Galibier Capital Management Ltd.

Galibier Opportunities Fund
Quarterly Investment Review

Q2 2020

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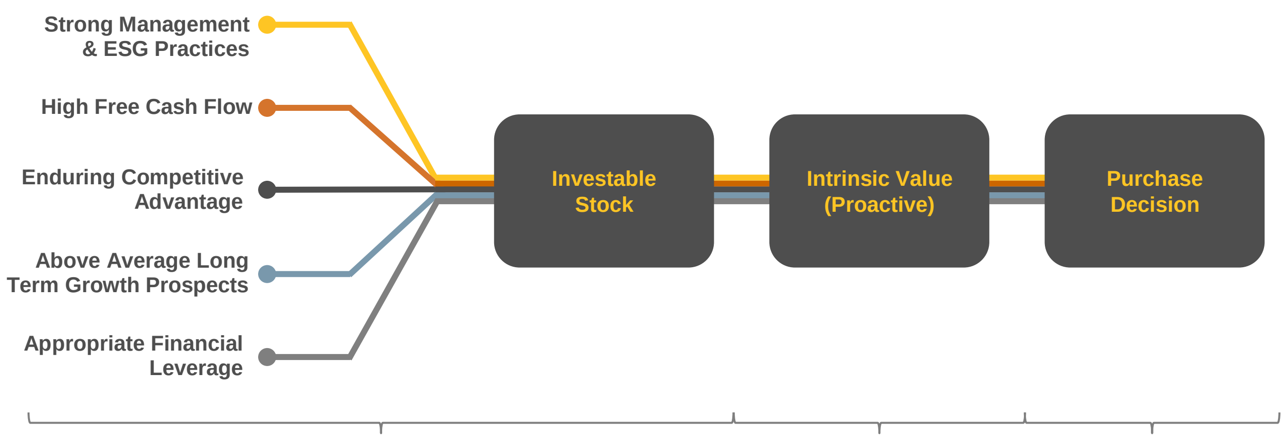
Galibier Capital Management Ltd.

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*



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….

Summary of Results

Period ending: June 30/2020	Since Oct31/14 (%)	5 year (%)	4 year (%)	3 year (%)	2 year (%)	1 year (%)	Year-to-date	Quarter-to-date
Galibier Opportunities Fund	**7.3**	**7.1**	**11.6**	**7.6**	**3.1**	**-2.2**	**-11.5**	**22.3**
S&P/TSX Composite (total return)	4.2	4.5	5.6	3.9	0.8	-2.2	-7.5	17.0

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 2020, the Galibier Opportunities Fund generated a return of +22.3%. Since its inception on October 31, 2014, the fund has provided an annual return of +7.3% versus the S&P/TSX index which returned +4.2%.

Opportunities Fund Largest Positions (June 30/2020)

	Long positions	Weight (%)
1.	Maple Leaf Foods Inc.	7.7
2.	AstraZeneca PLC ADR	5.6
3.	Park Lawn Corp.	5.2
4.	AbbVie Inc.	5.1
5.	Cisco Systems Inc.	5.1
6.	Premium Brands Holdings Corp.	5.0
7.	Interfor Corp.	4.7
8.	Restaurant Brands International Inc.	4.7
9.	Ross Stores Inc.	4.6
10.	Ag Growth International Inc.	4.4
Total		**52.1**

Best performers during the quarter[2]

INTERFOR UP +83%

Interfor is one of North America's largest lumber producers with annual capacity of 3.1 billion foot board measure (FBM) of lumber. Through a series of strategic acquisitions, Interfor has transformed itself from a small producer of B.C. coastal lumber to a North American leader with production mix of 2/3 U.S. and 1/3 Canada. Interfor's strong price performance was largely due to a sharp increase in lumber prices (+53%) over the 2nd quarter due to the industry dramatically curtailing supply. Going forward the extremely low interest rate environment is favourable for housing starts and renovations. With its improving production cost position and ability to adjust production levels, Interfor looks well positioned to weather the current economic uncertainty associated with COVID-19.

SPIN MASTER UP +81%

Shares of Spin Master (TOY) experienced strong returns in the second quarter after a series of challenges had affected the company over the past several quarters. Demand for stay at home toys and games have benefitted Spin Master, which is strong in the board games market. Management has indicated that significant progress has been made in rectifying the distribution issues that have been dragging down TOY's profitability and that the company should return to historical margins in 2021. The company has a clean balance sheet which gives it the chance to act on any acquisition opportunities that may present themselves as a result of the pandemic disruption.

Fluor up +71%

Shares of Fluor Corp rebounded sharply after the significant selloff in the first quarter but remains below its pre-pandemic level. The company is not only dealing with disruption to its business from the current lockdown situation but also issues from a year ago where it had significant cost overruns in some of its projects. Despite these near term issues, Fluor continues to win new business as its reputation as a global leader in engineering and construction of complex projects remains intact. With several companies exiting the fixed price contract market the competitive intensity in the industry should ease allowing for higher profits on future projects.

Ag Growth International up +61%

Shares of Ag Growth (AFN) had strong performance in the second quarter, rebounding along with the market following the first quarter sell off. Management was able to confirm that all of its facilities are now up and running after closures in select markets in accordance with local regulations. The company announced a cut to its dividend as well as increased flexibility to its debt covenants, which helped to relieve concerns over leverage. Early indications suggest that crops are off to a good start in North America, an improvement over the flooding in early 2019. We expect that the food industry's experience during the pandemic, which put strain on the food supply chain, could prompt additional spending on food infrastructure to increase redundancy, which would be a benefit to AFN in the future.

Worst performers during the quarter[2]

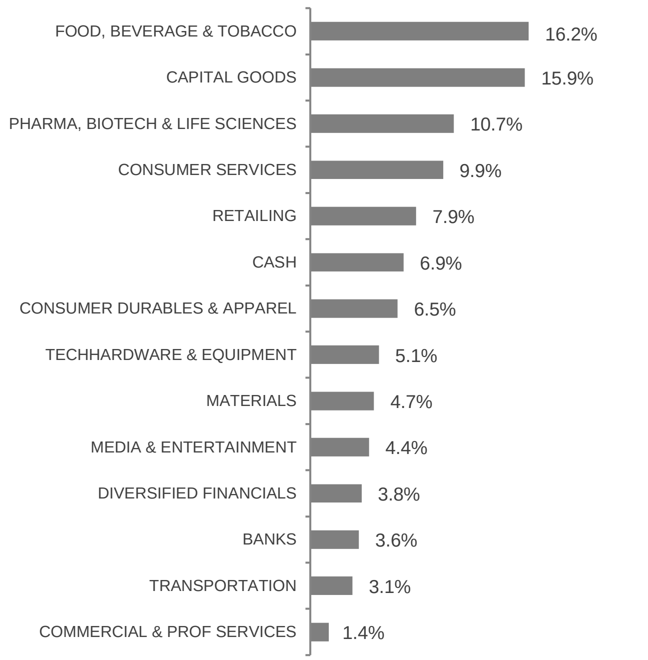
Berkshire Hathaway down -7%

Our purchase of Berkshire Hathaway (BRK) preceded the annual meeting where Mr. Buffett and Vice Chairman Greg Abel presented a sobering view on the near term impact of COVID-19 and its impact on Berkshire. Investors were mildly disappointed by the lack of investment activity as many were expecting Buffett to deploy the enormous cash hoard the company had amassed at the end of the year. Recently, Berkshire announced a sizeable acquisition of Dominion Energy's gas transmission assets indicating that Buffett may be getting his investment mojo back. We are very comfortable to let Buffett and his team assist us in capital deployment, especially with the company's stock trading at a discount to our calculation of intrinsic value.

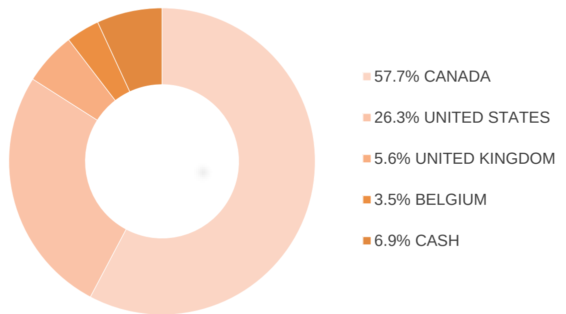
Ross Stores down -7%

Shares of Ross Stores declined in the quarter as the spread of COVID-19 expanded rapidly across the Sunbelt states in late June. Ross is headquartered in California where they have more than 400 stores. California, Texas, Florida and Arizona combine to account for more than half of the 1,800 Ross locations. This store concentration has had a negative impact on the traffic at Ross stores, which will translate into lower sales compared to peers in the short term. While we are not certain how the pandemic will play out over the next few quarters, we believe that the off-price market is well positioned within retail over the long-term to provide customers with great value in both apparel and home goods.

Industry Split (June 30/2020)



Geographic Split (June 30/2020)



Buys & Sells

During the quarter, we added six new positions to the portfolio: Berkshire Hathaway, Cisco Systems, Ross Stores, Canadian Tire, Waste Connections and Restaurant Brands International.

In addition, we added to several positions including Interfor, Spin Master, AstraZeneca and NFI Group.

We reduced our positions in several names including Fluor, Cargojet, Premium Brands Holdings, Abbvie and Walt Disney among others.

Four positions were eliminated during the quarter: Alcanna, Booking Holdings, Koninklijke Philips and Schlumberger.

New Buys:

BERKSHIRE HATHAWAY INC.

Berkshire Hathaway is a conglomerate with four main reporting divisions: insurance, freight rail transportation, utilities and a collection of manufacturing, retail and service businesses. Because of its size and because of the cash generative nature of its operations in both insurance and investments the company has built up an enormous float value of around $130B. Management has always said that the true “free float” is this amount less $20B in prudent reserves against insurance liabilities. If this free float were to be invested at better than assumed rates - then intrinsic value would be buttressed higher. In determining intrinsic value of Berkshire as a holding company, a number of approaches including discounted cash flow, sum of the parts and historical price to book value measures suggest intrinsic value in the $210-$215 range. Supporting this is Buffett’s own comment that he would look to buy back stock if Buffett and Munger “believe that the repurchase price is below Berkshire’s intrinsic value, conservatively determined." In 2019, the average price of those buybacks were between $204 and $220 per share in line with Galibier’s estimate of intrinsic value. Buffett is getting older but new blood is in place with the addition of Ted Wexler and Todd Coombs on the investment side. As well the company has always only invested in companies with highly capable managements which means that Buffett’s eventual exit will have less impact.

CISCO SYSTEMS INC.

Cisco is one of the largest designers and manufactures of IP based networking equipment (routers, switches, servers and software) to power the communication and information technology industry. The company provides products and services for analyzing and transporting data, voice and video within buildings, across enterprise campuses and around the globe. Overall, demand for Cisco's products will benefit from increased data traffic, the build out of data centres, the evolution to 5G and a greater need for security to protect networks. With $2.50+ of net cash on its balance sheet the company is well positioned to navigate short term disruption brought on by COVID-19 and will continue to invest in innovation to strengthen its competitive advantage. Cisco is advantaged by being the incumbent provider to many of the global networks as clients would incur significant switching costs by going with another provider. This advantage is demonstrated by its significant market share (35% in routers, 45% in switching) and high return on invested capital (high teens). The market sell-off earlier in the year pushed the company's shares below Galibier's view of intrinsic value and the company was added to the global portfolio.

ROSS STORES INC.

Ross Stores is one of the leading off-price retailers in the United States. Its network of more than 1,800 stores offers shoppers fantastic bargains on brand name apparel and home goods. Ross has a very sophisticated team of buyers who are a true competitive advantage, working to keep the treasure hunt element of the shopping experience by sourcing goods from thousands of manufacturers and other retailers. There is significant room for the continued expansion of its brands, Ross Dress for Less and dd’s discounts, with a long-term store goal of 3,000. The closures within its store network due to COVID-19 has created margin compression as they clear out stale inventory, but we believe these disruptions have created an attractive buyers’ market for inventory going forward, which Ross will greatly benefit from long term.

CANADIAN TIRE CORP.

We have a long history with Canadian Tire (CTC) at previous firms but have never owned CTC at Galibier. While COVID-19 impacted both the stock price and valuation, we believe that 2020 would be the year of the Canadian Tire banner. Discretionary spending is shifting to the home in the form of home gyms, improved lawn care, barbecues, ‘boredom busters’ and other do-it-yourself projects. The evidence comes from an estimated 20% same-store-sales growth at CTC outside of Ontario in April, double digit growth at competitors such as Tractor Supply Co. and Scott's Miracle-Gro and Home Depot/Lowe's hitting all-time highs. With the mandated closures, bricks and mortar retail is difficult but longer term Canadian Tire is uniquely positioned with its strong dealer network, 40% of sales coming from its own brand and 55% of sales going through Triangle, its loyalty program. These elements should support profitability and relevance for years to come.

Waste Connections Inc.

Waste Connections (WCN) is one of the largest waste companies in North America. We have always liked its model of focussing in exclusive markets where it is able to earn higher margins and higher free cash flow conversion than its peers. The waste management industry has desirable characteristics as it is highly recurring in nature and allows for high network benefits, through route density and internalization of waste at company owned landfills, where appropriate. WCN complements its organic growth with acquisitions where it looks to buy businesses that it can add into its network and improve the operations to bring margins up to its corporate average. Waste Connections has always been our preferred name in the space and with the market volatility during the pandemic, we were able to initiate a position at an attractive entry price for a long-term investor.

Restaurant Brands International Inc.

Restaurant Brands International (QSR) is a highly free cash flow generative and capital light franchise business model. QSR has three successful banners, Tim Hortons, Burger King, and Popeye's for a global total network count of 27,100 locations. As a franchisor, QSR collects royalties on franchisees' revenues without any exposure to the inherent operating leverage that is typically associated with operating a restaurant. We believe that well recognized restaurant brands are going to disproportionally benefit from the pandemic-led recession versus other types of restaurants as consumers started to seek value-priced yet COVID-19 safe options when ordering food away from home. This trend is reinforced further for QSR given that over two thirds of its locations across all banners operate a drive-thru. During the quarter we took a position in QSR as the market was pricing in what we thought were overly bearish estimates for future sales and the stock traded below our view of intrinsic value.

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).*

Disclaimer

Galibier Capital Management Ltd. ("Galibier") is registered with the Ontario Securities Commission as a Portfolio Manager, Investment Fund Manager and Exempt Market Dealer, with the British Columbia Securities Commission as a Portfolio Manager, with the Nova Scotia Securities Commission as a Portfolio Manager, with the Autorité des Marchés Financiers in Quebec as a Portfolio Manager and Investment Fund Manager, with the Alberta Securities Commission as a Portfolio Manager, with the Financial Services Regulation Division Department of Service NL in Newfoundland & Labrador as a Portfolio Manager and Investment Fund Manager, and with the Financial and Consumer Affairs Authority of Saskatchewan as a Portfolio 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 Global 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.