Galibier Capital Management Ltd.

Galibier Opportunities Fund
Quarterly Investment Review

Q2 2019

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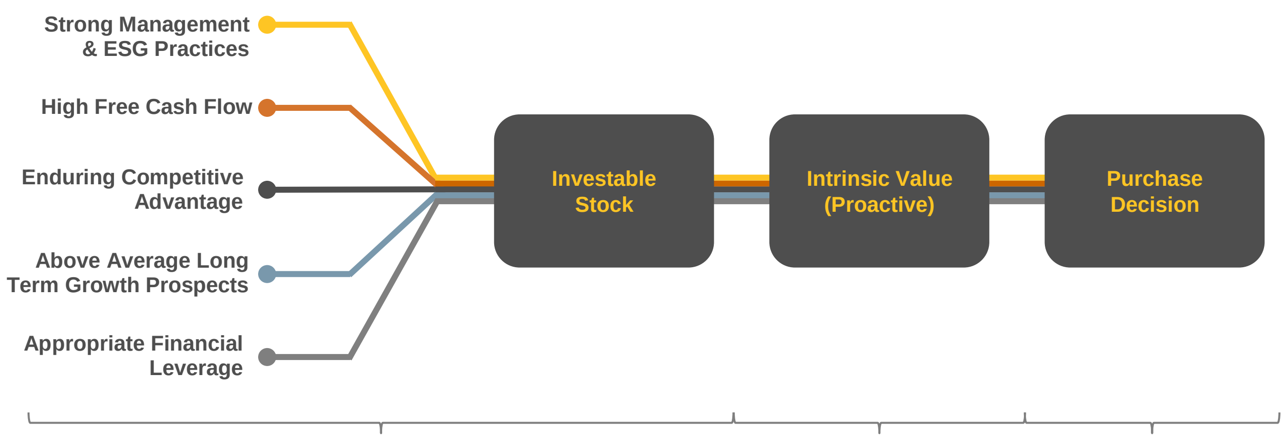
Galibier Capital Management Ltd.

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*



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

Summary of Results

Period ending: June 30/2019	Since Oct31/14 (%)	4 year (%)	3 year (%)	2 year (%)	1 year (%)	YTD (%)
Galibier Opportunities Fund	**9.4**	**9.5**	**16.6**	**12.8**	**8.7**	**18.1**
S&P/TSX Composite (total return)	5.6	6.2	8.4	7.1	3.9	16.2

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 Q2 2019, the Galibier Opportunities Fund generated a return of +4.2%. Since its inception on October 31, 2014, the fund has provided an annual return of +9.4% versus the S&P/TSX index which returned +5.6%.

Opportunities Fund Largest Positions (June 30/2019)

Long positions		Weight (%)
1.	NFI Group Inc.	6.1
2.	Park Lawn Corp.	5.0
3.	Ag Growth International Inc.	5.0
4.	Interfor Corp.	5.0
5.	AstraZeneca PLC ADR	4.9
6.	Oshkosh Corp.	4.9
7.	Spin Master Corp.	4.6
8.	Anheuser-Busch Inbev NV ADR	4.5
9.	Walgreens Boots Alliance Inc.	4.4
10.	Premium Brands Holdings Corp.	4.2
Total		**48.6**

Best performers during the quarter[2]

PREMIUM BRANDS UP +17%

Shares of Premium Brands (PBH), the specialty food manufacturer and distributor, increased over the past three months as its business continues to grow and it announced that the Canadian Pension Plan Investment Board (CPPIB) made an investment in the company as a strategic shareholder. The capital from the CPPIB investment will be used to reduce debt and allow Premium Brands to return its focus to acquiring businesses faster than it otherwise could. Acquiring smaller specialty food companies and accelerating their growth is one of the key competitive advantages of the company. Over the long term, we believe PBH is well positioned to execute on its growth strategy.

NFI GROUP UP +14%

After a period of weak share price performance, NFI Group shares rebounded somewhat during the second quarter. The company announced the acquisition of Alexander Dennis Ltd. (ADL), a U.K. based bus manufacturer, which provides a new international growth opportunity for the company. ADL is a similar company to NFI with a dominant position in the double decker bus market and was acquired at a valuation that makes it accretive to NFI earnings. We see opportunity for synergies between the two companies down the road, which will make the economics even more attractive to NFI holders.

HENRY SCHEIN UP +14%

Henry Schein announced very strong Q1 results in May. Recall that in Q4 2018, the U.S. dental market declined slightly leading Henry Schein to give conservative and below consensus financial guidance for 2019. The subsequent sell off gave us an attractive entry point into the stock. In the first quarter, the dental market remained sluggish but still returned to growth. Despite the lower growth from its end markets, Henry Schein confirmed our thesis that it can increase its margins with its own private label products across its highly developed distribution network. Over our long term investment horizon, we model mid-single digit revenue growth with private label products growing twice as fast, leading to double digit earnings per share growth.

LVMH UP +14%

Shares of LVMH outperformed during the quarter as investors' fears of a slowdown in Chinese demand for luxury goods continued to subside. During the second half of 2018, we took advantage of those concerns to significantly add to our position in LVMH. This decision followed from our thesis that Chinese consumer spending on luxury goods would prove to be more durable than the consensus view at the time, primarily due to the growing middle income class and GDP growth increasingly being driven by consumption rather than infrastructure spending. LVMH is a core holding in the portfolio due to its strong brand recognition, stellar management track record of capital allocation and above average growth outlook.

Worst performers during the quarter[2]

WALGREENS BOOTS ALLIANCE DOWN -15%

Shares of Walgreens underperformed during the quarter after management updated their outlook for the coming year which came in significantly below investor expectations. This disappointment is primarily due to accelerating reimbursement pressure from payers but also due to lower than anticipated generic deflation (ie: higher than expected procurement costs) and macroeconomic challenges in the U.K. affecting store traffic. While the former is a fact of business which we expect to continue, we deem the latter two headwinds to be short term in nature rather than structural and expect the situation to reverse and improve with time. At a current valuation of 9x forward earnings per share and a free cash flow yield of 10%, we see the shares as significantly undervalued for a business benefitting from sustainable cost advantages as well as a uniquely positioned network of stores in the U.S., Europe and the U.K. that offer convenience and critical access points.

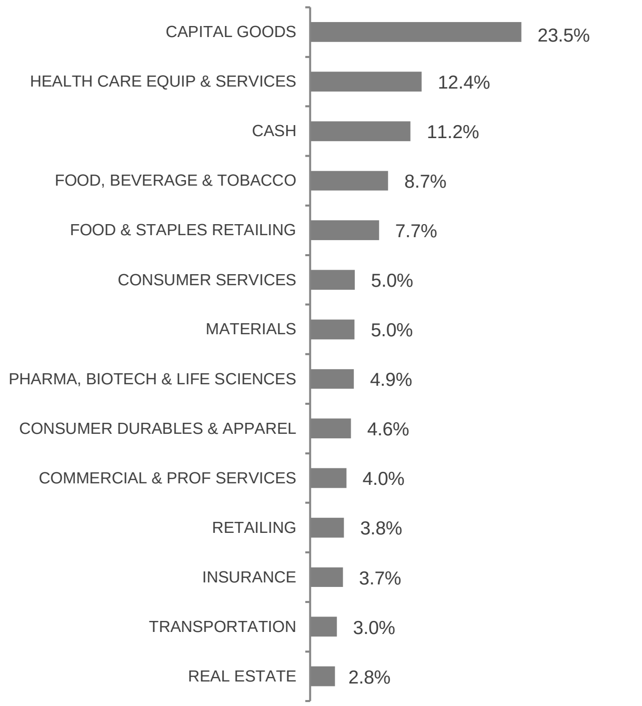
STERICYCLE DOWN -14%

After Stericycle's (SCRL) +45% share price performance in the first quarter, investors took a more sober second look in the second quarter. The reality of the SRCL story is that a turnaround in operating performance is definitely on the horizon and investor's enthusiasm about the appointment of logistics expert Cindy Miller as CEO (ex UPS) is warranted, but it will take time. Miller has been active with some other high profile hires including a new CFO and the creation of a new role, Chief Commercial Officer. The implementation of a firm wide enterprise resource planning (ERP) system should pay significant dividends and reduce costs. This will be key as SRCL is in the midst of a prolonged contract reset with its huge customer base which, in the absence of cost cutting, will squeeze margins. We think that SRCL's embedded relationship with its customers (chiefly hospitals and doctor's offices), the complexity and mission critical nature of its services (the management and disposal of medical waste) and its scale afford it an enduring competitive advantage. The company also has a number of non-core business lines and assets which could be sold to reduce debt. Trading at 12.5X near term earnings with the potential of significant earnings growth should execution efforts prove fruitful, we see solid upside in SRCL.

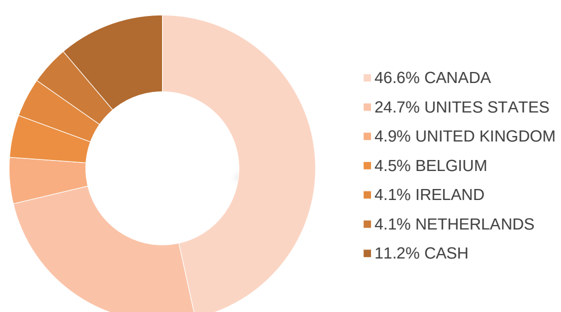
AG GROWTH DOWN -11%

The share price of Ag Growth (AFN) was negatively impacted during the second quarter by a wet spring in North America and the resulting delays in planting of crops. While we understand investor concerns, we believe that AFN is a far more diversified business than it was in the past and its exposure to the U.S. farm industry is much smaller than it has been historically. Management commented during the quarter that its backlog of business remains strong both in North America and internationally. Our view is that the strength of its strategic plan will ultimately be reflected in the long-term results of the company and that the shares are currently attractively valued.

Industry Split (June 30/2019)



Geographic Split (June 30/2019)



Buys & Sells

During the quarter, we added five new positions to the portfolio: Finning International Inc., AstraZeneca PLC ADR, Medtronic PLC, Booking Holdings Inc. and Interfor Corp. In addition, we added to our position in Walgreens Boots Alliance Inc.

We reduced our positions in several names including Premium Brands Holdings Corp., Cargojet Inc., Park Lawn Corp., Middleby Corp., Oshkosh Corp. and NFI Group Inc. Five positions were eliminated during the quarter: Metro Inc., Colgate Palmolive Co., WABCO Holdings Inc., Biogen Inc. and LVMH Moet Hennessy Louis Vuitton SE ADR.

New Buys:

FINNING INTERNATIONAL INC.

Finning (FTT) is one of the largest Caterpillar dealerships in the world, operating in Western Canada, South America and the United Kingdom. Caterpillar operates under a territory structure that gives Finning a monopoly in its markets. FTT is the only dealer, parts and service provider of Caterpillar products in its respective territories. With heavy equipment becoming more technologically enabled, we believe the dealers play a larger role in helping their customers to proactively monitor equipment and avoid downtime. We accumulated shares following disappointing results in FTT's South American division after issues with an SAP implementation that has now been remedied. We also appreciate the management team's focus on continuing to increase return on invested capital which we believe will drive long term shareholder returns.

ASTRAZENECA PLC ADR

AstraZeneca (AZN) is one of the large-cap pharmaceutical companies that ran into a "patent cliff" this decade. Pascal Soriot joined AstraZeneca as CEO in 2012. He changed the R&D culture allowing scientists more freedom, he shut-down lower value projects and invested heavily in new projects including projects that were forgotten about from the Medimmune acquisition in 2007. These changes led AstraZenca to have the highest spending on new drugs versus peers as a percentage of sales. It has now been seven years since this transformation (which is the typical time lag between investments in pipelines and outcomes) and, as a result, Astrazenca is now the fastest growing large-cap pharmaceutical company. Between now and 2023 we expect a 9% compound annual growth rate (CAGR) on revenue and a 16% CAGR on earnings per share giving AZN the lowest projected price-to-earnings ratio in 2023 among its peers as well as the youngest portfolio in the industry meaning growth should continue into the 2030s.

MEDTRONIC PLC

Medtronic (MDT) is the largest medical device manufacturer globally and is typically the number one player across its many categories. Medical devices are a good industry as they are only 5% of total healthcare spending and innovation is focused on new products that save the system money while selling at a higher price per unit. Medtronic's Micra is a perfect example. Micra is a pacemaker implanted through the leg and costs three times as much but still lowers the overall cost of procedure and has better outcomes. We have known Medtronic for a number of years and met the entire C-suite management team as well as division heads. This fiscal year has had some growth hiccups with earnings per share growing mid-single digits, allowing us to purchase MDT at a discount to our intrinsic value. Next fiscal year and beyond we forecast double digit earnings per share growth.

Booking Holdings Inc.

With a current market capitalization of $80 billion, Bookings.com is the global leading online travel agency. This is a highly free cash flow generative business with a sustainable high-single-digit revenue growth profile benefitting from both strong network effects and brand recognition with consumers around the world. Furthermore, Booking has a strong balance sheet with $75 per share worth of net cash and investments. Recently, the shares have underperformed from its 52-week high of $2,232 per share as investors fear a recessionary slowdown in Europe (a key market for them) and are disappointed with management's decision to aggressively invest in expanding their offering - resulting in short-term operating margin pain for a better long-term competitive position. Hence, we took advantage of Mr. Market's pessimistic mood during the quarter to initiate a position in Booking at a valuation of 15.3x forward EPS providing us with a good margin of safety in light of the current short-term concerns on the business.

Interfor Corp.

Interfor (IFP) is among the largest North American lumber producers. IFP has 18 mills producing 3.1 billion board feet of lumber with 15% being specialty grade lumber. 66% of its productive capacity is in the U.S. meaning it is much less exposed to trade disputes versus its purely Canadian peers. In the last few years, Interfor has been a major consolidator of the North American industry and has done so at very attractive prices. This strategy coupled with IFP's skilled management in mill modernization should yield attractive returns for the company in the future. With the Canadian industry aggressively shutting in production due to low lumber prices and the likelihood of prolonged low interest rates, the stage is being set for a significant rally in lumber prices. The company's balance sheet is pristine and the company is trading at less than half the replacement value of its mills.

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).*