added to several positions including Ag Growth International, Gildan Activewear, Fluor, Maple Leaf Foods, Park Lawn, Spin Master and others.

We reduced our positions in several names including Booking Holdings, AstraZeneca, Cargojet, AbbVie, Premium Brands and others.

Three positions were eliminated during the quarter: we exited our position in SNC-Lavalin Group and Walgreens Boots Alliance and covered our short position in Shopify.

New Buys:

The Walt Disney Co.

We have wanted to own the “House of Mouse” for many years as it is a global content powerhouse with one third of the box office and nearly a century worth of content and characters. Given its positioning, Disney is the best equipped for the rapidly changing world of content distribution. In five years, Disney will have one of the strongest distribution channels through Disney+, Hulu and ESPN+ which eventually will have better economics than traditional TV. It only took three months for Disney+ to get to the same number of subscribers that Netflix had after six years and we expect further subscriber growth through the aggressive launch of Disney+ around the world. Admittedly, we bought Disney too early through the COVID-19 sell off. At the close of the quarter, half the value of the stock is the direct-to-consumer assets and we are paying less than a 10x multiple for the rest of the earnings in 2024 which includes very little value being ascribed to the Disney parks.

Canadian Imperial Bank of Commerce

CIBC is one of our largest holdings in our pure Canadian strategy and we opportunistically purchased CIBC in the Opportunities Fund over the quarter at an extremely attractive value proposition. From a valuation perspective, CIBC has among the lowest price-to-earnings multiples and highest dividend yield of its peers. Over our investment time horizon, CIBC should generate excess capital versus its regulated requirements which will allow it to return capital to shareholders through dividend increases, share buybacks or to fund acquisitions likely in the wealth management space. Such acquisitions, if properly executed, would likely result in a multiple re-rating at CIBC. The shares currently have a dividend yield greater than 7%.

Schlumberger Ltd.

Schlumberger (SLB) is the world’s leading oilfield services consultant and benefits from advantages of scale, technology leadership and a long standing history of being the preferred service provider to national oil companies across the world.

Consequently, 70% of Schlumberger's revenues are derived from international markets which is positive as barriers to entry (mainly from relationships) are much higher, capex investments tend to be more resilient and capex in these markets is anticipated to recover and grow in the mid-single-digits following years of under-investment. In addition, the new CEO has launched many strategic initiatives such as exiting businesses where SLB can no longer differentiate its services with a superior technology offering (ie: pressure pumping). We anticipate this will benefit its cost structure and therefore margins regardless of the oil price environment.

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 return to the pool during the most recent quarter and includes the impact of market price changes, buys, sells, and dividends (if any).*