Galibier Opportunities Fund
Quarterly Investment Review

Q3 2016

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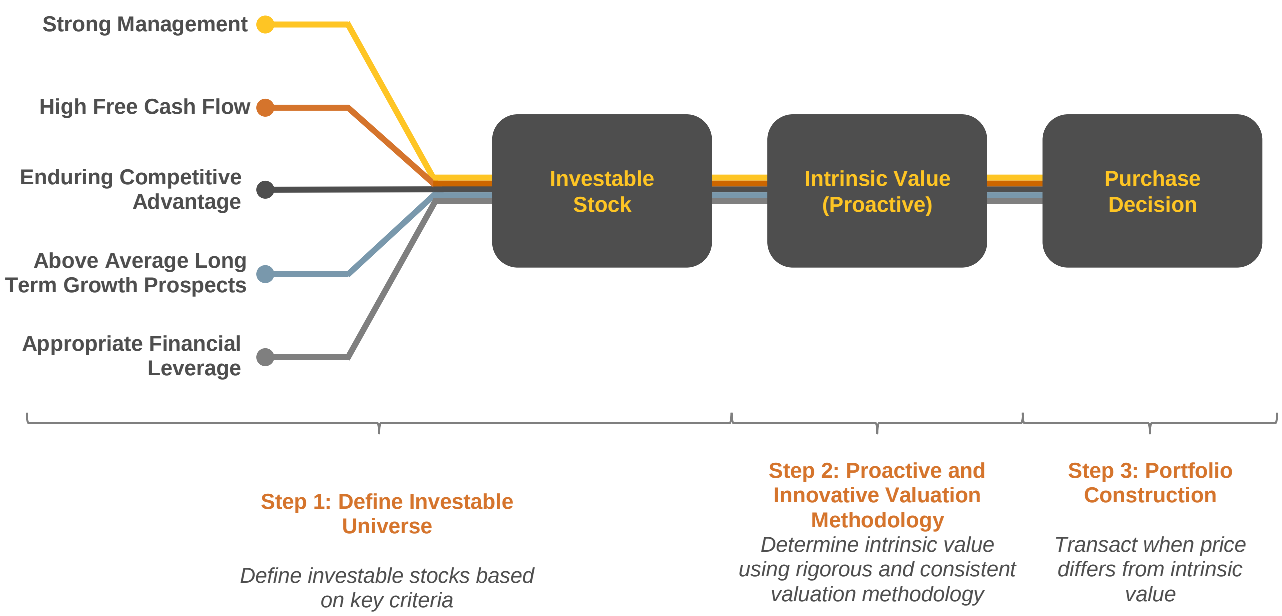
Galibier Capital Management Ltd.

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

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
- 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: Sept 30/2016	3 months (%)	1 year (%)	Since Inception (%)
Galibier Opportunities Fund	**10.9**	**16.9**	**3.3**
S&P/TSX Composite (total return)	5.5	14.2	3.5

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 Opportunities Fund

In Q3 2016, the S&P/TSX provided a total return of 5.5%. The Galibier Opportunities Fund's investment results were 10.9%, nearly doubling the index. Since its inception on October 31, 2014, the fund has provided a total return of 3.3% versus the S&P/TSX index which returned 3.5%.

Galibier Opportunities Fund Top Holdings (Sept 30/2016)

	Weight (%)
1. Biogen Inc.	7.8
2. Cargojet Inc.	6.7
3. Badger Daylighting Ltd.	6.1
4. DHX Media	5.8
5. Ag Growth International Inc.	5.4
6. Liquor Stores N.A. Ltd.	5.2
7. Echo Global Logistics Inc.	5.2
8. Industrial Alliance Ins. & Fin. Services	5.0
9. Enghouse Systems Ltd.	5.0
10. Kering ADR	5.0
Total	**57.2**

Best performers during the quarter[2]

Las Vegas Sands up +36%

Over the third quarter, Las Vegas Sands (LVS) continued its price recovery from the low of $35 due to evidence of slightly improving visitation trends in Macau and increasing volume of visits in the company's non-Macau operations in Las Vegas and Singapore. In addition to improving trends at existing properties, investors are anticipating the opening of LVS's newest Macau property, The Parisian, in late 2016. Despite the share price appreciation, the company still offers an attractive 4.9% dividend yield.

Cargojet up +32%

Cargojet (CJT) had a strong quarter for a number of reasons. First, the company reported strong second quarter results. This was the first quarter since the company onboarded the Canada Post business and since they completed the optimization of their flying plan which resulted in margins well above expectations. Cargojet management also provided more information on their relationship with Amazon, which gives the business direct exposure to growth in e-commerce. In addition, they gave some insight into their long term charter expectations, which were well above our previous model. One of the opportunities to leverage the current business model is to operate the charter business outside of their core overnight flying. Finally, during the quarter we saw an inside board member buy a significant personal stake at market prices, further increasing alignment of management and shareholders.

Biogen up +31%

Biogen (BIIB) shares bounced back from a weak second quarter, aided by positive data from one of its Alzheimer's pipeline drugs as the FDA granted it fast track status after showing strong efficacy in early stage results. Biogen's strong franchise in the treatment of multiple sclerosis continues to be exhibited in its latest quarterly results, with its mainstay oral product, Tecfidera, exhibiting +12% growth on what is trending to be a $4-5B/year drug (representing ~40% of company's revenues). Biogen's current valuation at 15x 2017E earnings indicates that the market is still undervaluing its strong pipeline and the development of this pipeline should provide solid share price returns in the future.

Badger Daylighting up +26%

Badger Daylighting (BAD) had strong positive performance during the quarter. During the release of the second quarter results, management commented that they were starting to see signs of stabilization in Western Canada. In addition, they indicated that management changes in the Greater Toronto Area were driving improved results and that they expected to see growth in the second half of 2016. Paul Vanderberg, who took over the CEO role following the retirement of long serving Tor Wilson, recently completed a marketing trip to meet with investors. While these are still early days on the job, he assured investors that there would not be a significant change in strategy, which helped alleviate some investor concerns particularly around increasing financial leverage at the company.

KERING UP +25%

Gucci's refresh continues to gain traction with strong mid-single digit sales growth last quarter despite a tough luxury sector environment. As indicated in our initial write up, we established a position in the company co-incident with management's reinvigoration of Gucci through new products, a new creative director and streamlining capital allocation. Galibier met with the company's CFO last month and we believe there are still more catalysts to realize value for the company, including: (a) the continued turnaround of Puma, of which Kering is a 80%+ owner, (b) improved merchandising in Bottega Venetta (a previous growth contributor for Kering but currently being impacted by its 70% Asian exposure/clientele) and (c) operational leverage from the growth of Gucci and Saint Laurent, with its current momentum on sales. All in all, we are very bullish for Kering's prospects.

Worst performers during the quarter[2]

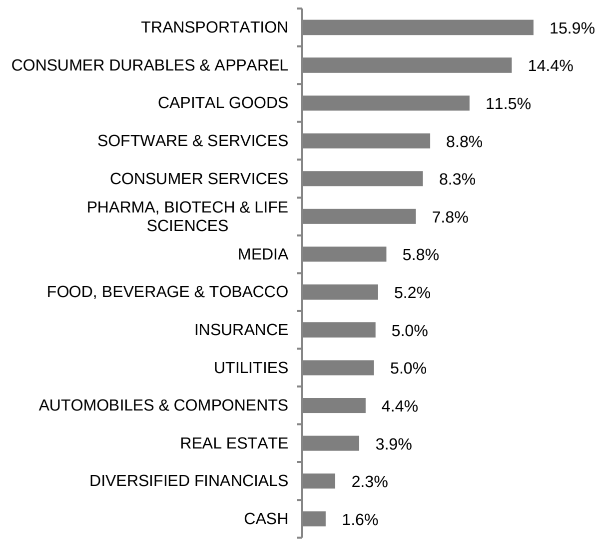
COMPUTER MODELLING GROUP DOWN -4%

Computer Modelling Group (CMG) continues to be negatively impacted by the extended low price of crude oil, the major source of revenue for its client base. The company is well positioned to help its clients increase productivity and profits through greater use of CMG's software tools. A new product cycle should materialize once the spending environment improves for its clients. In the meantime, the company has $0.95 per share of net cash on its balance sheet to weather this period of low crude oil price and high levels of cash flow to support its 4% dividend yield.

ENGHOUSE SYSTEMS DOWN -5%

The share price of Enghouse Systems reacted negatively to second quarter results which reduced future growth expectations as pricing pressure in the company's contact centre segment impacted revenue. However, this same pricing pressure should lead to greater availability of potential acquisitions which would benefit Enghouse as they continue to pursue their M&A strategy. One of the company's key competitive advantages is its ability to source several small acquisitions per year and allocate capital to enhance shareholder value.

Industry Split (Sept 30/2016)



Buys & Sells

Three new names were added to the fund in the third quarter: Aritzia Inc., Exchange Income Corp. and Liquor Stores N.A. Ltd.

In addition, we added to several names including Badger Daylighting, Enghouse Systems and Gluskin Sheff + Associates.

The fund reduced its exposure to Biogen, Cargojet, Las Vegas Sands and Polaris Industries. We exited the positions in CIBC and Thermo Fisher Scientific.

As a result of these transactions, the cash position grew to 1.6% from 0.6% at the end of Q2.

New Buys:

Aritizia

Canadian fashion retailer, Aritzia Inc. debuted as a public company late in the third quarter. Galibier participated in the initial public offering as the Vancouver based retailer demonstrates our five investment criteria. The company has (1) a strong management team, (2) above average growth prospects through square footage growth, (3) appropriate financial leverage, (4) high free cash flow and (5) through its brands and banners, a sustainable competitive advantage. From a relatively small base of 74 stores today, the company is well positioned to more than double its sales through new store openings, increased square footage of existing stores and double digit growth of current sales. At the IPO price of $16 per share, the shares offered the potential for a reasonable return.

Exchange Income Fund

Exchange Income Fund is a collection of companies with dominant market shares in niche end markets. The legacy airlines segment owns six different operating airlines that provide passenger, medvac, cargo and charter service to the far north in Canada. These are essential services as most of these communities are unreachable by road. Within their Aerospace segment they own a business called Regional One, which supplies parts internally to their legacy airlines, but also buys planes and either parts them out, leases or overhauls them. Their management team has a good track record of allocating capital and making acquisitions and their way of thinking is very aligned with ours – owning good businesses with competitive advantages.

Liquor Stores

Liquor Stores is the largest publicly traded liquor store operator in Canada. As liquor stores are highly regulated, it creates a natural barrier to entry for the industry. Liquor Stores operates the majority of its stores in Alberta, with smaller positions in British Columbia, Alaska, Kentucky and the US Northeast. We believe they have a significant opportunity to increase private label penetration, improve inventory turnover and renovate tired stores, all of which will drive both revenue and margins. After reducing the dividend and increasing limits on credit facilities, management has sufficient capital to invest in all of these value adding opportunities.

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, 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 and with the Alberta Securities Commission 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 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.